

## Regulatory Context

The following disclosures are provided pursuant to the Pillar 3 disclosure rules as laid out by the Financial Conduct Authority (“FCA”) within section 11 of its Prudential Sourcebook for Banks, Building Societies and Investment Firms (“BIPRU”). The regulatory aim of the disclosures is to improve market discipline through additional transparency.

The prudential framework for investment management firms consists of three “pillars” under the Capital Requirements Directive which has been implemented by the FCA through the General Prudential Sourcebook (“GENPRU”) and BIPRU:

- Pillar 1 sets out the minimum capital requirements for the investment manager;
- Pillar 2 deals with the Internal Capital Adequacy Assessment Process (“ICAAP”) and the Supervisory Review and Evaluation Process through which the investment manager and the regulator satisfy themselves as to the adequacy of capital; and
- Pillar 3 requires the investment manager to publish its objectives and policies in relation to risk management, and information on its risk exposures and capital resources.

The disclosures below are the required Pillar 3 disclosures and apply solely to Coremont LLP (the “Firm”). The disclosures do not apply to any of the clients of the Firm which are exposed to different risks. Unless otherwise defined, capitalised terms used herein have the meanings given to them in BIPRU. The disclosures reflect the arrangements and financials of the Firm as at 31 March 2020 unless otherwise indicated.

## Background to the Firm

The Firm is a services provider which provides regulated and unregulated services to Investment Managers, is based in London, United Kingdom, and is incorporated in England and Wales as an English Limited Liability Partnership. The Firm is a solo UK entity authorised and regulated by the FCA in the United Kingdom to conduct investment management business. The Firm is a MiFID Firm which is categorised as a BIPRU firm without retail clients, and does not hold regulatory permissions to manage or hold client money or client assets.

The Firm’s primary business activity is to provide unregulated and regulated services to its clients which are Investment Managers.

## Verification

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

## Materiality

BIPRU Pillar 3 rules (BIPRU 11.3.5R and BIPRU 11.4.1R) provide that Pillar 3 disclosures are only required where the information would be considered material to a user relying on that information to make economic decisions.

## Proprietary and confidential information

BIPRU Pillar 3 rules (BIPRU 11.3.6R and BIPRU 11.3.7R) provide that firms may omit information where the information is regarded as proprietary or confidential.

### Pillar 3 Disclosures

#### BIPRU 11.5.1R – Risk Management Objectives and Policies

##### Governance framework

The Firm's governance arrangements are headed by the Board of Directors (the "Board"). The Board, as part of its regulatory duty to apportion key responsibilities, has resolved to delegate general oversight of the Firm's business to an executive committee (the "Executive Committee").

The Executive Committee operates as the governing body of the Firm. It meets on a monthly basis and on an ad hoc basis if circumstances so require, and is responsible for the day to day running and oversight of the Firm. The Executive Committee reviews, amongst other things, the Firm's financial information (such as monthly accounts, regulatory returns, and audited year end accounts), marketing activity, HR matters, the performance of the service providers, the ICAAP, internal and external audit reports and related recommendations, compliance reports and status reports from senior managers.

##### Risk management objective and framework

The Executive Committee is responsible for determining the risk appetite for the Firm. The Firm has established a risk management framework to identify, measure, monitor, report and mitigate risks. Risks identified through the operation of the risk management framework are assessed as part of the Firm's ICAAP and Pillar 2 processes.

The risk management framework sets out the responsibilities and escalation procedures for the identification, monitoring, and management of risks. Specific senior managers are assigned responsibility for the risks across the Firm. The Executive Committee takes overall responsibility, with the assistance of risk, compliance and control functions, for identifying material risks to the Firm and implementing appropriate mitigating controls.

Risks and mitigating controls are periodically reassessed, taking into account the Firm's risk appetite. Actions are taken to improve the control framework when risks are identified which fall outside of the Firm's risk appetite, or when weaknesses are identified in the Firm's mitigating controls.

##### ICAAP

The Firm's ICAAP includes an assessment of the design and performance of the internal controls in place to mitigate risks, the probability of the risk occurring, the potential financial and reputational impact, and the adequacy of the Firm's capital base.

The Executive Committee formally reviews and approves a finalised ICAAP document on at least an annual basis (or more frequently if there are material changes to the Firm's business model and risk exposures). The Executive Committee, as part of its review of the ICAAP, sets the Firm's risk appetite, validates that the Firm's key material risks have been considered and assessed, and validates the stress testing scenarios.

The Pillar 2 capital requirements of the Firm are determined through a range of methods including scenario analysis of extreme events and stress testing within the ICAAP.

##### BIPRU 11.5.3R – Capital Resources

As a BIPRU firm, the Firm maintains sufficient capital to meet its regulatory capital requirements and takes a prudent approach to the management of its capital base. The amount and type of capital resources of the Firm as at 31 March 2020 are set out in the table below:

## Pillar 3 Disclosure – November 2020

Table 1: Capital Resources as at 31 March 2020

CAPITAL RESOURCES	
Tier One Capital	£26,101,326
Tier Two Capital	
Tier Three Capital	
Total Capital	£26,101,326

The adequacy of the capital held by the Firm is assessed regularly, and at least annually, as part of the ICAAP framework and is subject to approval by the Executive Committee. The most recent ICAAP (and Pillar 2) review took place on 29 October 2020.

As a BIPRU firm and in accordance with GENPRU 2.1.45R, the Firm is required to calculate its variable regulatory capital requirements as the higher of:

- the sum of the market and credit risk requirement;
- the Fixed Overhead Requirement ("FOR").

The Firm has calculated its FOR in accordance with the rules and guidance set out in GENPRU 2.1.53R to GENPRU 2.1.59G, which amounts to £5,531,357 as at 31 March 2020. The credit and market risk capital requirements of the Firm amount to less than the FOR. Therefore, the overall Pillar 1 capital requirement of the Firm is the FOR of £5,531,357.

### FCA Remuneration Code

#### BIPRU 11.5.18R – Remuneration

The Firm has adopted a remuneration policy that complies with the requirements of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC") – and most notably chapter SYSC 19C that sets out the BIPRU Remuneration Code and related guidance on proportionality.

As a BIPRU firm (that has no other BIPRU firms within its corporate group), the Firm falls within proportionality level 3 under the BIPRU Remuneration Code regime. The Firm has concluded that, on the basis of its size and the nature, scale and complexity of its legal structure and business, it does not need to appoint a distinct remuneration committee. Instead, the Board of the Firm sets and oversees compliance with the Firm's remuneration policy, including reviewing the terms of the policy on at least an annual basis.

The Firm currently sets the variable remuneration of its staff in a manner which takes into account individual performance, performance of the individual's business unit and the overall results of the Firm. As permitted for firms falling within proportionality level 3, the Firm takes into account the specific nature of its own activities (including the fee-based nature of its revenues) in conducting any ex-ante risk adjustments to awards of variable remuneration and, given the nature of its business, has disapplied the requirement under the BIPRU Remuneration Code to make ex-post risk adjustments.

All of the Firm's Code Staff fall into the "senior management" category of Code Staff (rather than the "risk taker" category) for the purposes of the BIPRU Remuneration Code. During the reporting year 2019/20 the Firm's Code Staff totalled 10, all of whom were deemed to be performing a 'Significant Influence Function'.

The aggregate remuneration awarded to the Firm's Code Staff during the financial year ending on 31 March 2020 was £2,784,962.