Symmetry Investments UK LLP

Pillar 3 Disclosure

1. Introduction

Symmetry Investments UK LLP ("**Symmetry Investments**") is required by the FCA to disclose information relating to the capital it holds and each material category of risk it faces with the regulatory aim of improving market discipline through transparency.

The Capital Requirements Directive ("**CRD**") is a European Union ("**EU**") regulatory framework which governs the amount and nature of capital that credit institutions and investment firms must maintain. In the United Kingdom, rules and guidance are provided in the General Prudential Sourcebook ("**GENPRU**") for Banks, Building Societies and Investments Firms ("**BIPRU**").

The FCA framework consists of three "Pillars":

- Pillar 1 sets out the minimum capital requirements that companies need to retain to meet their credit, market and operational risk;
- Pillar 2 requires companies to assess whether their Pillar 1 capital is adequate to meet their risks and is subject to annual review by the FCA;
- Pillar 3 requires companies to develop a set of disclosures which will allow market participants to assess key information about its underlying risks, risk management controls and capital position. These disclosures are seen as complimentary to Pillar 1 and Pillar 2.

Rule 11 of BIPRU sets out the provisions for Pillar 3 disclosure. The rules provide that companies may omit one or more of the required disclosures if such omission is regarded as immaterial. Information is considered material if its omission or misstatement could change or influence the decision of a user relying on the information. In addition, companies may also omit one or more of the required disclosures where such information is regarded as proprietary or confidential. The Firm (as defined below) believes that the disclosure of this document meets its obligation with respect to Pillar 3.

Omissions of Disclosure

Symmetry Investments does not engage in securitisation activity and the securitisation disclosures in BIPRU 11.5.17R are not applicable. Symmetry Investments has therefore concluded that it is permitted to exclude such disclosures from the Pillar 3 Disclosures on the grounds that they are immaterial (in accordance with BIPRU 11.3.5R).

2. Firm Overview

Symmetry Investments is incorporated in the UK and is authorised and regulated by the FCA as a Full Scope Alternative Investment Fund Manager ("**AIFM**") and is categorised by the FCA for prudential regulatory purposes both as a Collective Portfolio Management Firm ("**CPMI**") and a BIPRU firm.

Symmetry Investments, together with Symmetry Services (UK) Limited, forms a UK regulated consolidated group (collectively "**the UK Group**" or the "**Firm**"). The statements made within this Pillar 3 disclosure are on a consolidated basis.

Symmetry Investments is governed by its Management Committee (the "**Committee**") comprised of the Firm's senior managers. The Committee meets to consider all business areas and associated risks, including, without limitation, operational and business matters; investment management and performance; staff matters; investor relations; legal, regulatory and compliance matters; finance, audit, and technology issues, conflicts of interest and other governance matters.

The Management Committee is responsible for forming its own opinion on the effectiveness of the Firm's process, tolerance for risk and reviewing the effectiveness on internal controls to manage that risk. Senior staff are accountable to the Committee for designing, implementing and monitoring the day-to-day processes of risk management.

3. Capital Resources and Requirements

Pillar 1

As at accounting reference date 31 December 2020, the UK Group held regulatory capital resources of **USD 27,580,331** comprised solely of core Tier 1 capital. The Firm has calculated its BIPRU capital resources in accordance with GENPRU 2.2:

The firm is required to as a CPMI firm to maintain 'own funds' which equal or exceed the higher of:

- Funds under management requirement of EUR 125,000 plus 0.02% of the AIF AUM exceeding EUR 250,000,000;
- The sum of its market and credit risk requirements; or
- Own funds based on its Fixed Overhead Requirement (which is essentially 25% of the Firm's operating expenses less certain variable costs);
- PLUS, PII Capital requirement based on the excess for professional liability risk.

As at accounting reference date 31 December 2020, the Firm's Pillar 1 capital requirement was **USD 10,268,067**.

Table 1: Pillar 1 own funds requirement

Prudential Requirement	Pillar 1
Base Capital	USD 148,444
Funds under management requirement (a)	USD 166,288
Fixed overheads requirement(b)	USD 6,581,275
Credit risk + Market Risk (c)	USD 10,331,297
PII defined excess (d)	USD 25,000
Total Capital requirements (a) or (b) or (c) PLUS (d)	USD 10,356,297
Surplus	**USD 17,224,034**

Pillar 2

The Firm has adopted the "Structured" approach to the calculation of its Pillar 2 Minimum Capital Requirement as outlined in the Committee of European Banking Supervisors Paper, 27 March 2006 which takes the higher of Pillar 1 and 2 as the ICAAP capital requirement. It has assessed Business Risks by modeling the effect on its capital planning forecasts and assessed Operational Risk by considering if Pillar 2 capital is required taking into account the adequacy of its mitigation.

Since the Firm's Internal Capital Adequacy Assessment Process (ICAAP or Pillar 2) process has not identified capital to be held *over* and *above* the Pillar 1 requirement, the capital resources detailed above are considered adequate to continue to finance the Firm over the next year. No additional capital injections are considered necessary and the Firm expects to continue to be profitable.

Risk Management

The Firm has systems and controls in place to identify, monitor and manage risks arising in the business.

As risks are identified within the business, controls are put in place to mitigate and monitor such risks. The frequency of monitoring in respect of each risk area is determined by the significance of the risk. The results of compliance monitoring are reported to the Committee by the Compliance Officer. The Firm does not intend to take any risks with its own capital and risks taken within the fund portfolios it manages are subject to an investment risk framework and monitoring operated by the Firm's Risk team.

