Asper Investment Management Limited (the "Firm")

Capital Requirements Directive Pillar 3 Disclosure

in respect of the year ended 31 March 2021

Background

The Capital Requirements Directive ("**CRD**"), a regulatory framework across the European Union, governs the amount and nature of capital that credit institutions and investment firms must maintain. The Firm is subject to the FCA's implementing regulations for what is known as "CRD III". This is because it is authorised and regulated by the FCA as an alternative investment fund manager (AIFM) and can undertake certain additional activities that fall under the Markets in Financial Instruments Directive ("**MiFID**"), which means that it is categorised with the FCA as a "BIPRU Firm".

This Pillar 3 document has been prepared by the Firm in accordance with the requirements of BIPRU 11 and was approved by the Firm's board of directors ("**Board**") on 17 December 2021.

The FCA's regulatory capital framework consists of three "pillars":

- **Pillar 1** sets out the minimum capital requirements for credit, market and operational risks;
- **Pillar 2** requires a firm to express a view on whether additional capital needs to be held for risks not covered by Pillar 1 in accordance with the Internal Capital Adequacy Assessment Process ("**ICAAP**");
- **Pillar 3** which deals with public disclosure of risk management policies, capital resources and capital requirements.

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. The Firm will make Pillar 3 disclosures annually unless circumstances warrant update on a more frequent basis.

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.

The Firm regards information as material 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 document.

Summary

The Firm is an independent, specialist investment management firm, focused on greenfield investments in sustainable real assets.

The Firm has a risk management objective to develop systems and controls to mitigate risk within its risk appetite. The Board determines the risk appetite and ensures that such systems and controls are implemented in the form of an effective risk management framework that is proportionate to the nature, scale and complexity of the business.

Risk Management Framework

The primary objectives of the Firm's risk management framework are to:

- appropriately identify, assess, manage and monitor the key risks faced by the Firm;
- ensure that all the Firm employees are aware of their responsibilities to manage and control risks, in line with their roles and responsibilities;
- ensure the Firm's compliance with applicable legislative and regulatory requirements, guidance and principles; and
- ensure that the Board and its committees receive relevant and timely management information to assist in the setting and monitoring of the Firm's risk appetite.

The Board has appointed a Risk and Compliance Committee. The committee is chaired by an independent member and includes the Firm's Head of Legal and Compliance and Head of Finance. The Committee meets and reports to the Board at least quarterly including the identification of any key and/or new risks and recommendations for their management and mitigation.

The Firm's Head of Legal and Compliance maintains a risk register, which summarises the Firm's key risks, their potential impact on the Firm and how the Firm manages and mitigates them. This register is a "living document" which is informed by regular meetings and interactions between the Head of Legal and Compliance, the Board and other senior staff.

Risks

The Firm has identified the following key credit, market and operational risks:

Risk	Mitigation
Credit risk in respect of fees payable by investors	The Firm has a diversified investor base and only deals with institutional investors.
Credit risk in respect of money deposited with banks	The Firm holds its cash with multiple banks, each of which has a high credit rating
Credit risk in respect of default by FX hedging counterparty	The Firm's counterparty enters into back to back contracts with banks to hedge its own risk and the Firm enters into multiple smaller contracts with the counterparty, thus reducing the risk of a major default
Market risk in respect of adverse changes in the EUR-GBP exchange rate because the majority of the Firm's fees are denominated in euro whereas the majority of its expenditure is in sterling	The Firm manages its exposure to EUR-GBP FX rates by implementing a rolling forward contract hedging plan.
Operational risk from inadequate cash controls	As well as the Firm's own cash controls, the Firm engages a third party administrator in relation to each of its funds resulting in multiple reviews and confirmations in relation to any material payment.
Operational risk from mis-selling and/or breach of marketing restrictions	The Firm has a compliance function which implements a compliance framework, including compliance approval of all financial promotions. The Firm provides regular compliance training to all staff. The Firm only markets by way of private placement to institutional investors. The Firm takes specific legal advice on marketing restrictions.

Capital Requirement

The Firm’s Pillar 1 capital requirement is £803k, being its Professional Negligence Capital Requirement plus the higher of (1) the sum of its credit and market risk capital requirement and (2) its fixed overhead requirement.

The Firm has adopted the structured approach to the calculation of its Pillar 2 minimum capital requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006. As part of this, the Firm assesses the potential impact of credit and operational risks, performs certain business risk scenario tests, and performs a wind-down analysis. For each credit or operational risk identified, the Firm estimates the probability and impact to create a risk “score”, which may be adjusted by taking into account relevant mitigating measures.

The Firm has assessed that it does not need to hold additional Pillar 2 capital in respect of any risks not covered by Pillar 1. Therefore, the firm’s Pillar 1 requirement is adopted as its current minimum capital requirement. The Firm maintains sufficient capital resources to meet this requirement. Based on its audited annual report for the year ended 31 March 2021, the Firm holds £3.8m of net Tier 1 Capital.

Remuneration

The Board is responsible for the Firm’s remuneration policy. The Board sets the variable remuneration of its staff, which takes into account the Firm’s performance, employee performance, and the performance of the funds that the Firm manages. All variable remuneration is adjusted in line with capital and liquidity requirements. The remuneration of Code Staff for the year ending 31 March 2021 was £2.0m.