BECKETT
ASSET MANAGEMENT

Dettingen House
Dettingen Way
Bury St Edmunds
Suffolk
IP33 3TU

01284 754500
info@beckettinvest.com
www.beckettinvest.com

Beckett Asset Management Limited (BAM)
Pillar III Disclosure and Policy

BACKGROUND

Beckett Asset Management Limited (BAML) is incorporated in the UK and is authorised and regulated by the FCA as an investment firm. At the time of the ICAAP dated 29th March 2019, according to the FCA's "Prudential Sourcebook for banks, building societies and Investment Firms" (BIPRU), BAM was a €50k firm. The disclosure has been prepared on that basis.

SUMMARY

The Capital Requirements Directive (CRD) requirements have three pillars. Pillar 1 deals with the minimum capital requirements. Pillar 2 is the Internal Capital Adequacy Assessment Process (ICAAP) which assesses what capital is required by the firm to meet the risks the firm faces. Details of the Pillar 1 and 2 disclosures are contained within BAM's 2019 ICAAP. Pillar 3 deals with public disclosure of risk management policies, capital resources and capital requirements in order to improve market discipline.

BAM has identified its principal risks as reputational and operational. BAM is required to disclose its risk management objectives and policies for each separate category of risk which include the strategies and processes to mitigate those risks. BAML has assessed operational and reputational risk in its ICAAP and set out appropriate actions to manage them. BAML will make Pillar 3 disclosures on an annual basis.

CONFIRMATION

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

CONFIDENTIALITY

BAM regards information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems, which if shared with competitors, would render BAM's investment therein less valuable. Further, BAM must regard information as confidential if there are obligations to customers or other counterparty relationships binding BAM. In the event that any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.

RISK MANAGEMENT OBJECTIVE

The Board of BAM is responsible for determining the level of risk that is acceptable in running the firm (i.e. the firm's risk appetite) and BAM has a conservative approach to risk.

Risks are mitigated through the application of limits and controls and a monitoring process at operational level. On a day-to-day basis it is the responsibility of the Compliance Officer to monitor risks and determine the firm's appetite.

GOVERNANCE FRAMEWORK

On at least an annual basis the Board meet to review the assessment and consider whether the level of risk that the firm is running (i.e. the firm's risk appetite) is acceptable.

RISK MANAGEMENT FRAMEWORK

A core objective of the Risk Management Framework is the consistent identification and reporting of risk. This is achieved via the following:

- Understanding the business environment
- Setting business objectives
- Risk identification
- Risk evaluation
- Developing risk response
- Assessing control activities
- Ensuring appropriate and timely risk information and communication
- On-going monitoring of the risk

RISK MANAGEMENT METHODOLOGY

The Board of the Firm is responsible for establishing risk tolerance, setting risk management policy, and establishing suitable risk management processes.

The Board will at least annually review the Firm's risk tolerance, risk management policy, and risk management processes. This review will include an assessment of the suitability of Firm resources to properly manage the current and planned business including an assessment of personnel, systems, and controls.

The Board reviews financial forecasts, variance analysis, and risk reports on a monthly basis.

RISK APPETITE

The firm aims to maintain a low risk profile, and therefore has set a risk appetite such that no risk on its risk assessment process should be greater than a likelihood of critical and impact of remote. BAM recognises that there is a degree of subjectivity in this approach and therefore the firm has set the following additional risk appetite targets:

1. The Firm's risk appetite for Credit risk is that its Banking arrangements are with institutions rated as Step 1 quality in accordance with the ECAI (External Credit Assessment Institutions) ratings.
2. Operational Risks rated medium or high will be deemed unacceptable and will be addressed through mitigating action or through a Pillar 2 capital allocation (to provide an additional capital buffer).
3. The Firm's current risk appetite for business risk is that budgeted forecasts should indicate the Firm is ordinarily in profit on a monthly basis. Tolerance is allowed for some losses on a month by month basis but the appetite is for no cumulative loss in any financial year.

CATEGORISATION OF RISKS

BAM recognises it is principally exposed to operational and reputational risk.

OPERATIONAL RISK

One quantitative evaluation of Operational risk is to assess the potential cost of an Orderly wind-down. This has been considered in the firm's ICAAP. The scenario outcome identified that this required additional capital be held to mitigate against this risk.

The Fixed Overhead Requirement is the minimum capital that must be held but given that Orderly wind down costs exceed the fixed overhead requirement the Board consider that it is appropriate that orderly wind down provision meets its operational risk charge.

REPUTATIONAL RISK

This is one of the key risks to any Investment Manager, and can be triggered by events both internally, such as poor fund performance and externally. The quantification of this risk is not easy and the firm has no loss data available internally to judge the impact that this would have. Based upon the output of the scenario, sufficient Capital exists to maintain a sufficiently robust capital ratio.

CAPITAL RESOURCES AND REQUIREMENTS

The Pillar 1 capital requirement is defined as the higher of the following: Base Capital Requirement (€50,000); OR Fixed Overhead Requirement; OR the sum of Market and Credit Risk Requirements.

BAM's Pillar 1 requirement as at 29th March 2019 based on the Base Capital Requirement was £60K.

BAMs' Pillar II capital requirement is calculated by the Firm in accordance with its ICAAP. This includes an assessment of the adequacy of capital resources to support current and future activities and to cover the key risks faced by the business, including relevant stress scenarios. The ICAAP is reviewed and approved at least annually by BAM's Board.

Based on its ICAAP assessment, the directors of the business consider that an appropriate level of capital to support current and future business requirements, when consideration of stress events and various key risk scenarios are taken into account, is £60K.

The total capital resources as at 29th March 2019 are summarised as follows:

£,000	
Tier 1 capital	85
Tier 2 capital	
Tier 3 capital	
Deductions from tier 1 and 2	0
Total capital resources	85

REMUNERATION POLICY

The Board of BAM determines the Remuneration Policy. The Board sets and agrees the Remuneration Policy of BAM and reviews take place on an annual basis.

Any performance related remuneration is subject to the profits of BAM and is agreed by the Board. The Board may consider amongst other things, the short and long term financial position of BAM along with other appropriate risk assessments have been considered before reaching a decision.