

ST BRIDE'S MANAGERS LLP
PILLAR 3 AND REMUNERATION DISCLOSURE

September 2014

Pillar 3 Disclosure

St Bride's Managers LLP ("SBM" or the "Firm") is authorised and regulated by the Financial Conduct Authority (the "FCA"). The Firm is a London-based discretionary property investment manager to professional clients and unregulated collective investment schemes. SBM is categorised as a limited licence firm by the FCA for capital purposes and reports on a solo basis. SBM's Pillar III disclosure fulfils the Firm's obligation to disclose to market participants' key pieces of information on a firm's capital, risk exposures and risk assessment processes.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be likely to change or influence the decision of a reader relying on that information. In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, 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, suppliers and counterparties.

We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

Risk Management

The Members of SBM determine its business strategy and the level of risk acceptable to the Firm. In conjunction with the Chief Operating Officer ("COO"), they have designed and implemented a risk management framework that recognises the risks that the business faces and how those risks may be monitored and mitigated and assess on an ongoing basis. The Firm has in place controls and procedures necessary to manage those risks.

The Firm considers the following as key risks to its business:

Business Risk – This risk represents a fall in asset under management in the Funds or the loss of key staff which may reduce the fee income earned by the Firm and hinder its ability to finance its operations and reimburse its expenses. Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process ("ICAAP").

Market risk - The risk is the exposure to foreign exchange fluctuations due to investment management and performance fees being denominated in currencies other than sterling. The Firm operates currency bank accounts permitting it to receive/pay currency directly.

Operational risk – This risk covers a range of operational exposures from the risk of the loss of the key personnel to the risk of the provision of investment advice. Legal and reputational risks are also included within the category of operational risk. Operational risks and how they can be mitigated are assessed as part of the ICAAP.

Credit risk – This risk relates to the exposure to the Funds for non-payment of management and performance fees and counterparty exposure relating to the Firm's bank balances and any other debtors. This is monitored by the Firm's COO.

Regulatory Capital

SBM is a Limited Liability Partnership and its capital arrangements are established in its Partnership deed. Its capital contains only members capital contributions.

SBM is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency, and credit risk from management and performance fees receivable from the funds under its management.

Pillar 1 capital is the greatest of:

1. the base capital requirement of €50,000;
2. the sum of market and credit risk requirements; and
3. the Fixed Overhead Requirement (“FOR”).

Pillar II capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP.

It is the Firm’s experience that its capital requirement normally consists of the FOR, although market and credit risks are reviewed monthly. The Firm applies a standardised approach to credit risk, applying 8% to the Firm risk weighted exposure amounts, consisting mainly of investment management and performance fees due but not paid, and bank balances. Having performed the ICAAP, SBM has concluded that no additional capital is required in excess of its Pillar 1 capital requirement.

As at the date of this disclosure the Firm’s regulatory capital position is:

Capital Item	£’000
Pillar 1 capital	119
Total capital resources, net of deductions	119

SBM’s ICAAP assesses the adequacy of its internal capital to support current and future activities. This process includes an assessment of the specific risks to the Firm, the internal controls in place to mitigate those risks and an assessment of whether additional capital mitigates those risks. SBM also considers a wind down scenario to assess the capital required to cease regulated activities.

We have not identified credit risk exposure classes or the minimum capital requirements for market risk as we believe that they are immaterial. It is the Firm’s experience that the Fixed Overhead Requirement establishes its capital requirements and hence market and credit risks are considered not to be material. Our capital requirements are currently £55,000 which is well within the level of regulatory capital held.

We consider this amount to be sufficient regulatory capital to support the business and have not identified any areas which give rise to a requirement to hold additional risk based capital.

The Firm’s ICAAP is formally reviewed by the Members annually, but will be revised should there be any material changes to the Firm’s business or risk profile.

Remuneration

Given the nature and small size of our business, remuneration for all employees is set by the members of the firm. The firm formally reviews the performance of all employees and based thereon determines each employees overall level of remuneration and the split of that between base salary, bonus, etc. in compliance with the FCA Rules on remuneration.

Given that the Firm has only one business area, property fund management, all remuneration disclosed in our audited financial statements is from this business area.

The Firm has defined “Code Staff” to be the Firm’s current FCA approved persons. The aggregate level of remuneration earned by the staff is disclosed in our audited financial statements.

The Firm has determined that they are a “Tier 3” firm and has applied proportionality and, where relevant, has disapplied various provisions of the FCA Remuneration Code.