Slater Investments Limited

Pillar 3 Disclosure
December 2019

Contents

Disclaimer

This document has been prepared by Slater Investments Limited (the “Group” / “Slater Investments”) in accordance with the requirements of the Capital Requirement Directive. Unless otherwise stated, all figures are as at 31 December 2019, our financial year-end.

These disclosures have been reviewed by the Board. The disclosures are not subject to audit except where they are equivalent to those prepared under accounting requirements for inclusion in the Group’s Annual Report and Accounts. The risks identified and reported are not all the risks which the Group faces. An ISAE 3402 report has been prepared which provides a more extensive analysis of the controls which operated during the financial year to 31 December 2019 and their effectiveness. Although the Group endeavours to provide accurate and timely information, there is no guarantee that such information is accurate as of the date it is received.

1. Overview

The Capital Requirements Directive (CRD) consists of three pillars:

Pillar 1	**The minimum capital requirements of firms to cover credit, market and operational risks**
Pillar 2	**The requirement that regulated firms and the FCA take a view on whether a firm should hold additional capital against risks not yet covered by Pillar 1; and**
Pillar 3	**The requirement of firms to publish certain details of their risks, capital and risk management process.**

The Financial Conduct Authority has set out its minimum disclosure requirements in the handbook under BIPRU 11. The information set out below represents Slater Investments' Pillar 3 disclosures.

BIPRU 11 requires that a firm subject to the provisions of the Directive must disclose, as appropriate, the relevant information required under Pillar 3. This must be done in accordance with a formal disclosure policy which sets out our policies for assessing the appropriateness of our disclosures, including their verification and frequency. The rules provide that we may omit one or more of the required disclosures if we believe that the information is immaterial. Materiality is based on the criteria that the omission or misstatement of material information would be likely to change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions. Where we have considered a disclosure to be immaterial, we have stated this in the relevant section. We are also permitted to omit one or more of the required disclosures where we believe that the information is regarded as proprietary or confidential. Proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers and counterparties. Where we have omitted information for either of these two reasons we have stated this in the relevant section and the reasons for this. Where appropriate, we have published more general information on the subject matter of the required disclosure.

Slater Investments Limited is a small firm with an operational infrastructure appropriate to its size. Its market risk is limited to investments in certain funds. Credit risk relates to management and performance fees due from the funds or clients under the Slater Investments' management, other receivables, bank deposits and investments in certain funds. Slater Investments follows the standardised approach to market risk and the simplified standard approach to credit risk. The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk charge.

2. Frequency of Disclosure

It is the intention of Slater Investments to update its Pillar 3 disclosure on an annual basis, unless circumstances warrant updates on a more frequent basis. Slater Investments makes its Pillar 3 disclosure via its website www.slaterinvestments.com.

3. Regulated Structure

Slater Investments Limited is authorised and regulated by the Financial Conduct Authority and as such is subject to minimum capital requirements of €125,000 as it is a limited license firm.

The ultimate parent company is Northglen Investments Limited whose registered office is Nicholas House, 3 Laurence Pountney Hill, London EC4R 0EU.

4. Risk Management

Slater Investments operates a comprehensive risk management structure of four defensive layers to support the Group's core business, fund management. The diagram in section 4.1 illustrates the various levels of risk management at Slater Investments.

1. Level One – Portfolio and Investment Risk Management

   Slater Investments Limited has a Compliance and Risk committee which consists of a Board member, Senior Manager of Operations, Risk Officer, Operations Manager and

Head of In House Legal. They meet weekly to discuss and identify the risks that the company may face. Risk procedures are appropriately documented and there is a transparent risk management framework. Risk management includes portfolio risk, liquidity risk, concentration risk, performance, operational risk, business risk and financial risk.

Slater Investments' appetite for risk is low. The firm is owned by the senior management and staff, who wish to see the firm grow without the need of unnecessary risk.

- The firm's primary business is to manage its client's assets in accordance with its investment process. It does not undertake any proprietary trading.
- The firm does hold client money.
- The firm does not hold client assets.
- The firm will always maintain sufficient capital to manage the risks of the firm.

