



T Y N D A L L

Odd Asset Management Ltd

Pillar 3 Disclosure

As at 31.03.2021

Regulatory Context

The European Capital Requirements Directive established a revised regulatory capital framework governing the amount and type of capital that must be maintained by credit institutions and investment firms.

The framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk;
- Pillar 2 requires firms to undertake an overall assessment of their capital adequacy, taking into account the risks to which they are exposed and whether additional capital should be held to cover risks not adequately covered by Pillar 1 requirements; and
- Pillar 3 complements Pillars 1 and 2 by requiring firms to disclose information on their capital resources and requirements, governance and risk management framework. It also requires disclosure of a firm's remuneration policy for certain categories of staff.

In the United Kingdom, the Capital Requirements Directive has been implemented by the Financial Conduct Authority (FCA) through rules contained in the General Prudential Sourcebook (GENPRU) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU). Chapter 11 of BIPRU sets out the disclosure requirements in relation to Pillar 3. The disclosure which follows is designed to confirm those requirements and relates to Odd Asset Management Ltd on a solo basis.



Background to the Firm

Odd Asset Management Ltd (OAM), is a discretionary investment manager incorporated in England and Wales. OAM is authorised and regulated by the Financial Conduct Authority (the “FCA”) in the United Kingdom to conduct investment management business. OAM Ltd is a BIPRU limited license 50K firm and does not hold regulatory permission to hold client money or client assets and does not trade on its own account.

Risk Management

OAM is governed by its Board. The role of the Board is to provide full oversight and governance for the development of the strategy, operations and vision for the Company. This includes directing the compliance and risk management functions within the Company ensuring that the Company’s regulated activities are carried out in accordance with the relevant legislation, regulation and industry guidance. The Board has identified that the principal risks affecting the Company are investment/market performance, client service, regulation and compliance change and oversight and management of outsourced service providers. The Board is highly aware of its key risks and focused on their management in all areas.

Operational risk

Operational risk is the risk of loss arising from failed or inadequate internal processes or systems, human error or other factors. The risk is managed by senior management, who have responsibility for implementing appropriate controls for the business. The compliance function reviews the operation of these controls.

Market risk

OAM does not hold positions in market-related assets. OAM’s revenue is, however, exposed to market movements and, therefore, market risk. If the assets under management (AUM) fall, the fees earned from those AUM will reduce.

Liquidity risk

Liquidity risk is the risk that the group may be unable to meet its payment obligations as they fall due. OAM’s liquidity policy is to maintain sufficient liquid resources to cover any cash flow imbalances in fees received or receivable. OAM continually monitors income and spending levels to ensure there is always enough liquidity.



Credit risk

Credit risk refers to the likelihood that customers fail to meet their obligations as they fall due. OAM has limited credit risk from the non-payment of investment management fees because most clients have their fees deducted from their underlying portfolios on a monthly basis. OAM also has a credit exposure to its banks but this is considered remote.

Client risk

A significant loss of large clients would result in reduced fund management revenue. OAM has mitigated this risk by diversifying its client base, and by concentrating on delivering investment performance and client service.

Investment performance risk

Investment performance risk is the risk that accounts underperform. Underperformance could result in reduced revenue and could also adversely affect the growth of the business. OAM mitigates this risk by having a robust investment process and experienced investment management personnel.

Regulatory risk

Regulatory risk is the risk that a change in the regulations or the interpretation of them will affect OAM's business significantly. Regulatory developments are monitored by compliance and the implications of changes are considered and dealt with.

Regulatory Capital

As a limited license firm, the Firm's capital requirements are the greater of:

- Its base capital requirement of €50,000 (£42,372*); or
- The sum of its market and credit risk requirements; or
- Its Fixed Overhead Requirement (FOR)

The Company is a boutique investment manager with a simple operational infrastructure. Its market risk is limited to fees receivable from the assets under its management. The Company's FOR exceeds both the total of the credit and market risk capital requirements and the base capital requirement.



The Company assesses key risks (including Outsourcing Risk, Dealing Errors, IT failure, etc.) on an ongoing basis to ascertain whether additional capital is required. Through these stress tests, the Firm has assessed that no additional Pillar 2 capital is required. Therefore, the FOR (which the firm calculates to be £54k) is the minimum regulatory capital requirement for the Company. The Company's capital arrangements as at 31 March 2021 are summarised as follows:

Category	Total (£000)
Called up Share Capital	35
Investment in own shares	0
Share premium account	1,251
Profit and loss account	-881
Capital Resources	405
Pillar 1 Requirement	54
Pillar 2 Requirement	8.5
Capital Requirement (Higher of Pillar 1 and Pillar 2)	54
Capital surplus	351

*based £/Euro close 31.03.2021 of 1.18

The table above illustrates that the Company has a regulatory capital surplus £351,000 as at 31 March 2021. The Board can confirm that the Company has adequate capital for its size and for the complexity of its business as of the date of this disclosure.

The Firm's Pillar 3 disclosure will be made on an annual basis as at the accounting reference date of 31 March and as soon as practicable after the publication of the Company's annual report. The Company will reassess the need to publish some or all of the disclosures more frequently than annually in light of any significant changes to the Company.



Remuneration

The Company is classified as a proportionality level 3 firm in accordance with the FCA Remuneration Code ('the Code'). Given the size and nature of the firm's business, it has not established a Remuneration Committee. Instead, the Board is responsible for setting the Remuneration Policy Statement (RPS) and overall remuneration philosophy and objectives of the Company. The Board is responsible for review and approval of employee remuneration.

The Company's policy is designed to ensure that we comply with the Remuneration Code and our compensation arrangements:

- are consistent with and promote sound and effective risk management;
- do not encourage excessive risk taking;
- include measures to avoid conflicts of interest; and
- are in line with the Firm's business strategy, objectives, values and long-term interests.

OAM has identified its Code staff for the financial year to 31 March 2021, comprising those fulfilling controlled functions, those who are deemed risk takers, senior management and senior asset managers. The estimated total remuneration in respect of the year to 31 March 2021 for Code staff was £988,655.

The disclosure of further information on remuneration costs is limited by the provision set out in BIPRU 11.5.20R.

The philosophy that the Firm follows is to aim to pay its staff salaries and benefits, with variable remuneration being linked to the commercial performance of the individual and the firm.