COLUMBUS POINT LLP

Pillar 3 Disclosure

31 March 2021

1. INTRODUCTION

This Pillar 3 disclosure fulfils the obligation of Columbus Point LLP ("Columbus Point", "the Firm") to publicly disclose key information on its capital, risk exposures and risk assessment, and remuneration arrangements in accordance with the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), Chapter 11.

Columbus Point was incorporated as a limited liability partnership in England and Wales on 9 June 2017 and is authorised and regulated by the Financial Conduct Authority (the "FCA") as a full scope Alternative Investment Fund Manager providing discretionary investment management services to alternative investment funds and segregated, managed accounts. Columbus Point is categorised by the FCA as a collective portfolio management investment firm ("CPMI") and a BIPRU investment firm for regulatory capital purposes.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Executive Committee, comprising all Designated Members of Columbus Point, determines its business strategy and risk appetite. It has designed and implemented a risk management framework that recognizes the risks that the business faces. The Executive Committee also determines how those risks may be mitigated and assesses on an ongoing basis the controls and procedures necessary to manage those risks. The Executive Committee (including the Chief Compliance Officer) meets on a regular basis, generally monthly, to discuss projections for profitability, liquidity, regulatory capital, business planning and risk management etc.

As an investment manager, Columbus Point considers the following to represent the key risks to its business:

2.1. **Corporate Governance Risks**

In order to manage its business affairs effectively, Columbus Point operates internal arrangements including a proper organisational structure and well-defined lines of responsibility for its staff; and the ability to oversee any outsourced functions and identify and manage conflicts of interests. The Executive Committee is responsible for the day-to-day management of Columbus Point and its Designated Members, who are Senior Managers, are personally responsible for ensuring the adequacy of systems and controls in the areas of the Firm's regulated and ancillary activities that they have been allocated under the Senior Managers Regime. All Senior Managers are experienced in their area of expertise and are closely involved with all aspects of the business.

2.2 **Business & Market Risks**

Columbus Point considers that its key resource is the quality and experience of its staff and therefore is exposed to the business risk inherent in staff turnover. This risk is mitigated as the founder (the "Chairman") and key staff are all Designated Members of Columbus Point so their interests are aligned with Columbus Point's performance.

Columbus Point relies upon the investment performance of its client portfolios in order to retain business and generate revenue. Consequently, Columbus Point is exposed to the risk of obtaining and retaining investor subscriptions for the funds that it manages and for client mandates. It is also exposed to a material decline in the value of client portfolios due to adverse market conditions. The Firm mitigates these risks by maintaining adequate levels of capital relative to its operating costs.

2.3 Operational Risks

Columbus Point is exposed to risks inherent in a possible failure of its operational controls resulting, for example, in trading errors or incorrect client valuations, failure or errors of a third-party service provider, systems failures and cybersecurity threats. Columbus Point mitigates these risks through the ongoing review of its operational procedures, holding professional indemnity insurance ("PII") and implementing business continuity arrangements and taking appropriate information security measures.

2.4 Legal and Reputational Risks

Columbus Point operates in regulated markets and is exposed to the potential risk of a material regulatory breach and/or market abuse. It aims to mitigate such risks through its compliance policies and procedures and ensuring that its staff are aware of their responsibilities in this respect. All investment decisions are taken by the Lead Portfolio Manager, an experienced investment manager. Columbus Point also holds PII which will mitigate, if not remove, legal risks arising.

2.5. Prudential and Credit Risks

Columbus Point is exposed to the risk of non-payment of management fees by its clients and counterparty exposure relating to Columbus Point's trade debtors, bank accounts and exposure to any other debtors. Management fees are paid monthly/quarterly, and Columbus Point maintains appropriate cash levels to mitigate against a possible default by a client. The Firm banks with a large, regulated UK bank. See "3. Capital Resources", below, for Columbus Point's approach to calculating its risk weighted exposures as part of its Pillar 1 calculation.

2.6 Liquidity Risks

Columbus Point is required to maintain sufficient levels of liquidity to ensure that it can meet its liabilities as they fall due. Columbus Point has a formal written Liquidity Risk Management Policy and maintains sufficient cash reserves to meet its working capital requirements in case of an unexpected shortfall. Debtors, where arising, are pursued to settle promptly and Columbus Point considers the risk of a cash flow deficit to be minimal. Cash positions are monitored regularly, and the Firm's liquidity position is considered by the Chief Operating Officer on a monthly basis and by the Executive Committee on a quarterly basis.

2.7 Regulatory Risks

Regulatory risk is the risk of financial, reputational or litigation damage suffered by the Firm through failure to manage its regulatory compliance risks and obligations. Internal policies and controls that are designed to prevent, detect and correct potential violations are implemented by the Firm to ensure compliance with all applicable laws and regulations. Training and awareness measures ensure that all members of staff are fully aware of the compliance requirements applicable to the Firm's business. Regular compliance monitoring of the business is undertaken by a functionally independent Compliance consultancy to help identify and manage regulatory risks to mitigate any potential liability. Compliance risk assessment reports together with mitigating controls are reviewed by Senior Management regularly and by the Executive Committee Board annually.

The above risks are assessed and mitigated as part of Columbus Point's Internal Capital Adequacy Assessment Process ("ICAAP").

