

Veritas Funds plc
(the Company)
Remuneration Policy

25 May 2016

Introduction

The European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (the **Regulations**) requires that the Company establish and apply remuneration policies and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, prospectus or articles of association of the Company and its sub-funds (the **Funds**) nor impair compliance with the Company's duty to act in the best interests of the Funds.

The purpose of this document is to set out the remuneration policies and describe the remuneration practices for the Company taking into consideration the need to align risks in terms of risk management and exposure to risk and for the policies to be in line with the business strategy, objectives and interests of the Company.

As the nature and range of the Company's activities, its internal organisation and operations are, in the Directors' opinion, limited in their nature, scale and complexity, that is, to the business of a self-managed investment company engaging in collective portfolio management of investments of capital raised from the public, this is reflected in the manner in which the Company has addressed certain requirements regarding remuneration imposed upon it by the Regulations.

The following regulations, guidelines and requirements are of relevant to the remuneration policies and practices of the Company:

- Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions (**UCITS V Directive**); and
- The ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD dated 31 March 2016 (the **ESMA Remuneration Guidelines**).

The Company and the Board of Directors

The Company is a self-managed UCITS investment company. The board of directors of the Company (the **Board**) all of whom are non-executive directors (each a **Director**), are as follows:

Mike Kirby
Richard Grant
Brian Wilkinson

Each Director is appointed pursuant to a letter of appointment with the Company.

The Company has informed the Central Bank through the authorisation process that it has no additional employees.

Appointment of Service Providers

The Company has appointed the service providers below and has delegated certain of its activities, including certain investment management functions, to the service providers.

Investment Manager	Veritas Asset Management LLP (the Investment Manager);
Administration	HSBC Securities Services (Ireland) DAC
Depository	HSBC Institutional Trust Services (Ireland) DAC

The Company relies on the remuneration policies and procedures of each of these delegates to ensure that their remuneration structures promote a culture of investor protection and mitigate conflicts of interest.

Identified Staff

The Regulations provide that the remuneration policies and practices shall apply to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Funds.

The Company has appointed the Board and has no additional employees. Accordingly, the remuneration provisions of the Regulations only affect the Company with regard to the Board. Pursuant to the letter of appointment between each Director and the Company, each Director is paid a fixed director's fee based on an expected number of meetings and the work required to oversee the operations of the Company, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The fee payable to each Director is reviewed from time to time, based on the evolution of the Company's activities and the aggregate fees payable are disclosed in the prospectus of the Company.

The Directors do not receive performance based variable remuneration, therefore avoiding any potential conflicts of interest. The Directors do not consider that a performance-related or deferred payment element is appropriate for the Company at this time, consistent with the limited scale and complexity of the Company's activities. Richard Grant waives his right to fees.

Delegates of Investment Management Activities

The Board notes that Recital 2 of the UCITS V Directive provides that the remuneration policies and practices should apply, in a proportionate manner, to any third party which takes investment decisions that affect the risk profile of the UCITS. The ESMA Remuneration Guidelines include the requirement that entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under those guidelines or appropriate contractual arrangements are put in place with entities to which investment management activities have been delegated.

The Investment Manager has been appointed to carry out certain investment management functions for the Company and may have identified staff whose professional activities could have a material impact on the risk profile of the Funds as referred to in Recital 2 of the UCITS V Directive.

The Investment Manager is domiciled in the UK, regulated by the Financial Conduct Authority (**FCA**) and is subject to Level 2 of the FCA's Remuneration Code (the **Code**). In determining the identified staff of the Investment Manager, the Board relies on the identification by the Investment Manager of Code Staff under the Code to satisfy this requirement. A summary of the requirements of the Code is given below.

FCA Remuneration Code

The guiding principle of the Code is that a regulated firm's remuneration policies must be consistent with, and promote, effective risk management. "Code Staff" includes senior management functions, risk takers and staff engaged with control functions. The Code establishes requirements in respect of bonus deferral, share-based remuneration, malus, clawback and public disclosure.

The Investment Manager has identified its Code Staff, and this list is reviewed on an annual basis. The Investment Manager also maintains other detailed policies and procedures in relation to remuneration, including a Remuneration Committee.

Accordingly, in this way, the Company ensures that the entities to which certain portfolio management and certain risk management activities have been delegated are subject to regulatory requirements on remuneration that are as effective as those applicable to the Company under the Regulations.

Requirement for Remuneration Committee

Given the internal organisation of the Company as a self-managed UCITS investment company and considering the size of the Company with the limited nature, scale and complexity of the activities of the Company, it is not considered proportionate for the Company to set up a remuneration committee. While certain share classes of the Funds are listed and noting the net assets of the Funds, the legal structure of the Company as a self-managed UCITS investment company with a Board of Directors and no other employees are factors supporting the view that a remuneration committee would not be considered appropriate for the Company.

Disclosure

The Company will comply with the disclosure requirements set out in the Regulations. The total amount of remuneration for the financial year paid by the Company to its staff, the aggregate amount of remuneration broken down by the relevant categories of employees (i.e. the Directors), a description of how the remuneration has been calculated and any material changes to the Remuneration Policy will be disclosed in the Company's annual audited financial statements.

Reporting

The Board receives confirmation from the Investment Manager on an annual basis that there has been no material change to their remuneration policies, or if there has been a material change, provide details of those changes to the Board.

Appropriateness of policy and conflicts of interest

Given its internal organisation and the limited nature, scale and complexity of the Company's activities, it is considered that the policies described in this document are appropriate for the Company. Together with the Company's Conflicts of Interest Policy, the Board considers that there are suitable measures in place to promote effective supervision and risk management.

Review

This policy and the implementation thereof will be reviewed by the Board at least annually.