DISCLOSURE UNDER PILLAR 3 OF CAPITAL REQUIREMENTS DIRECTIVE

For the year ended 31 December 2018

The following disclosure is in accordance with the rules adopted by the Financial Conduct Authority ("FCA") and does not form part of the audited financial statements:

Background

Origin Asset Management LLP ("the firm") is authorised and regulated by the Financial Conduct Authority and is categorised as a Collective Portfolio Management Investment Firm and a BIPRU Firm by the FCA for capital purposes.

The firm is a Full-scope UK AIFM (Alternative Investment Fund Manager) pursuant to the AIFMD (Alternative Investment Fund Managers Directive) and the adopting UK legislation.

The firm is required by the FCA to disclose information relating to the capital it holds and each material category of risk it faces in order to assist users of its accounts and to encourage market discipline. These disclosures aim to provide information on the risk exposures faced by the firm and the risk assessment process it has in place to monitor these. Known as "Pillar 3" disclosures, they are required to be made under Chapter 11 of the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") and are seen as complementary to the firm's minimum capital requirement calculation ("Pillar 1") and the internal review of its capital adequacy ("Pillar 2").

The Pillar 3 disclosure document has been prepared by the firm in accordance with the requirements of BIPRU 11. Unless otherwise stated, all figures are as at the year ended 31 December 2018.

Pillar 3 disclosures will be issued on an annual basis after the financial year end and published with the annual accounts.

Risk management

The firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. A formal update on operational matters is provided to the designated members on a regular basis. Management accounts demonstrating continued adequacy of the firm's regulatory capital are provided on a monthly basis. The designated members have overall responsibility for the risk management process and the fundamental risk appetite of the firm. Appropriate action is taken where risks are identified or where the need for remedial action is required.

The firm's main categories of risk and its management objectives and policies for those categories are as follows:

Credit risk

The firm is exposed to credit risk in respect of investment management fees billed and cash held on deposit. The firm regularly monitors amounts due from its clients and has appropriate credit control procedures in place. Outstanding balances are reported on a monthly basis via the management accounts. Any significant issues arising intra-month would be reported immediately.

The firm has a limited number of credit exposures relating to its investment management clients to which a risk weighted exposure of 8% of the total balance due is applied under the simplified standardised approach detailed in BIPRU 3.5.5 of the FCA Handbook. All bank accounts are held with recognised credit institutions and as such are subject to a risk weighted exposure of 1.6% in accordance with BIPRU 3.4 of the FCA Handbook.

DISCLOSURE UNDER PILLAR 3 OF CAPITAL REQUIREMENTS DIRECTIVE

For the year ended 31 December 2018

Market risk

The firm takes no market risk other than foreign exchange risk in respect of its accounts receivable and cash balances held in currencies other than GBP. Given the nature of the firm's exposures, the firm has a policy for hedging and mitigating market risk by maintaining foreign currency bank accounts and converting any balance, less any foreign currency expenses, into GBP. Losses arising on foreign exchange movements are monitored on a regular basis and reported via the monthly management accounts.

The firm calculates its foreign exchange risk by reference to the rules in BIPRU 7.5.1 of the FCA Handbook. The firm applies an 8% risk factor to its foreign exchange exposure.

Business risk

The firm's revenue is reliant on the performance of the existing funds under management and its ability to obtain new mandates. As such, the risk posed to the firm relates to underperformance resulting in a decline in revenue and ultimately the risk of redemptions from the segregated mandates and pooled funds managed by the firm. This risk is mitigated by the firm holding a sufficient level of capital which is considered adequate to support current and projected business activities.

Operational risk

The firm places strong reliance on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The firm has identified a number of key operational risks to manage, for example systems failure or failure of a third party provider. Appropriate policies are in place to mitigate against these risks, including professional indemnity insurance.

The risk of loss of key investment management personnel is mitigated by them being partners, having a stake in the business and having an appropriate remuneration structure in place. The firm has alternative arrangements in place should a disaster recovery event occur. These arrangements are tested on a regular basis in order to ensure that they would be effective should they be required to be invoked.

Liquidity risk

The firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due or that financial resources can only be secured at excessive cost.

The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under normal business conditions. The firm has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds.

Professional liability risk

Under AIFMD the firm has a responsibility for risks in relation to investors, products and business practices including, but not limited to; loss of documents evidencing title of assets of any alternative investment funds ('AIFs') it manages; misrepresentations and misleading statements made to such AIFs or their investors; acts, errors or omissions; failure by the senior management to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts; improper valuation of assets and calculation of unit/share prices; and risks in relation to business disruption, system failures, process management. The firm holds additional own funds equating to 0.01% of the total of its AIF assets under management to help meet this risk requirement.

