Alken Asset Management Ltd. and Alken Finance LLP
"The Firms"

Pillar 3 Disclosure and Policy at 31 March 2021

Introduction

Regulatory Context

The Pillar 3 disclosure of Alken Asset Management Ltd. and Alken Finance LLP ("the Firms") is set out below as required by the FCA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms" (BIPRU) specifically BIPRU 11.3.3 R. This follows the introduction of the Capital Requirements Directive ("CRD") which represents the European Union's application of the Basel Capital Accord. The regulatory aim of the disclosures is to improve market discipline.

Frequency

The Firms will be making a Pillar 3 disclosure on a consolidated basis annually. The disclosure will be as at the Accounting Reference Date ("ARD").

Media and Location

The disclosure will be published on Alken's website.

Verification

The information contained in this document has not been audited by the Firms' external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on the Firms.

Materiality

The Firms regard information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for making economic decisions. If the Firms deem a certain disclosure to be immaterial, it may be omitted from this Statement.

Confidentiality

The Firms regards information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firms must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firms to confidentiality. If any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.

Summary

The CRD requirements have three pillars. Pillar 1 deals with minimum capital requirements; Pillar 2 deals with Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by a firm and the Supervisory Review and Evaluation Process through which the Firms and regulator satisfy themselves on the adequacy of capital held by the Firms in relation to the risks they face and; Pillar 3 which deals with public disclosure of risk management policies, capital resources and capital requirements. The regulatory aim of the disclosure is to improve market discipline.

Alken Asset Management is an Investment Management Firm and Alken Finance deals in investments as agent. The Firms act solely as agents, so the main protection to our customers is provided through client money arrangements. The Firms' greatest risks have been identified as business and operational risk. The Firms are required to disclose their risk management objectives and policies for each separate category of risk which include the strategies and processes to manage those risks; the structure and organisation of the relevant risk management function or other appropriate arrangement; the scope and nature of risk reporting and measurement systems; and the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

The Firms have assessed business and operational risks in the (consolidated) ICAAP and set out appropriate actions to manage them.

Several key operations are outsourced to third party providers such as administrators reducing our exposure to operational risk. The Firms have an operational risk framework (described below) in place to mitigate operational risk. The Firms' main exposure to credit risk is the risk that fees cannot be collected and therefore credit risk is low. The Firms hold all cash and performance fee balances with banks.

Market Risk exposure has been assessed by the Firms and is limited to the Firms' exposure to any cash amounts held by the Firms in a foreign currency. All foreign currency is converted into GBP on a regular basis.

Background to the Firm

Background

Alken Asset Management Ltd. and Alken Finance LLP are incorporated in the UK and are authorised and regulated by the FCA. The Firms' activities give them both the categorisation of a €50k Limited Licence BIPRU Investment Firm.

BIPRU 11.5.1

Disclosure: Risk Management Objectives and Policies

Risk Management Objective

The Firms have a risk management objective to develop systems and controls to mitigate risk to within its risk appetite.

Governance Framework

The Management Committee is the Governing Body of each Firm and has the daily management and oversight responsibility.

The Management Committee is responsible for the entire process of risk management, as well as forming its own opinion on the effectiveness of the process. In addition, the Management Committee decides the Firms' risk appetite or tolerance for risk and ensures that the Firms have implemented an effective, ongoing process to identify risks, to measure its potential impact and then to ensure that such risks are actively managed. Senior Management is accountable to the Management Committee for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of the Firms.

Risk Framework

Risk within the Firms is managed by use of the following:

- The Compliance and operational Committee that concentrates on risks associated with failures in internal processes, people, systems and external events;
- The Firms have a conservative approach to risk;
- The Firms have undertaken scenario Analysis and Stress Tests on the most significant risks identified. This informs the Firms how risk are likely to behave and what, if any, impact there is likely to be to the consolidated balance sheet;
- The Firms have in place an internal control framework to govern its processes and procedures and to mitigate any risks;
- In order to mitigate this risk the Firms provide staff with regular training on identifying and preventing market abuse and insider dealing.

BIPRU 11.5.4

Disclosure: Compliance with BIPRU 3, BIPRU 4, BIPRU 6, BIPRU 7, BIPRU 10 and the Overall Pillar 2 Rule

BIPRU 3

For the Pillar I regulatory capital calculation of Credit Risk, under the credit risk capital component the Firms have adopted the Standardised approach (BIPRU 3.4) and the Simplified method of calculating risk weights (BIPRU 3.5).

