

## Remuneration disclosure

### **Governance**

The purpose of the Remuneration Code is to ensure that firms regulated by the Financial Services Authority establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote, sound and effective risk management.

The Remuneration Code applies to certain staff of ETFX Investment Management LLP (“**ETFX IM**”) including senior management, risk takers, staff engaged in control functions and any employee whose professional activities have a material impact on the firm’s risk profile (“**Remuneration Code Staff**”).

ETFX IM’s remuneration policy will be reviewed, at least, annually by its senior management to ensure that it remains consistent with the principles of the Remuneration Code and ETFX IM’s objectives. The senior management of ETFX IM will use all information available to it in order to carry out its responsibilities under the Remuneration Code. In addition, ETFX IM’s compliance officer, as part of ETFX IM’s regulatory monitoring, will include a review of the implementation of its remuneration policy.

### **Link between pay and performance**

Remuneration at ETFX IM is made up of fixed (“**salary**”) and variable (“**bonus**”) components. Salary is set in line with the market at a level to retain, and when necessary attract, skilled staff. Any bonus paid is designed to both reflect the performance of a person in contributing to the success of the firm and their success in meeting, or exceeding, targets that have been set by the firm on an individual basis. Where remuneration is performance-related then, in addition to the performance of the individual, ETFX IM will also take into account the performance of the business function concerned and the overall results of ETFX IM. Performance assessment will not relate solely to financial criteria but will also include compliance with regulatory obligations and adherence to effective risk management. In keeping with ETFX IM’s long-term objectives, the assessment of performance will take into account longer-term performance and payment of any such performance related bonuses may need to be spread over more than one year.

### **Quantitative remuneration information**

ETFX IM is required to disclose aggregate information on remuneration in respect of its Remuneration Code Staff, broken down by business area and by senior management and other relevant staff. The relatively small size and lack of complexity of ETFX IM’s business is such that it only has one business area (investment management) and does not regard itself as operating, or needing to operate, separate business areas and the following aggregate remuneration data should be read in that context. The aggregate remuneration for Remuneration Code Staff for 2011 was £1,442,400.

This remuneration disclosure is made under the Basel Pillar 3 framework. ETFX IM’s non-remuneration Pillar 3 disclosures can be found in its audited accounts filed with Companies House.