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1. INTRODUCTION

The purpose of this policy is to ensure that the remuneration practices of GW&K Investment Management, LLC (“GW&K” or the “Investment Manager”) for Identified Staff engaged in the management of funds created under the European Union (“EU”) regulatory framework Undertakings for Collective Investment in Transferable Securities (“UCITS Funds”) are consistent with effective risk management and do not encourage undue risk taking that is inconsistent with the investment strategies, risk profiles or relevant guidelines of the UCITS Funds managed by GW&K from time to time.

1.1 Background

GW&K acts as investment adviser or sub-investment adviser to certain UCITS Funds within the meaning of Directive 2014/91/EU of July 23, 2014 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended (the “UCITS Directive”). In order to act as either investment adviser or sub-investment adviser, GW&K must have a remuneration policy in compliance with Applicable Laws as defined below.

This UCITS Remuneration Policy (the “Policy”) has been developed in accordance with the requirements of the UCITS Directive, the European Securities and Markets Authority (“ESMA”) Guidelines 2016/575 of October 14, 2016 on sound remuneration policies under the UCITS Directive (the “ESMA Guidelines”) and the ESMA letter 2016/412 of March 31, 2016 on the proportionality principle and remuneration rules in the financial sector (together the Applicable Laws).

1.2 Interpretation

In addition to the terms defined elsewhere in this Policy, the definitions in **Annex 1** (Interpretation) apply throughout this Policy unless otherwise set forth herein.

1.3 UCITS remuneration policy for the Identified Staff

The principles and provisions set out in this Policy apply to the Identified Staff in respect of their functions in relation to the portfolio management of the UCITS Funds managed by GW&K from time to time. The Identified Staff are listed in **Annex 2**.

1.4 Nature of the relationship between Investment Manager and the Identified Staff

Nothing contained in this Policy shall be construed or have effect as giving rise to an employment relationship of employer and employee where a specific employment relationship has not been concluded with the Identified Staff. By no means shall this Policy be used to alter the nature of the relationship existing between the Identified Staff and Investment Manager.

2. REMUNERATION PRINCIPLES FOR IDENTIFIED STAFF

2.1 General Principles

GW&K maintains remuneration methodologies which:

- (a) are consistent with and promote sound and effective risk management;

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- (b) do not encourage undue risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS Funds managed by GW&K from time to time;
- (c) are in line with the business strategy, objectives, values and interests of GW&K and the UCITS Funds.

2.2 Individual Performance

In order to attract and retain a highly qualified team in relation to the activities undertaken for the UCITS Funds managed by GW&K from time to time, Investment Manager will review individual performances of the Identified Staff to recognise, develop and reward them in a fair and equitable manner based upon demonstrated job performance.

The individual performance assessment is based on assessing performance against the requirements of the job and any specific annual objectives. The following list of criteria, which is not intended to be an exhaustive list, may be taken into account (where relevant to the individual's role):

- (a) investment performance;
- (b) increase in assets under management;
- (c) achievement of strategic targets;
- (d) compliance with internal and external rules and regulations;
- (e) cooperation with other business units and with control functions;
- (f) development of existing and new client relationships;
- (g) risk management, including sustainability risks; and
- (h) such other factors as GW&K may consider from time to time in its discretion.

The use of “golden parachutes” and other non-performance-based remuneration practices that are not in keeping with Article 14b(1)(k) of the UCITS directive, are not employed by Investment Manager in relation to its Identified Staff.

2.3 Company Performance

Variable Remuneration will depend on Investment Manager's long-term strategy and performance in relation to the management of the UCITS Funds managed by GW&K from time to time with the objective of limiting the Identified Staff's incentive in terms of undue risk taking, including in regards to sustainability risks, and aligning the personal objectives of the Identified Staff with the long-term interests of the company, as well as the interests of the UCITS Fund(s)' investors.

2.4 Integration of Sustainability Risks

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Under Regulation (EU) 2019/2088 of 27 November 2019 on sustainability related disclosures in the financial services sector (the ‘Sustainable Finance Disclosure Regulation’), GW&K is required to include in its remuneration policy information on the integration of sustainability risks and how the remuneration structure is consistent with the integration of sustainability risks.

GW&K’s Remuneration Policy is designed to promote sound and effective risk management, taking into account the risk profiles of the portfolios it manages, the long-term interests and strategy of these portfolios and the risks presented (including, for example, sustainability risks) and does not encourage excessive risk-taking (including with respect to sustainability risks). Further to this objective, GW&K’s Shareholder Engagement Policy sets forth the ways in which Environmental, Social and Governance considerations and sustainability are incorporated into the investment process. This in turn informs the assessment of how sustainability risks are accounted for in terms of remuneration for the Identified Staff.

