

Sturgeon Capital Ltd

(FCA Ref.: 554051)



Pillar 3 Disclosure

19 March 2018

INTRODUCTION

Sturgeon Capital Ltd (the “Firm”) is authorised and regulated in the UK by the Financial Conduct Authority as an Investment Management Firm. The firm’s activities give it the BIPRU categorisation of a “Limited License Firm” and a “BIPRU €50K” firm.

Pillar 3 disclosure fulfils the Firm’s obligations as required by the Financial Conduct Authority (“FCA”) to disclose to market participants key pieces of information on a firm’s capital, risk exposures and risk assessment processes.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Directors of the Firm determine its business strategy and the risk appetite. They have designed and implemented a risk management framework that recognizes the risks that the business faces. The Directors also determine how those risks may be mitigated and assess on an ongoing basis the controls and procedures necessary to manage those risks. The Directors meet on a regular basis and discuss projections for profitability, liquidity, regulatory capital, business planning and risk management.

As an investment manager, the Firm considers the following as key risks to its business:

Business risk – This risk represents a fall in assets 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.

Operational risk – This risk covers a range of operational exposures from risk of trading errors to risk of breach of a Fund’s investment objectives. Legal and reputational risks are also included within the category of operational risk.

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.

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 above risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process (“ICAAP”).

CAPITAL RESOURCES AND ADEQUACY

As at 31st March 2017 the Firm held regulatory capital resources of £192K. This comprised of core Tier 1 capital and Tier 3 capital. In May 2017, the Firm raised additional Tier 1 capital of US\$ 1 million. The Pillar 1 Capital requirement for the coming year is £148K. This has been determined by reference to the Firm’s fixed overhead requirement and calculated in accordance with the FCA’s *General Prudential Sourcebook* (“GENPRU”). The fixed overhead capital requirement exceeded both the base requirement and the sum of the market risk and credit risk capital requirement. Disclosure in relation to the ‘market risk capital requirement’ and the ‘credit risk capital requirement’ is considered immaterial (under BIPRU 11.3.5R Exemption from disclosure: Materiality) as the FOR is the greater capital requirement.