



Asper Investment Management Limited Pillar 3 Disclosure and Policy for a Full Scope UK AIFM (Collective Portfolio Management Investment Firm)

September 2018

Regulatory Context

The Pillar 3 disclosure of Asper Investment Management Limited (“the Firm”) is set out below as required by the FCA’s “Prudential Sourcebook for Banks, Building Societies and Investment Firms” (BIPRU) specifically BIPRU 11.3.3 R. This is a requirement which stems from the UK’s CRDIII implementing Regulations which represented the European Union’s application of the Basel Capital Accord. The Firm is no longer formally subject to CRD but remain subject to the UK’s implementation Regulations of CRD III. The regulatory aim of the disclosures is to improve market discipline.

Frequency

The Firm will be making Pillar 3 disclosures annually. The disclosures will be as at the Firm’s Accounting Reference Date (“ARD”), being 31 March 2018.

Media and Location

The disclosure will be published on our website.

Verification

The information contained in this document has not been audited by the Firm’s external auditors, as this is not a requirement, and does not constitute any form of financial statement and must not be relied upon in making any judgement on the Firm.

Materiality

The Firm regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this Statement.

Confidentiality

The Firm regards information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the Firm’s investments therein less valuable. Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality. In the event that any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.

Summary

The CRD, to which the Firm remains subject as a consequence of the UK CRDIII implementing Regulations, have three pillars:

- **Pillar 1** deals with minimum capital requirements;
- **Pillar 2** deals with Internal Capital Adequacy Assessment Process (“ICAAP”) undertaken by a firm and the Supervisory Review and Evaluation Process through which the Firm and Regulator satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces and;
- **Pillar 3** which deals with public disclosure of risk management policies, capital resources and capital requirements.

The Firm is a Full Scope UK AIFM of currently non-EEA AIFs and is also permitted to undertake additional activities which result in the Firm being a BIPRU firm. It acts solely as agent, so the main protection to our customers is provided through client money and asset arrangements. The Firm’s greatest risks have been identified as business and operational risk. The Firm is required to disclose its risk management objectives and policies for each separate category of risk which include the strategies and processes to manage those risks; the structure and organisation of the relevant risk management function or other appropriate arrangement; the scope and nature of risk reporting and measurement systems; and the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

The Firm has assessed business and operational risks in its ICAAP and set out appropriate actions to manage them.

A number of key operations are outsourced by our clients, typically the AIFs to which we are an AIFM, to third party providers such as administrators reducing our exposure to operational risk. The Firm has an operational risk framework (described below) in place to mitigate operational risk. The Firm’s main exposure to credit risk is the risk that management fees cannot be collected and, therefore, credit risk is considered low.

Market Risk exposure has been assessed by the Firm and is limited to the Firm’s exposure to foreign currency exchange rate risk and hence to any assets held on the Firm’s Balance Sheet denominated in a foreign currency. The Firm’s Reporting Currency is GBP and all foreign currency assets are converted into GBP where possible on a regular basis.

The Firm is incorporated in the UK and is authorised and regulated by the FCA as an AIFM of non-EEA AIFs. In addition, the Firm is permitted to undertake MiFID activities which give it the categorisation of a ‘BIPRU Firm’.

The purpose of this document is to outline the pillar 3 disclosures for The Firm. The Firm is the parent company of Asper Renewable Power GP (Guernsey) Ltd and Asper RPP2 General Partner (Guernsey) Limited (together the “Group”).

The Group’s principal activity is to provide investment management services to the European renewable energy market.

Risk Management Objective

The Firm has a risk management objective to develop systems and controls to mitigate risk within its risk appetite.

Governance Framework

The Firm's Board of directors (the "**Board**") is the Governing Body of the Firm and has the daily management and oversight responsibility. It meets quarterly and is composed of:

- Luigi Pettinicchio
- Luis Quiroga
- Emma Tinker
- Olivier Delpon de Vaux
- Allister Sykes
- Andrew Clements

The Board is responsible for the entire process of risk management, as well as forming its own opinion on the effectiveness of the process. In addition, the Board decides the Firm's risk appetite or tolerance for risk and ensures that the Firm has implemented an effective, ongoing process to identify risks, to measure its potential impact and then to ensure that such risks are actively managed. The Firm's Risk & Compliance Committee is accountable to the Board for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of the Firm.

