Temporis Capital Limited Pillar 3 Disclosure

Disclosure Policy

The Capital Requirements Directive ("CRD") is the framework for implementing Basel II in the European Union. Basel II implements a risk sensitive framework for the calculation of regulatory capital. This was implemented in the United Kingdom through changes to the Financial Conduct Authority ("FCA") Handbook of Rules and Guidance, and specifically through the creation of the General Prudential Sourcebook ("GENPRU") and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), specifically BIPRU 11.

The framework consists of three pillars:

- Pillar 1 – sets out the minimum capital requirements;
- Pillar 2 – 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; and
- Pillar 3 – requires the firm to publicly disclose its policies on risk management, capital resources and capital requirements.

The Pillar 3 disclosure of Temporis Capital Limited ("Temporis" or the "Firm") is set out below. The regulatory aim of the disclosure is to improve market discipline.

Temporis makes Pillar 3 disclosures annually, via its website. The information contained in this disclosure is accurate as at 31 March 2017, when Temporis Capital Limited took over responsibility for the regulated business previously performed by Temporis Capital LLP, and became authorised and regulated by the FCA. It has not been audited by Temporis' external auditors and does not constitute any form of financial statement.

Certain information relating to BIPRU 11.5 may be omitted on the basis that it has been deemed to be immaterial or confidential. The Firm regards information as material in the disclosure if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

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.

Background to the Firm

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised by the FCA, for capital purposes, as a collective portfolio management investment ("CPMI") firm. It is an investment management firm and has no trading book exposures. The Firm is not required to prepare consolidated reporting for prudential purposes.

Capital Resources Requirement

Pillar 1 - minimum capital requirements

As a CPMI firm, Temporis has an initial capital requirement of €125k and an ongoing capital resource requirement which comprises the greater of:

i. the funds under management requirement (the sum of the Firm's base own funds requirements of €125k plus 0.02% of the amount by which the Firm's funds under management (related to the Funds) exceed €250m); and

ii. the own funds based on fixed overheads requirement (FOR); and

iii. sum of market risk and credit risk (for non-AIFM business); 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.

Temporis calculates the credit risk applicable to its non-AIF activities under the simplified standardised approach.

The Firm has deemed the FOR to be the higher of these values and this is therefore used for the purposes of the Pillar 1 calculation.

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

As Temporis does not deal in investments as principal and holds no current assets other than cash, in sterling or foreign currency the Firm's non-trading book market risk requirement is the Foreign Currency Position Risk Requirement, for which the Firm multiplies the sum of the absolute values of its 'open currency position' by 8%.

Pillar 2 – ICAAP

The Firm's ICAAP includes an assessment of the design and performance of the internal controls in place to mitigate risks, the probability of the risk occurring, the potential financial and reputational impact, and the adequacy of the Firm's capital base.

The ICAAP is the process through which Temporis determines that it is able to identify and manage its key risks on an ongoing 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 Compliance Officer is responsible for the ICAAP within Temporis and consulted with the appropriate members of staff (including the Chief Risk Officer) to ensure the accuracy of their findings.

The Firm's Executive Committee formally reviews and approves the ICAAP document on at least an annual basis (or when there are material changes to the Firm's business model and risk exposures). The Executive Committee, as part of its review of the ICAAP, sets the Firm's risk appetite, confirms the key material risks have been considered and assessed, and validates the stress testing scenarios.

If necessary the Firm would allocate extra capital to the relevant risk, but this has not been deemed necessary. The Firm has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

Capital Resources

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

Capital Item	£'000s
Tier 1 capital less innovative tier 1 capital	1138
Tier 2 capital	450
Tier 3 capital	0
Total capital resources, net of deductions	1588

Risk Management Objectives and Policies

Mr. Derry Guy, who is also the Firm's Chief Operating Officer, has been appointed Chief Risk Officer ("CRO"). The CRO is responsible for the management of risk within the Firm and their individual responsibilities have been clearly defined. The CRO reports to the Firm's Executive Committee on a frequent basis regarding the risks to which the business is exposed. Temporis has clearly documented policies and procedures, which are designed to minimise risks to the Firm and staff are required to confirm that they have read and understood them.

Remuneration

Temporis must comply with the remuneration rules as set out in Article 14 of the Alternative Investment Fund Managers Directive ("AIFMD") and SYSC 19B of the FCA Handbook ("the AIFM Remuneration Code"), as well as SYSC 19C ("the BIPRU Remuneration Code"). The purpose of these Remuneration Codes is to ensure that firms have risk-focused remuneration policies, which are consistent with and promote effective risk management and do not expose themselves to excessive risk. The Code applies to "Remuneration Code Staff" of the Firm. Code staff comprise of senior management, controlled function staff, risk takers, staff whose professional activities have a material impact on the Firm's profile and any staff whose remuneration is at the same level as controlled function staff. The Firm has reviewed all existing employment contracts to ensure they comply with the Codes.

The Executive Committee is responsible for setting the Remuneration Policy Statement for all staff; and the CRO is a member of the Executive Committee.

The Remuneration Codes can (subject to certain conditions being met) be applied in a proportionate way. As such the Executive Committee has determined that it is not proportionate for the Firm to apply the following detailed rules in setting the Firm's Remuneration Policy:

- *SYSC 19B 1.17 – Retained units, shares and other instruments;*
- *SYSC 19B.1.18 – Deferral; and*
- *SYSC 19B.1.19, 19B 1.20 – Performance adjustment*

The variable remuneration of staff is determined on an individual basis within a set framework determined by the Executive Committee. Any variable remuneration is subject to an assessment of the individual's financial and non-financial performance. A weighted rating in favour of effective risk and compliance with the Firm's policies and procedures is used to ensure an individual's remuneration promotes effective risk management.

Quantitative information

Temporis has one business area - investment management - for which staff received the following aggregate amount of remuneration during the performance year (12 months ended 30 November 2016) to which this disclosure relates:

	Senior Management	**Risk Takers**
Total remuneration for the year	£1,585,629	Nil

All members of staff who are able to have a material impact on the risk profile of the Firm are members of its senior management and therefore the Firm has not separately disclosed the remuneration of any separate Code Staff occupying the position of risk takers.