2. Level Two – Fund Management Business Support Areas & Operational Risk Management

   Infrastructure, Sales and Marketing play a key role in supporting fund management and providing a good control environment. Key controls include but are not limited to: hard and soft position limits; best execution controls; regulatory reporting in compliance with various exchanges and regulatory bodies worldwide; and controls over financial promotions.

   The Chief Operating Officer ("COO") has responsibility for operational risk. Risks are identified, assessed and reported to the Board. The COO chairs weekly Operational Meetings to assess and monitor ongoing operational risks and is a member of the Compliance and Risk Committee.

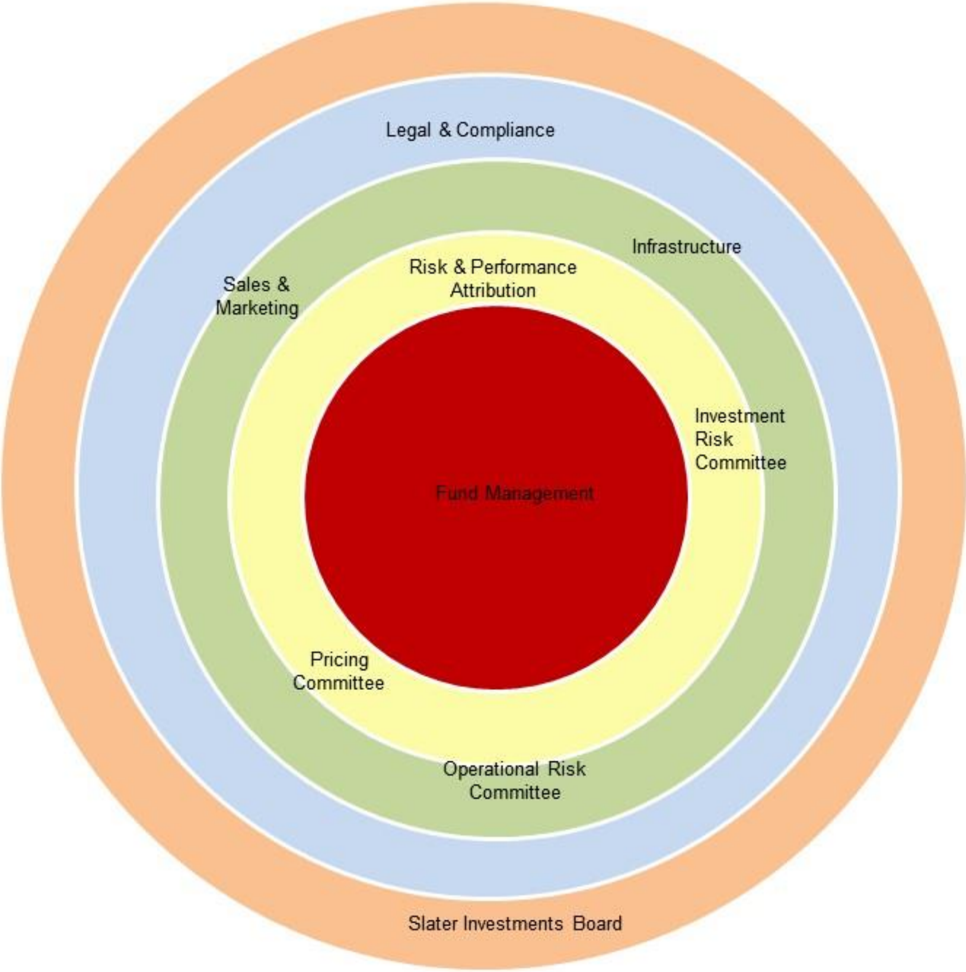
3. Level Three – Compliance

   Risks are managed and controlled in adherence with the risk strategy outlined by the Board. To capture all risks to the Board, three business areas (Fund Management, Sales & Marketing and Infrastructure) are assessed against eight macro control objectives which have resulted in the identification and ongoing monitoring of risks.

4. Level Four – Group Audit Committee & Board of Directors

   The Board of Directors has ultimate responsibility in determining the acceptability of risks that it faces and in determining the framework for mitigating those risks. Authority flows from the Board of Directors to provide an objective assessment of controls and monitoring in place to mitigate risks.

