



EVENLODE

INVESTMENTS FOR LIFE

Capital Adequacy

Pillar 3 Disclosures

January 2018

Introduction

Evenlode Investment Management Limited (Evenlode) is required to make a Pillar 3 disclosure by rules set out in the FCA's BIPRU sourcebook. It is intended to encourage good risk management practice within financial services firms and to promote market discipline by making information about companies publicly available.

Evenlode is an asset management firm. It does not deal on its own account, rather it acts as an Investment Manager to an authorised/regulated fund(s) which are operated by a third party. Evenlode is subject to operational and reputational risks.

Risk management objectives and policies

Risk management is focused on reducing operational risk and maintaining sufficient capital within the firm to allow an adequate buffer against those risks as identified in 'Pillar 2' of the company's Internal Capital Adequacy Assessment Procedure (ICAAP).

Risk management is the responsibility of its board of directors, and is led by the firm's compliance officer. Evenlode is a member of the Oak Investment Partnership risk committee that reports to the Partnership board of directors.

Operational risks include the detrimental effects of:

- Trade reporting, theft, fraud and litigation;
- Fire, adverse weather and acts of God;
- IT systems failure;
- Departure of key staff
- Third party administration risk
- Reputational damage from mis-managing investment mandates;
- Market risk associated with managed investment portfolios (as the firm is remunerated on a percentage-of-assets basis);
- Client concentration risk
- regulatory/compliance failings.



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Evenlode Investment Management Limited is authorised and regulated by the Financial Conduct Authority. FCA no. 767844

Registered Office: The Long Barn, Chalford Park Barns, Oxford Road, Chipping Norton, Oxfordshire, OX7 5QR. Registered in England 10378518.

These risks are reduced by operating relevant policies and procedures. These are designed to be both preventative and to provide oversight information to the board/managers to act on accordingly.

Evenlode employs independent compliance consultants who regularly review the firm's activities. It also actively engages with the compliance departments of third party partners in order to maintain best practice.

BIPRU 3 – For the Pillar 1 Regulatory Capital Calculation of Credit Risk, under the risk capital component the firm has adopted the Standardised approach (BIPRU 3.4) and the Simplified method of calculating risk weights (BIPRU 3.5)

Credit Risk Calculation

Credit Risk Capital Requirement	Rule	Capital Component		
Credit risk capital component	BIPRU 3.2	£159,081.00		
Counterparty risk component	BIPRU 13 & 14	£0		
		<hr/>		
		£159,081.00		
	Rule	Exposure	Risk Weight	Risk weighted exposure amount
National Government Bodies	BIPRU 3.4.2	£0	0%	£0
Retail Exposures	BIPRU 3.2.10	£17,846	75%	£13,384
Banks etc. short-term	BIPRU 3.4.39	£2,564,970	20%	£512,994
Exposure to Corporates/Debtors	BIPRU 3.4.52	£52,400	100%	£52,400
Past due item	BIPRU 3.4.96	£0	100%	£0
Fixed assets	BIPRU 3.4.127	£138,922	100%	£138,922
Accrued Investment management fees	BIPRU 3.4.128	£1,270,819	100%	£1,270,819
		<hr/>		
		£4,044,957		£1,988,519
		<hr/>		
Credit Risk Capital Component	8% of risk weighted exposure			<hr/>
				£159,081
				<hr/>

Approach to assessing the adequacy of capital resources

The firm's 'Pillar 2' assessment of required capital is set out in its ICAAP. An estimate is made of the amount of capital that should be held against each of the operational risks (including market risk via the firm's client base). As Evenlode Investment does not engage in dealing or lending from its own book there is no need to assess market or counterparty/credit risk.

The process involves a degree of judgment. The total capital assessed as being required is compared to the 'Pillar 1' approach to calculating minimum capital requirements (see below), with the larger of the two figures being used as to determine whether current capital resources are adequate.

Approach used for assessment of the operational risk capital requirement

As a BIPRU firm, the basic indicator approach is used, with the Fixed Overhead Requirement determining the level of capital required.

Current capital resources

At 31st December 2017 Evenlode Investment had Tier 1 capital resources of £2,320,720 It had no Tier 2 or Tier 3 capital.

The minimum capital required was assessed as being £846,416 The firm therefore has capital of £1,474,304 in excess of the minimum, or a ratio of 274.18%. This is deemed sufficient to support current and future activities.

Remuneration policy

Evenlode is also required to disclose the key policies used in determining remuneration for staff whose professional activities have a material impact on the firm's risk profile, along with key quantitative information. These staff members are defined by the firm as authorised individuals who are in significant management, control or risk functions. Remuneration policy is the responsibility of the board of directors. Evenlode also has a separate remuneration committee. Base pay is set by reference to level of seniority and/or revenues earned by the individual, with additional remuneration should the individual's pre-defined targets be exceeded. All eligible staff are also entitled to distribution of company-wide profits under the firm's employee ownership scheme. In 2017 total remuneration for the 'significant influence function' staff members was £2,790,394.77