3. CAPITAL RESOURCES

As a CPMI firm, Columbus Point is subject to both the regulatory capital regimes of the Alternative Investment Fund Managers Directive ("AIFMD"), in respect of its Alternative Investment Funds ("AIFs"), and relevant provisions applicable to investment firms contained in the Capital Requirement Directive ("CRD"), as amended.

Capital requirements arising from the Pillar 1 and Pillar 2 of the CRD are compared to any higher requirements arising from the AIFMD (asset based) and PII elements to derive the total regulatory capital required by Columbus Point.

Pillar 1 capital requirement is the greatest of:

1. a base capital requirement of Euro 50,000;
2. the sum of the Credit Requirement and Market Risk Requirements ("MRR"); and
3. the Fixed Overhead Requirement ("FOR"), representing a quarter of Columbus Point's audited fixed annual expenditure.

Columbus Point applies a standardised approach to credit risk, applying 8% to Columbus Point's risk weighted exposure amounts, consisting mainly of management fees due but not paid and bank balances. The Position Risk Requirement arising on Columbus Point's foreign currency exposures, excluding assets attributable to its AIFs, constitutes Columbus Point's MRR element.

The Pillar 2 capital requirement is calculated by Columbus Point 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. Based on its ICAAP, Columbus Point has assessed that no additional capital is required in excess of its Pillar 1 capital requirement.

As at 31 March 2021 Columbus Point's combined regulatory capital position is:

Capital item	£000
Tier 1 Capital: Partnership capital adjusted for reserves	1978
Total Capital Requirement (FOR and PII capital requirement)	541

4. MANAGEMENT OF THE ICAAP

The approach of Columbus Point to assessing the adequacy of its internal capital to support current and future activities is contained in the ICAAP. This process includes an assessment of the specific risks to Columbus Point and the internal controls in place to mitigate those risks. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at a level of required capital, as relevant.

Columbus Point's ICAAP is formally reviewed by the Executive Committee annually or in the event of any material change to Columbus Point's business or risk profile.

5. THE REMUNERATION CODE

The aim of the Remuneration Code (the "Code") is to ensure that firms have risk focussed remuneration policies which promote and are consistent with effective risk management and are not exposed to excessive risk.

Under the Code, Columbus Point is classified as a Proportionality Level 3 firm, the lowest risk category, because it does not manage or trade proprietary positions, nor does it hold client money. This means that Columbus Point can dis-apply many of the technical requirements of the Code and proportionately apply the Code's rules and principles.

In accordance with BIPRU 11 (Pillar 3), Columbus Point is required to disclose its remuneration policy and practices, as well as aggregate quantitative disclosure for staff whose actions are deemed to have a material impact on the Firm's risk, including senior management ("Code Staff"). The disclosure obligation applicable to remuneration subject to the Code ("Remuneration") includes all forms of fixed remuneration and variable remuneration but excludes return on partnership capital (equity).

5.1 Remuneration Policies

Columbus Point has established a Remuneration Policy which addresses potential conflicts of interest arising from remuneration arrangements by taking into account the controls in place to guard against the Firm's authorised persons being rewarded for taking inappropriate levels of risk. Columbus Point is satisfied that the policies in place are appropriate to its size, internal organization and the nature, scope and complexity of its activities.

5.2 The Decision-Making Process

The Chairman determines the initial Share of Profits percentage for new Members, subject to the oversight of the Remuneration Committee which includes the Compliance Officer. Subsequent changes to the percentage Share of Profits and drawings, are made by the Remuneration Committee, subject to the agreement of the Chairman. The Chief Compliance Officer is tasked with oversight of the overall remuneration arrangements to ensure that they are consistent with Columbus Point's level of tolerated risk and the Code.

5.3 Code Staff and Senior Management

As at 31 March 2021, Columbus Point had a total of 4 Code Staff all of whom are Designated Members, Senior Managers and members of the Executive Committee. During the year to 31 March 2020 there was one employee treated as Code Staff.

5.4 Link between Pay and Performance

All Designated Members are eligible to receive a Share of Profits in respect of each financial year pro rata to their Current Profits Percentage. They may also receive monthly drawings in anticipation of their Share of Profits for the relevant financial year, and any further interim drawings, as agreed by the Remuneration Committee, with the Chairman's consent. The Executive Committee determines how Partnership losses arising are to be allocated between Members, with a rebuttable presumption that allocation will be pro rata to a Member's partnership capital interest.

The remuneration arrangements ensure that the long-term interests of Code Staff are aligned with the overall profitability of Columbus Point and are not directly tied to individual financial metrics or the performance of any client portfolio. Due to the size, nature and complexity of Columbus Point's business (including operating a single investment strategy) relevant Code Staff do not earn variable Remuneration attributable to any single client.

5.5 Quantitative Remuneration Data

Disclosure of the aggregate remuneration for Code Staff permits firms to take account of the provisions of the Data Protection Directive (Directive 95/46/EC) regarding the protection of individuals in relation to the processing of personal data.

Due to the low number of Code Staff receiving remuneration, as defined by the Code, reliance has been taken upon BIPRU 11.5.20R(2) in determining that aggregate quantitative disclosure for Code Staff is inappropriate.