   4.1 Levels of Risk Management



The firm undertakes its Individual Capital Adequacy Assessment Process (ICAAP) on an annual basis. The directors are however mindful of the changing conditions. The firm's ICAAP is produced by the Board of Directors who takes account of the following:

- Assessment of current risks
- Assessment of future risk in the business
- Assessment of terminal risk

Having considered the review and the regulation requirements, the Directors have concluded no additional Pillar 2 capital is required as the company's Pillar 1 capital is sufficient to meet the company's needs.

Slater Investments is a simple business with an operational infrastructure to match. Its main risk is that Slater Investments is heavily dependent on key personnel. The loss of its key staff could adversely affect the management of its assets and could cause its clients not to renew mandates.

5. Compliance with BIPRU 3,4,6,7 and 10 (BIPRU 11.5.4)

Slater Investments is a small company with a simple operational infrastructure. It carries no foreign exchange risk and little credit risk. Slater Investments follows the standard approach for the assessment of both market risk and credit risk, using a simplified approach to calculate risk weights for credit risk exposures.

Slater Investments' exposure to credit risk relates principally to debtors due from clients.

Operational risk results from failed internal processes, people and systems or external events. It includes legal and financial crime risks but does not include strategic, reputational and business risks. In assessing operational risk under Pillar 2, consideration was given to each of the areas where risk arises, which comprise financial crime, control failures in the settlement function, potential for regulatory sanctions and the risk arising from inadequate business continuity planning. The likelihood of a risk crystallizing is assessed, taking into account Slater Investment's past experience. The amount of capital needed to protect it from operational risks is assessed and is regularly reviewed by senior management.

The adequacy of Slater Investments' internal capital to support current and future activities is contained in the Internal Capital Adequacy Assessment Process. The fixed overhead requirements under Pillar 1 are deemed by the company to be sufficient capital to meet its current needs. The fixed overhead requirement based on the audited financial statements at 31 December 2019 was £474,000. All known risks have been assessed and appropriate stress tests and scenario analyses have been undertaken to determine any additional capital required under Pillar 2. Additional capital of £25,000 is currently required for Pillar 2.

6. Capital Resources

Capital

Slater Investments is a limited liability company. Its capital is based on its audited financial statements as at 31 December 2019 is summarised below as follows:

	£'000
Issued share capital	57
Share Premium Reserve	763
Profit and Loss Account	5,821
Net assets	6,830

Slater Investments' capital for regulatory purposes is as follows:

Capital Item	£'000
Tier 1 capital less innovative tier 1 capital	5,821
Total tier one capital plus tier two capital less deductions	6,830
Total capital resources, net of deductions	6,830

Credit Risk Capital Requirements

This has been calculated using the standardized approach of credit risk. The requirement is calculated and the carrying value adjusted as required for appropriate risk.

Operational Risk Capital Requirement

Slater Investments Limited is a limited license firm and is exempt from operational risk at Pillar 1 and is not required to calculate an operational charge. Slater Investments is subject to the Fixed Overhead Requirement.

Market Risk Capital Requirement

Slater Investments Limited marks to market its seed investments and takes the surplus as deficits through the revaluation reserves. It does not hold any currencies accounts.

Liquidity Risk Capital Requirement

Slater Investments Limited maintains sufficient cash resources to meet its obligations as they fall due and all cash deposits are repayable on demand. Under Pillar 2, Slater Investments Limited has identified any illiquid assets on the balance sheet and determined a capital resource requirement such that Pillar 1 and Pillar 2 requirements combined amount to 100% of the balance sheet value of such assets.

The long term investments are investments in authorized collective investments shemes that can be liquidated within 4 days to provide extra liquidity. Based on this, the company can continue to operate for 12 months without any income.

Insurance Risk Capital Requirement

Slater Investments Limited maintains sufficient insurance cover based on past experience and forward-thinking judgment. Its insurance rests with an A rated company.

Pension Obligation Risk Capital Requirement

Slater Investments Limited operates a defined contribution scheme and is not open to the risks of a Defined Benefit Scheme.

Business Risk Capital Requirement

Slater Investments Limited is a limited license firm with a €125,000 base capital requirement.

7. Capital Adequacy

When determining the capital adequacy of Slater Investments we need to identify the risk appetite used in the ICAAP.

From our detailed understanding of how the Company operates, the activities undertaken and controls in place, we have applied a risk appetite of **low** level.