Operational Risk

Operational risks are recorded and managed at team level and where material reported to the Committee. The Firm seeks to ensure that all staff are aware of their responsibilities to identify and manage operations risk.

The Firm has identified a number of key operational risks, which among others, include disruption of the office facilities, staff health risks, system failures, trade failures and failure of third-party service providers. Various measures have been implemented to mitigate these risks, including appropriate insurance policies and adaptive resilience planning.

Credit Risk

The Firm's appetite for credit risk is "low." In dealing with market counterparties, the Firm acts as agent on behalf of its clients. Accordingly, it does not incur credit risk other than the risk of non-payment of sub-investment management fees arising from the Symmetry Group's management of offshore funds, which is mitigated by various measures including that the funds' appointment of an independent administrator, and by the requirement that management fees be accrued for and paid monthly.

As a BIPRU firm, in relation to its MiFID top-up activities, the Firm is not subject to the FCA's large exposures regime. In the case of bank deposits, money is only deposited with highly rated approved counterparties.

The Firm has adopted the standardised approach to credit risk, and therefore follows the provision within BIPRU 3 standardised credit risk of the FCA handbook. The Firm applies a credit risk capital component of 8% to its non-trading book risk weighted exposure. As the Firm does not make use of an external credit rating agency, it is obligated to use a risk weight of 100% to all non-trading book credit exposures, except cash and cash equivalents which are held by investment grade firms and currently attract a risk weighting of 20%.

The table below sets forth the Firm's credit exposures and corresponding capital resource requirements as at the date of its ICAAP assessment:

Table 2: Credit Risk Capital Requirements

Consolidated Basis	Credit Exposure	Risk weighted Exposure
National Governments	USD 308,173	USD 0
Tangible fixed assets	USD 1,778,301	USD 1,778,301
Cash at bank	USD 20,588,244	USD 4,117,648
Other debtors	USD 85,193,625	USD 85,193,625
	---------------	------------
Total	**USD 107,868,344**	**USD 91,089,575**
	=========	=======
Credit Risk Capital Component (8% of risk weighted exposure)		**USD 7,287,166**

Market Risk

Since the Firm does not trade on its own account, the UK Group's market risk is limited to exposure to foreign exchange fluctuations as a result of certain assets and liabilities being denominated in currencies other than the US dollar. The UK Group's exposure to currency risk is actively controlled through sales of foreign exchange, regular monitoring of future currency needs and stress-testing non-US dollar commitments.

Business Risk

The Firm's long-term business plan has been developed with a view to withstand day-to-day business risks including prolonged economic downturn or financial losses arising from events causing changes to the operation of the business. Although loss of clients might impact future earning potential, the Firm seeks to mitigate the impact of investor redemptions on current revenue projections through long-term contractual investor commitments.

Liquidity Risk

The Firm is required to hold liquid resources equal to its Fixed Overhead Requirement as a CPMI firm, and given the size and nature of business, does not consider any additional Pillar 2 requirement is needed.

The UK Group maintains sufficient surplus cash to meet its working capital requirements and other immediate requirements that can reasonably be foreseen. The risk that the Firm will be unable to meet its financial obligations as they fall due is not considered material for the purposes of this disclosure.

4. Remuneration Disclosures

The Firm has adopted a remuneration policy and procedures that comply with the requirements of chapter 19B of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook (SYSC), and in accordance with ESMA's Guidelines on sound remuneration policies. The Firm has considered all the proportionality elements in line with the FCA Guidance.

Remuneration is designed to ensure that the Firm does not encourage excessive risk taking and staff interests are aligned with those of the Firm's clients. Remuneration is made up of fixed pay and performance related pay which takes into account a staff member's individual performance and the performance of the Firm as a whole. In this context performance can include financial and non-financial measures, risk measures and other relevant factors.

The Firm has deferral arrangements in place, the purpose of which is to support a performance culture where employees recognize the importance of sustainable (and sustained) firm and individual performance. The payment of a significant proportion of the performance award for those in receipt of a variable compensation award above a level set at the discretion of senior management may be required to be deferred and the sum involved invested in funds managed by the Firm which vest at a future point in time. This arrangement encourages sound risk management whilst aligning the longer-term interests of participants with those of investors.

The Management Committee, as the Remuneration Committee, is directly responsible for the remuneration policy which is reviewed annually. Variable remuneration is adjusted in line with capital and liquidity requirements as well as the Firm's performance. The Committee will review the remuneration strategy on an annual basis together with the group of employees ("**Code Staff**") subject to the requirements of the Remuneration Disclosure obligations.

The Firm will monitor the fixed to variable compensation to ensure SYSC 19B is adhered to with respect to Total Compensation where applicable.

In accordance with SYSC 19B, the Firm makes the following quantitative remuneration disclosure:

Code Staff Quantitative Remuneration

The Firm is required to disclose aggregate information on remuneration in respect of its Code Staff, broken down by business area and by senior management and other Code Staff. Senior management and members of staff whose actions have a material impact on the risk profile of the Firm are classified as Code Staff.

Symmetry UK Group has a single "business area", namely its investment management business. Pursuant to the disclosure requirement of BIPRU 11.5.18R(7), all the Firm's Remuneration Code Staff (as that term is interpreted in accordance with the FCA's remuneration Code and proportionality guidance for BIPRU firms and related FAQs) fall into the "senior management" category of Code Staff (rather than the "risk taker" category) for the purposes of the BIPRU Remuneration Code. As of 31 December 2020 the aggregate Remuneration of Code Staff was USD 13,868,633.