Risk Framework

Risk within the Firm is managed by use of the following:

The Firm has established a risk management function that reports in to both the Firm's Board and the Firm's Risk & Compliance Committee as part of its risk management framework to ensure adequate risk identification, assessment and management of all risk categories.

The Firm's Risk & Compliance Committee is chaired by the Firm's Compliance Officer and comprises one independent external expert member. The objective of the Firm's Risk & Compliance Committee as detailed in its Terms of Reference is to ensure effective management of compliance, operational, reputational and liquidity risk throughout the Firm in support of the Firm's overall business plan goals and in line with the Firm's governance, risk and control framework and the risk appetite of the Board.

The Firm's Compliance Officer meets monthly with the lead investment executives (including the Chair of the Portfolio Management Committee) as well as the Firm's Head of Operations and Head of Finance to stay close to the Firm's business activities so that the Compliance Officer can effectively identify and monitor business and other risks and update the Firm's risk matrix. The risk matrix is used by the Firm in assessing the level of risk by considering the probability or likelihood of an identified risk against the anticipated financial consequence.

The Compliance Officer then reports back to the Firm’s Compliance & Risk Committee and the Firm’s Board with the updated risk matrix on a quarterly basis and ad-hoc (as required).

The work of the Firm’s Compliance Team is also regarded as an important element of the Firm’s risk management process. The Compliance Team monitors fund, investment and corporate issues and compliance with specific items (including but not limited to maintaining insider, restricted and personal account dealing lists and approvals to carrying out KYC and deal investment checklist reviews to maintaining gifts and conflicts of interests registers etc.).

The Firm’s risk management framework as described above is also complemented by external reviews by independent parties such as Duff & Phelps and Deloitte to ensure the robustness and effectiveness of the Firm’s risk management processes and controls.

Capital Resources

The firm maintains sufficient capital resources to meet its regulatory requirements and takes a prudent approach to the management of its capital. The amount of capital the Firm has can be seen below:

Capital	£000
Tier 1 Capital	592
Less deductions	-
Total Capital	592

Pillar 1 Capital Requirement

The Firm has the following capital resource requirements, determined as the higher of:

- The sum of Credit Risk and Market Risk, or
- The Fixed Overhead Requirement

Risk	£000
Credit Risk	223
Market Risk	61
Fixed Overhead Requirement	522

The Firm’s Pillar 1 capital requirement is therefore determined as the Fixed Overhead Requirement of £522k.

Overall Pillar 2 Rule

The Firm has adopted the structured approach to the calculation of its Pillar II Minimum Capital Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP assessment is reviewed by the Board and amended where necessary, on a quarterly basis or when a material change to the business occurs. The Firm's Head of Finance presents the ICAAP document to the Board which reviews and endorses the risk management objective each quarter or when a material change to the business occurs at the same time as reviewing and signing off the ICAAP document.

The Firm is primarily exposed to Credit Risk from the risk of non-collection of advisory/management fees. It holds all Firm cash fee balances with Banks assigned high credit ratings. Consequently, risk of past due or impaired exposures is minimal. A financial asset is past due when a counterparty has failed to make a payment when contractually due. Impairment is defined as a reduction in the recoverable amount of a fixed asset or goodwill below its carrying amount.

Scope of application of directive requirements

The Firm is subject to the disclosures under the UK CRDIII Implementing Regulations.

However, the Firm is not a member of a UK Consolidation Group, as defined in the FCA Glossary, and as a consequence it is not reporting on a consolidated basis for prudential purposes.

Remuneration

The Firm's Board is responsible for the Firm's remuneration policy. The Board set the variable remuneration of its staff which takes into account the Firm's performance, employee performance, and also the performance of the AIF. All variable remuneration is adjusted in line with capital and liquidity requirements. The remuneration below is for the period 28th November 2017 to 31st March 2018.

Remuneration Code Staff Remuneration by Business Area

Business Area	Total Remuneration
Investment Management	£484k
Operations	£117k
Total	£601k