

Putnam Investments Limited

FCA Remuneration Code Disclosure

Putnam Investments Limited (“**Putnam UK**”) is authorised and regulated by the Financial Conduct Authority (FCA) and is subject to the FCA’s BIPRU Remuneration Code.

This document has been prepared as required and pursuant to the Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU) 11.5.18.

Putnam UK’s Remuneration Policy

Putnam UK has implemented various measures to ensure that its remuneration policies are consistent with its business strategy, objectives, values and long-term interests. Putnam UK’s remuneration practices are also consistent with the firm’s overall risk tolerance. Putnam UK is committed to the ongoing management of risk. Remuneration will at all times have risk factored into the determination and will be paid based on the long term, sustainable success of the business.

The Human Resources Committee of the Board of Directors of Putnam UK’s parent firm, Putnam Investments, LLC (“Putnam Investments”) reviews and signs off on the size of the bonus pool for each Putnam Investments division. Business heads propose individual awards for staff in their business units. These proposals (as they relate to UK staff) are then put to the internal UK Compensation Committee for approval. The individual awards of certain high earners are also referred to the Human Resources Committee of the Board of Directors of Putnam Investments for sign off. The internal UK Compensation Committee comprises the Chief Executive Officer (CEO), Chief of Human Resources and the Head of Human Resources, none of whom is involved in the day to day business of Putnam UK, and who therefore have a sufficient level of independence from UK staff to ensure there is no conflict of interest. Other divisions, such as Compliance and Finance, may also provide input as part of the remuneration process.

Compensation awards for Putnam UK staff are approved by the UK Compensation Committee, and, where relevant for certain high earners, the Human Resources Committee of the Board of Directors of Putnam Investments. No external consultants are currently used to determine remuneration policy, other than providing benchmark compensation data.

In making remuneration decisions the UK Compensation Committee ensures that incentive payments are based on models designed to reward long term and sustained performance, taking into account Putnam UK’s business model as an agency-basis investment manager earning fees based on client asset levels and performance (rather than a bank or other proprietary market actor), the level of alignment of Putnam UK’s interests with those of its clients, and, where appropriate, both financial and non-financial information.

In evaluating which employees are “Code Staff” for the purposes of the FCA Remuneration Code, Putnam UK considers categories of staff who may have a material impact on the risk profile of the firm. This may include FCA approved persons performing a Significant Influence Function and Senior Managers (such as certain Directors), risk takers, and other highly compensated employees whose professional activities could have a material impact on Putnam UK’s risk profile.

Link between pay and performance

The overall bonus pool of Putnam Investments is determined based on Putnam’s performance and competitive compensation levels. The Human Resources Committee of the Board of Directors of Putnam Investments reviews and signs off on the amount of the bonus pool of each Putnam Investments division. The UK Compensation Committee has sufficient discretion to limit the allocation to Putnam UK staff taking into account overall performance and individual performance.

Staff are subject to a performance appraisal process under which their individual performance is reviewed based on a series of objectives set with their manager relating to the performance of their business unit and individual performance.

For investment staff, long-term performance is typically assessed based on individual performance over a three-year period (or their tenure if less than three years) against competitors or, for certain strategies, against other relevant investment benchmarks. Targets for each individual are set based on their job function and responsibilities and assuming top quartile performance. Actual incentive compensation may be higher or lower than the target, based on individual, group, and subjective performance, and may also reflect the performance of Putnam Investments as a firm. Such targets are reviewed each year to adjust for changes in responsibility and market conditions.

For sales staff, in addition to account revenue, other factors may be taken into account in assessing performance, including client service.

For other staff, targets are set assuming the equivalent of “top quartile” performance for the company and the employee as determined by Putnam Investments in its sole discretion. Factors considered include the scope of the individual’s position, external market data and internal comparisons. Compliance staff are separately compensated under a different programme intended to reduce potential conflicts of interest.

Quantitative information for the year ending 31 December 2016

For the year ending 31 December 2016, total compensation for Putnam UK’s Code Staff was £1,507,243.