The firm is aware of, and monitors, a wide range of risks within the entirety of its business operations and towards all its investors. The firm has in place appropriate internal operational risk policies and procedures to monitor and detect these risks. These procedures and risks are documented, demonstrating how the firm aims to mitigate these risks. This is reviewed annually.

DISCLOSURE UNDER PILLAR 3 OF CAPITAL REQUIREMENTS DIRECTIVE

For the year ended 31 December 2018

Capital adequacy

Capital resources
The firm is a Collective Portfolio Management Investment Firm and a BIPRU Firm and, as such, calculated its capital resources in accordance with FCA handbook rules in IPRU (INV) Chapter 11. The firm's capital resources are detailed in the table below:

	31 December 2018 £000
Tier 1 capital resources (comprising eligible member LLP capital and retaining audited reserves)	**5,022**
No innovative tier one capital is held	
Total capital one resources	**5,022**

Capital requirement
As at 31 December 2018, the firm's Pillar 1 capital requirement has been determined by reference to the firm's Fixed Overheads Requirement ("FOR") and calculated in accordance with the IPRU (INV) 11.3.3A. The requirement is based on the FOR since, in the opinion of the members, this is always likely to exceed the total of the credit and market risk capital requirements it faces in respect of its 'MiFID' business and also exceed its AIFMD Funds Under Management Requirement, being €125,000 plus 0.02 per cent of the portfolio of relevant AIFs under management over €250m (subject to a cap of €10 million).

The FOR is based on annual expenses net of certain variable costs deducted, which includes discretionary bonuses paid to staff. The firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

As at the date of this report the firm has a surplus of capital resources over its Pillar 1 capital resources requirement.

Satisfaction of capital requirements
Since the firm's ICAAP (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 support current and projected business activities, according to both the firm's own internal assessment and the requirements of its regulators.

DISCLOSURE UNDER THE REMUNERATION CODE

For the year ended 31 December 2018

The following disclosure is in accordance with the rules adopted by the Financial Conduct Authority (“FCA”) and does not form part of the audited financial statements:

Remuneration code disclosure

Origin Asset Management LLP (the "firm") is authorised and regulated by the Financial Conduct Authority as a Full Scope AIFM and, so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA’s Handbook. The Remuneration Code (“the RemCode”) covers an individual’s total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business is to provide investment management services by building equity portfolios for its institutional clients.

Our policy is designed to ensure that we comply with the RemCode and our compensation arrangements:

1. are consistent with and promotes sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA has sought to apply proportionality in the first instance by instituting two tests. Firstly, a firm that is significant in terms of its size (i.e. has relevant total assets <£50bn) must disclose quantitative information referred to in BIPRU 11.5.18R at the level of senior personnel. Secondly, that a firm must make disclosure that is appropriate to the size, internal organisation and the nature, scope and complexity of their activities.

The firm is not ‘significant’ in terms of its size and so makes this disclosure in accordance with the second test (BIPRU 11.5.20R (2).

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those members and staff whose professional activities have a material impact on the risk profile of the firm. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

1. Summary of information on the decision-making process used for determining the firm’s remuneration policy including use of external benchmarking consultants where relevant.

The firm’s policy has been agreed by the Senior Management in line with the RemCode principles laid down by the FCA.

Due to the size, nature and complexity of the firm, we are not required to appoint an independent remuneration committee.

The Firm’s policy will be reviewed as part of annual process and procedures, or following a significant change to the business requiring an update to its internal capital adequacy assessment.

The firm’s ability to pay bonuses is based on the performance of the firm overall and derived after the portfolios’ managed returns have been calculated using audited NAVs provided by third party administrators.

2. Summary of how the firm links between pay and performance.

Individuals are rewarded based on their contribution to the overall strategy of the business.

DISCLOSURE UNDER THE REMUNERATION CODE

For the year ended 31 December 2018

Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the firm.

3. Aggregate quantitative information on remuneration is set out below. No significant business divisions exist. Code Staff comprise certain Members whose actions have a material impact on the risk profile of the firm.

Total Aggregate compensation year ended 31 December 2018:

Code Staff: Senior Management **-** £2,755,668 of which £510,000 was Fixed and £2,245,668 was Variable.
Other Staff - £2,636,521 of which £1,073,485 was Fixed and £1,563,036 was Variable.

Partnership profits allocated to members of the LLP are disclosed in aggregate in the report and accounts.

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.