CIRERA CAPITAL

Pillar III Disclosures

June 2021

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Pillar III Disclosure

The Capital Requirements Directive ("CRD") and the Alternative Investment Fund Management Directive ("AIFMD") of the European Union established a revised risk sensitive regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain.

This has been implemented in the United Kingdom by the Financial Conduct Authority ("FCA") through its Handbook of Rules and Guidance; specifically, through the General Prudential Sourcebook ("GENPRU"), the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), specifically BIPRU 11, and the Interim Prudential Sourcebook for Investment Business ("IPRU (INV)").

The framework consists of three pillars:

Pillar I	Sets out the minimum capital requirements for the investment manager.
Pillar II	Deals with the Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by the firm to assess the adequacy of capital held in relation to its material risks.
Pillar III	Requires the firm to publicly disclose specific information on its risk management, capital resources and capital requirements.

AIFMD introduces additional capital requirements for the firm in its capacity as Alternative Investment Fund Manager ("AIFM") based on the AIF assets under management and its professional liability risks.

The Pillar 3 disclosures of Cirera Capital Limited ("Cirera" or "Firm"), set out below, have been prepared by Cirera in order to meet its regulatory requirements and approved by the Risk Committee. The regulatory aim of the disclosures is to improve market discipline.

Cirera makes Pillar 3 disclosures via its website (www.cireracapital.co.uk). These disclosures are made as at the Firm's 31 March 2021 financial-year end. The information contained in this document has not been audited by Cirera's external auditors and does not constitute any form of financial statement.

The Firm is permitted to omit certain required disclosures where it believes the information to be immaterial or if the items are deemed, in the light of specified criteria, to be proprietary or confidential.

The Firm regards information as proprietary/confidential if sharing that information with the public would undermine its competitive position. Proprietary/confidential information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality.

The Firm has not omitted any data on the grounds that it is immaterial, proprietary or confidential.

The Firm

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. It is categorised by the FCA as a collective portfolio management investment ("CPMI") firm. This means that for capital purposes as well as being a full scope alternative investment fund manager, subject to AIFMD requirements, it is also subject to the relevant CRD requirements. It is an investment management firm and has no trading book exposures and is not required to prepare consolidated reporting for prudential purposes.

As a CPMI firm, Cirera's Pillar 1 and 2 capital requirements under the CRD are compared to any higher requirements under AIFMD. Thus, the Firm's Pillar 1 capital requirement is the higher of:

I. Base capital requirement of €125k
II. Variable capital requirement of the higher of
   - sum of market risk and credit risk (for non-AIFM business);
   - Fixed overhead requirement.

AND

The AIFMD capital requirement of:

I. €125k plus 0.02% of the amount by which the Firm's AIF funds under management exceed €250m, the funds under management requirement; and
II. the fixed overheads requirement ("FOR");

plus, whichever is the applicable of:

I. the professional negligence capital requirement ("additional own funds requirement"); or
II. the professional indemnity insurance ("PII") capital requirement.

The Fixed overhead requirement to which the Firm is subject is, broadly speaking 25% of its annual operating expenses less certain variable costs.

Currently, the Firm's FOR is £317 and is the higher of these values. Taking into account the professional negligence capital requirement this gives the Firm a total capital requirement for the purposes of the Pillar 1 calculation of £343k.

Cirera has separately assessed material risks, including operational risks, under the Pillar 2 structured approach.

As Cirera does not deal as a principal, and holds no current assets other than cash, in sterling or foreign currency, its non-trading book market risk exposure stems from foreign currency held in its bank account and foreign currency accrued management fees (excluding AIFMD funds). The Firm has adopted the standardised approach for market risk which is typically 8% of the sterling equivalent (calculated at the spot rate) of the foreign currency holding.

Its credit risk arises from exposure to its debtors, primarily from management fees receivable (excluding AIFMD funds) and cash held on deposit. It calculates this using the simplified standardised approach of 1.6% for cash in bank and 8% in respect of its other assets.

Capital Resources

The main features of the Firm's Capital Resources are as follows:

Capital Item	£'000s
Tier 1 capital	345
Tier 1 capital after deductions	345
Tier 2 capital	0
Tier 3 capital	0
Total capital resources, net of deductions	345

Risk Management Objectives and Policies

The Risk Committee has been established to assist the Board of the Ciera in the fulfilment of its corporate governance duties in relation to risk management, internal controls and financial reporting, with respect to the Firm and its duties to the AIFs. The Terms of Reference for the Risk Committee define the purpose and structure of the committee.

The FCA's BIPRU Sourcebook and its GENPRU require Cirera to conduct an ICAAP. The ICAAP is the process through which Cirera determines that it is able to identify and manage its key risks on an on-going basis and that it has sufficient capital in respect of such risks. The process is forward looking and is an integral part of the management of the Firm.

The ICAAP identifies the major sources of risk to the regulated entity, the way in which the Firm intends to deal with those risks, details of the stress tests and scenario analyses carried out and the resulting financial resources estimated to be required. Cirera also carries out regular assessments of the types and distribution of financial resources, capital resources and internal capital, which are documented in the ICAAP.

The Risk Committee is responsible for the ICAAP. An analysis of all (as far as this is possible) risks posed to the Firm was undertaken, in particular those that relate to its investment management activities, and the likelihood and impact of the risk was examined and rated (High/Medium/Low). The systems and controls in place to control the risk were then examined and whether there were any other mitigating factors which might lower the risk. The final analysis examined whether, after considering the systems and controls and mitigating factors, there was a residual risk which was not compatible with the Firm's risk appetite and, if there was, the required amount of capital to be allocated against that risk. It also took into consideration the costs of winding down the Firm in an orderly manner.

The Firm is small with a simple operational infrastructure. The Risk Committee has identified that business, operational, market and credit risks are the main areas of risk to which the it may be exposed.

When taking into consideration mitigating factors Cirera has not deemed it necessary to allocate any additional Pillar 2 capital.

The Risk Committee formally reviews the Firm's risks, controls and other risk mitigation arrangements and their effectiveness on an annual basis.

Version Control

Date	Description	Author
May 2018	Initial draft	A Davies
May 2019	Annual Update	D Tanner
May 2020	Annual Update	N Hankey
May 2021	Annual Update	N Hankey