2.5 Proportionality principle

The principles and provisions set out in this Policy apply to the Identified Staff as listed in Annex 2.

The ESMA Guidelines provide that criteria relevant to the application of proportionality are the size of the manager and of the UCITS Funds it manages, its internal organization and the nature, scope and complexity of its activities. As described in greater detail below, GW&K currently derives a non-material portion of its revenue and AUM from UCITS Funds.

GW&K is not providing portfolio management services to any EU-based Alternative Investment Funds (“AIF”) within the meaning of Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers.

- (a) Proportionality with respect to the characteristics of Investment Manager and the UCITS Funds it manages

Investment Manager has applied the proportionality principles as defined by the ESMA Guidelines and taken into account the following elements in its analysis, as of December 31, 2020:

GW&K’s AUM, excluding UCITS Funds, is approximately \$50 billion;

GW&K’s AUM linked to UCITS is approximately \$1.4 billion;

- (i) UCITS Funds therefore comprised less than 3% of GW&K’s total AUM
- (ii) The total fees collected by GW&K in relation to the portfolio management of UCITS Funds represented approximately 4% of the total revenues of GW&K;
- (iii) As an investment strategy-based investment management firm, GW&K will only provide portfolio management services to UCITS Funds in line with its core investment strategies developed for all clients within such strategies, including any UCITS Funds; and

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(iv) GW&K does not have branches or subsidiaries that manage UCITS Funds.

(b) Proportionality with respect to the Identified Staff

The individuals at GW&K which may have a material impact on the risk profile of UCITS Funds managed are the Identified Staff listed in **Annex 2**. These individuals represent a small percentage of the overall GW&K staff, approximately 5%. Furthermore, since GW&K is an investment-strategy based investment management firm, GW&K's investment professionals (including the Identified Staff) focus their time and attention on managing the investment strategies for which they are responsible. As a result, the proportion of time spent by Identified Staff working specifically on UCITS Funds is proportionately small and not material.

2.6 Neutralisation of principles

GW&K intends to take a proportionate approach and disapply the following remuneration principles:

(a) Pay-out process

- (i) Variable Remuneration in instruments of the UCITS Funds managed by GW&K from time to time;
- (ii) Retention;
- (iii) Deferral;
- (iv) Ex-post incorporation of risk for Variable Remuneration.

(b) Establishment of a remuneration committee

3.0 Implementation

The Policy initial effective date: July 2017.

4.0 Review

Members of the Investment Manager, including GW&K's Management Committee and GW&K Legal & Compliance Department will review at least annually this Policy and ensure that:

- (a) it operates as intended (in particular, that the disapplication of the Remuneration pay-outs are appropriate, and that the risk profile, long-term objectives and goals of Investment Manager are adequately reflected); and
- (b) it is compliant with Applicable Laws.

Where a review of this Policy reveals that the remuneration system does not operate as intended or that it is no longer appropriate to disapply the pay-out principles, the Management Committee of Investment Manager, will ensure that a timely remedial plan is put in place.

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ANNEX 1

INTERPRETATION

1. DEFINITIONS

1.1 The following terms as used in this Policy and annexes hereto, shall have the following meaning:

- (a) **Fixed Remuneration** means salary-based Remuneration that is not linked to performance and, for the avoidance of doubt, which excludes guaranteed Variable Remuneration and severance payments which are not considered Fixed Remuneration.
- (b) **Identified Staff** means GW&K's personnel that can exert a material influence on the risk profile of the UCITS Funds managed by GW&K from time to time.
- (c) **Remuneration** means all forms of awards, payments or benefits paid in exchange for professional services rendered by the Identified Staff in respect of their duties pertaining to the UCITS Funds managed by GW&K from time to time.
- (d) **Variable Remuneration** means Remuneration consisting of additional awards, payments or benefits depending on performance, or if applicable, other contractual criteria.

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ANNEX 2

IDENTIFIED STAFF

1. PORTFOLIO MANAGERS

NUNO S.G. FERNANDES, CFA

REID T. GALAS, CFA

KARL M. KYRISS, CFA

THOMAS A. MASI, CFA

BRADLEY J. MILLER, CFA

DANIEL L. MILLER, CFA

PABLO SALAS-SCHOOFIELD

WILLIAM P. STERLING, PH.D