PARIS CAPITAL

PARIS CAPITAL ADVISORS (LONDON) LLP

PILLAR 3 AND REMUNERATION DISCLOSURE

As at 31 March 2016

Pillar 3 Disclosure

Paris Capital Advisors (London) LLP (the "Firm") is authorised and regulated by the Financial Conduct Authority (the "FCA"). The Firm acts as sub-advisor to Paris Capital Partners, Ltd. (the "Investment Manager") in respect of the Investment Manager's provision of investment advisory services to offshore investment funds. Paris Capital Advisors Limited is a member of the Firm, and provides support services including office and employment services. The Firm is a full scope Alternative Investment Fund Manager ("AIFM") and categorised as a collective portfolio management investment firm by the FCA for capital purposes. The Firm reports on a solo basis. The Firm's Pillar 3 disclosure fulfils the Firm's obligation to disclose to market participants' key pieces of information on a firm's capital, risk exposures and risk assessment processes.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

Risk Management

The Firm's Management Committee determines its business strategy and the level of risk acceptable to the Firm. In conjunction with the Chief Operating Officer, they have designed and implemented a risk management framework that recognises the risks that the business faces and how those risks may be monitored and mitigated and assessed on an ongoing basis. The Firm has in place controls and procedures necessary to manage those risks.

The Firm considers the following as key risks to its business:

Business Risk – This risk represents a fall in assets under management 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. Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process ("ICAAP").

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 Firm operates currency bank accounts permitting it to receive/pay currency directly.

Operational risk – This risk covers a range of operational exposures from the risk of loss of key personnel to the risk of the provision of investment advice. Legal and reputational risks are also included within the category of operational risk. Operational risks and how they can be mitigated are assessed as part of the ICAAP.

Credit risk – This risk relates to exposure to non-payment of management and performance fees and counterparty exposure relating to the Firm's bank balances and any other debtors. This is monitored by the Firm's Chief Operating Officer.

Regulatory Capital

The Firm is a Limited Liability Partnership and its capital arrangements are established in its Partnership deed. Its capital contains only members' capital contributions.

The Firm is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency, and credit risk from management and performance fees receivable from the funds under its management.

Pillar 1 capital is the higher of:

1. the base capital requirement of €50,000;
2. the sum of market and credit risk requirements; and
3. the Fixed Overhead Requirement ("FOR").

In addition, the Firm, on account of its classification as a full-scope AIFM, is subject to an "own funds" requirement as follows:

The higher of:

1. the funds under management requirement; and
2. the own funds based on fixed overheads requirement;

Plus whichever is applicable of:

a. the professional negligence capital requirement; or
b. the PII capital requirement.

Pillar 2 capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP. When making this calculation, the Firm also takes into account the own funds requirement detailed above, in particular where the own funds requirement exceeds Pillar 1 capital (and the extent to which the Firm is able to use capital instruments to fulfill both requirements).

It is the Firm's experience that its Pillar 1 capital requirement normally consists of the own funds requirement, although the FOR, market and credit risks are reviewed monthly. The Firm applies a standardised approach to credit risk, applying 8% to the Firm risk weighted exposure amounts, consisting mainly of investment management and performance fees due but not paid, and bank balances. Having performed the ICAAP, the Firm has concluded that no additional capital is required in excess of its Pillar 1 capital requirement.

As at the date of this disclosure the Firm’s regulatory capital position is:

Capital Item	£’000
Tier 1 capital	200
Total capital resources, net of deductions	200

The Firm’s ICAAP assesses the adequacy of its internal capital to support current and future activities. This process includes an assessment of the specific risks to the Firm, the internal controls in place to mitigate those risks and an assessment of whether additional capital mitigates those risks. The Firm also considers a wind down scenario to assess the capital required to cease regulated activities.

Our capital requirements are currently £102,000 (the higher of the minimum capital calculated in accordance with either ‘Pillar 1’ or ‘own funds’) which is well within the level of regulatory capital held.

We consider this amount to be sufficient regulatory capital to support the business and have not identified any areas which give rise to a requirement to hold additional risk based capital.

The Firm’s ICAAP is formally reviewed by the Management Committee annually, but will be revised should there be any material changes to the Firm’s business or risk profile.

Remuneration

The Firm is subject to the requirements of the AIFM Remuneration Code (the “Code”). The Code contains remuneration principles and AIFMs must establish remuneration policies which comply with the principles and apply them to employees whose professional activities have a material impact on the risk profile of the AIFM or the funds they manage. Those individuals are known as Code Staff.

There is also a requirement for a remuneration statement to form part of the annual report of any Alternative Investment Fund ("AIF") to which the Firm acts as AIFM and which is either domiciled in the European Economic Area ("EEA") or marketed in the EEA.

The Firm’s remuneration policy is designed to encourage the alignment of the risks taken by the Firm’s staff with those of the funds it manages (the “Funds”), the investors of such funds and the Firm itself. In particular, the policy takes into consideration the need to align risks in terms of risk management and exposure to risk. The policy provides that remuneration:

- is in line with the business strategy, objectives, values and interest of the Firm;
- does not encourage excessive risk taking compared to the investment policy of the Funds;
- enables the Firm to align the interests of the Firm and Funds and their investors with those of the Firm’s staff.

Given the nature and small size of the Firm, remuneration for all employees is set by its Management Committee. The Firm formally reviews the performance of all employees and based thereon determines each employee’s overall level of remuneration and the split of that between base salary, bonus, etc. in compliance with the FCA rules on remuneration.

In determining the proportionate application of the Code, the Firm considers the level of assets under management and other proportionality elements such as number of Code staff, organisation and ownership structure, number of funds managed, strategies deployed and the Firm’s FCA prudential categorisation.

The Firm has applied proportionality and where relevant, has disapplied various provisions of the Code. The Firm’s Management Committee will continue to review the Code's applicability.

The Firm is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with Firm’s interpretation of currently available regulatory guidance on quantitative remuneration disclosures.

The total amount of remuneration paid by the Firm to its staff for the financial year is nil for both fixed and variable remuneration. There were a total of 2 beneficiaries of this remuneration. The aggregate amount of remuneration for both senior management and members of staff of the Firm whose actions have a material impact on the risk profile of the Fund is nil. The amount of deferred compensation outstanding is nil. Given that the Firm has only one business area, investment management, all remuneration is from this business area.