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Risk Policy

The Firm provides investment advisory and management services to Professional Clients and Eligible Counterparties.

The Firm has a low to moderate appetite for risk and its major business risks relate to the quality of investment management activity and regulatory hosting services for ARs. The Firm does not trade on its own account nor does it hold client monies or securities. The Firm does not act for retail clients, and does not act as a counterparty to any investment transaction, whether advisory or management. As such, the Firm's exposure to credit and market risk is incidental to the advisory and investment management business it conducts and relates primarily to its exposure to its client for management or licence fees.

The Firm's internal operational infrastructure is straightforward and it does not outsource any of its regulated services. The Firm's key risks are operational and mainly related to its role as principal to its ARs. The Firm takes regulatory responsibility for its ARs' activities, and as interim investment manager to a small number of institutional investment funds, advised by its ARs. Accordingly, it ensures that it carries out comprehensive and robust due diligence prior to assuming regulatory responsibility for an AR and any Approved Persons. The Firm also ensures that there is regular and appropriate supervision of ARs including, but not limited to, onboarding and annual training, provision of a compliance manual and appendices (this Manual), monthly management reporting including agreed key performance indicators and formal compliance monitoring, normally at least annually. The Firm's risk management process also includes allocation of a designated contact point, a Primary Contact, to each AR to act as a focal point for firm-wide oversight activity. The Firm also has an escalation policy to manage increased exposure due to AR activity.

Another important area of operational risk is the challenge to cope with the pace of change in regulatory requirements, which is mitigated by engaging Gem Compliance Consulting Ltd, regulatory consultants, to provide ad hoc advice and monitoring. The Firm seeks to minimise its operational risks by putting in place robust business controls and monitoring the operation of these controls.

The Firm also operates a Risk Register which is reviewed by senior management on a quarterly basis. Emerging risks are also considered during the quarter and discussed by management at the next meeting. Risks are scored according to likelihood and impact according to an agreed risk matrix. A 'traffic light' rating of red, high-amber, low-amber and green is assigned. The Firm also ensures that its ARs implement and maintain similar risk registers and monthly reporting includes a KPI to assess the effectiveness of ARs' risk management.

The arrangements and processes designed to manage the identified risks are further described in the Firm's Internal Capital and Risk Assessment process (ICARA) which is reviewed on an annual basis to assess risk to capital adequacy. This takes into account consideration of risk of harm to clients/end users and the Firm itself.