



## GO Investment Partners LLP

### Pillar 3 Disclosure

#### INTRODUCTION

The Capital Requirements Directive of the European Union, which was implemented in the UK by the FCA, sets out the regulatory framework for Banks, Building Societies and Investment Firms across Europe. The framework consists of three pillars:

- Pillar 1 covers the minimum capital requirement
- Pillar 2 covers the requirement to assess whether additional capital is required over and above Pillar 1
- Pillar 3 covers the requirement to publicly disclose information regarding a firm's risk management processes and capital resources

GO Investment Partners LLP (the "Firm"), is categorised as a BIPRU Firm and is part of a UK consolidation group (the "Group"). The Firm acts primarily as a discretionary investment manager, and does not hold client money or client assets. The Firm reports to the Financial Conduct Authority (the "FCA") as an entity and also on a consolidated basis and this document is designed to meet the Firm's Pillar 3 disclosure obligations. Any financial information included herein is based on the audited accounts at 31 December 2014 and consolidated information includes all entities within the Group.

Following the implementation of the Alternative Investment Fund Managers Directive ("AIFMD") on 22 July 2013 the Firm was approved as an Alternative Investment Fund Manager ("AIFM") by the FCA on 22 July 2014. As a result, in addition to having to meet regulatory capital requirements based upon the retention of sufficient regulatory capital to meet an expenditure based requirement, the Firm is also subject to a capital requirement based upon its funds under management. Although the Firm is subject to the capital requirements of the AIFMD, it continues to be categorised as a BIPRU Firm and is still subject to the Pillar 3 Disclosure Requirements.

Future disclosures will be updated on an annual basis and will be published on our website as soon as practicable after the publication of the Annual Financial Statements.

These disclosures are not audited and should not be relied upon in making judgements about the firm.



## **RISK MANAGEMENT**

Risk management is an integral part of the Firm's ongoing management procedures and includes the development and maintenance of procedures and controls to mitigate risks to an extent where additional Pillar 2 capital is not required.

The Firm's operational and business risks are evaluated and documented in a comprehensive Risk Profile and Matrix document which is reviewed by senior management on a semi annual basis. All risks are ranked according to their potential impact and likelihood of happening.

Whilst the overall responsibility for the oversight of controls and procedures is held by the Chief Executive Officer, day to day risk management responsibilities are delegated to appropriate senior individuals within the firm and these responsibilities are documented.

The risk management process outlined above is supported by a programme of compliance monitoring by external compliance advisors.

Under the Capital Requirements Directive, the Firm maintains an Internal Capital Adequacy Assessment Process ("ICAAP") designed to ensure that the Firm has assessed the risk profile of its operations and that sufficient regulatory capital is maintained at all times.

Under Pillar 1, the Firm's Minimum Capital Requirement is the higher of:

- The base capital requirement: €50,000 or
- The sum of its market and credit risk requirements: £97,000 or
- Its Fixed Overhead Requirement + Professional Indemnity premium: £844,000.

The Firm's Minimum Capital Requirement is therefore £844,000.

Under Pillar 1, the Group's Minimum Capital Requirement is the higher of:

- The base capital requirement: €50,000 or
- The sum of its market and credit risk requirements: £97,000 or
- Its Fixed Overhead Requirement + Professional Indemnity premium: £1,003,000.

The Group's Minimum Capital Requirement is therefore £1,003,000.



### Coverage of risks

The firm does not have a trading book and its general approach is to maintain capital at a level well in excess of its minimum capital requirement and to mitigate risks wherever possible. Accordingly, no additional Pillar 2 capital is deemed to be necessary.

### Credit and Market Risk

These are both covered under Pillar 1. Credit risk is significantly minimised due to the provision in the client agreements for the payment of investment management fees quarterly in advance. For the credit risk component, the firm has adopted the standardised approach using the simplified method of calculating risk weightings and the requirement amounts to £88,000. Market risk consists of a foreign currency positional risk requirement of £9,000.

### Liquidity Risk

The group has no bank borrowing and cash is managed centrally to maximise potential interest income whilst ensuring the business has sufficient liquid resources to meet its obligations as they arise. The balance sheet reflects a good level of liquidity at 31/12/14.

### Business Risk

The key business risk is a reduction in funds under management following a market downturn or loss of clients resulting in lower investment management fees. Management carries out stress testing in order to assess the impact on the profit and loss account from various scenarios.

## REGULATORY CAPITAL

The regulatory capital of the Firm and the Group at 31 December 2014 is as follows:

	<b>Firm £'000</b>	<b>Group £'000</b>
Tier 1 capital	1,388	3,117
Deductions	-	-
Total Tier 1 capital after deductions	<u>1,388</u>	<u>3,117</u>
Tier 2 capital	-	-
Tier 1 and 2 capital after deductions	1,388	3,117
Tier 3 capital	-	-
Total regulatory capital	<u>1,388</u>	<u>3,117</u>



## REMUNERATION

The following Pillar 3 disclosures on remuneration are made in accordance with the Remuneration Code.

The Firm is a Tier Three Remuneration Code firm.

The Firm's policy has been agreed by the Firm's Remuneration Committee and is reviewed annually. The policy is designed to ensure that we comply with the Remuneration Code and our compensation arrangements:

- are consistent with effective risk management;
- do not encourage excessive risk taking; and
- are in line with the Firm's business strategy, objectives and long-term interests.

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for 'Code Staff' whose professional activities have a material impact on the risk profile of the Firm.

The Firm's ability to pay variable profit shares is based on the performance of the Firm overall and individuals are rewarded based on their contribution to the overall performance of the business.

Aggregate quantitative information on remuneration is as follows:

Aggregate remuneration for the year ended 31/12/14 for all Code Staff	£1,238,000
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