Credit Risk Calculation			
		GBP	
Credit Risk Capital Requirement	**Rule**		
Credit Risk Capital Component	BIPRU 3.2	£	1,817,246.3
Counterparty Risk Capital Component (likely to apply only to Firms dealing as Principle)	BIPRU 13 & 14	£	-
Concentration Risk Capital Component (likely to apply only to Trading Book)	BIPRU 10	£	-
Total		**£**	**1,817,246.3**

BIPRU 4

The Firms did not adopt the Internal Ratings Based approach and hence this is not applicable.

BIPRU 6

The Firms, being Limited Licence Firms are not subject to the Pillar I Operational Risk Requirement and, therefore, this is not applicable.

BIPRU 7

The Firms have Non-Trading Book potential exposure only (BIPRU 7.4, 7.5).

BIPRU 10

The Firms are not subject to the Large Exposure Rules at BIPRU 10 and, therefore, no disclosure on this is required.

Overall Pillar 2 Rule

The Firms have adopted the "Standardised" approach to the calculation of their ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP assessment is reviewed by the Management Committee and amended where necessary when a material change to the business occurs. The Director of Finance and Operations presents the ICAAP document to the Management Committee of the Firms which reviews and endorses the risk management objective each quarter or when a material change to the business occurs at the same time as reviewing and signing off the ICAAP document.

BIPRU 11.5.8

Disclosure: Credit Risk and Dilution Risk

The Firms are primarily exposed to Credit Risk from the risk of non-collection of fees. They hold all cash with Banks . Consequently risk of past due or impaired exposures is minimal. A financial asset is past due when a counterparty has failed to make a payment when contractually due. Impairment is defined as a reduction in the recoverable amount of a fixed asset or goodwill below its carrying amount.

BIPRU 11.5.12

Disclosure: Market Risk

The Firms have Non Trading Book potential exposure only (BIPRU 7.4 & 7.5).

Market Risk Calculation				
	Rule			
Interest Rate Positional Risk Requirement (IRPRR") (Trading Book)	BIPRU 7.2	£ -	8%	£ -
Equity Positional Risk Requirement ("EPRR") (Trading Book)	BIPRU 7.3	£ -	8%	£ -
Commodity Positional Risk Requirement ("CPRR") (Trading Book and Non-Trading Book)	BIPRU 7.4	£ -	8%	£ -
Foreign Currency Positional Risk Requirement ("FCPRR") (Trading Book and Non-Trading B	BIPRU 7.5	£ 18,233,045.89	8%	£ 1,458,643.67
Option Positional Risk Requirement ("OPPRR") (Trading Book)	BIPRU 7.6	£ -	8%	£ -
Collective Investment Undertaking Positional Risk Requirement ("CIUPRR") (Trading Book)	BIPRU 7.7	£ -	32%	£ -
Total		**£ 18,233,045.89**		**£ 1,458,643.67**
Market Risk Capital Requirement				**£ 1,458,643.67**

BIPRU 11.5.2

Disclosure: Scope of application of directive requirements

The Firms are subject to the disclosures under the *Banking Consolidation Directive* and as members of a UK Consolidation Group they report on a consolidated basis for accounting and prudential purposes.

BIPRU 11.5.3

Disclosure: Capital Resources

The Firms are a BIPRU firms. Tier 1 Capital comprises of Firms' Capital and Audited Reserves.

Consolidated basis

Tier 1 Capital	**£28,893,164**
Deductions	£0

Tier 2 Capital	£0
Deductions	£0
Capital Resources	£0
Tier 3 Capital	£0
Deductions	£0
Total Capital	**£28,893,164**

BIPRU 11.5.5

This disclosure is not required as the Firms have not adopted the Internal Ratings Based approach to Credit Risk and therefore are not affected by BIPRU 11.5.4R (3).

BIPRU 11.5.6

This disclosure is not required as the Firms have not adopted the Internal Ratings Based approach to Credit Risk and therefore are not affected by BIPRU 11.5.4R (3) .

BIPRU 11.5.7

This disclosure is not required as the Firms do not have a Trading Book.

BIPRU 11.5.9

This disclosure is not required as the Firms do not make Value Adjustments and Provisions for Impaired exposures that need to be disclosed under BIPRU 11.5.8R (9).

BIPRU 11.5.10

Disclosure: Firms calculating Risk Weighted Exposure Amounts in accordance with the Standardised Approach

This disclosure is not required as the Firms use the Simplified method of calculating Risk Weights (BIPRU 3.5).

BIPRU 11.5.11

Disclosure: Firms calculating Risk Weighted Exposure amounts using the IRB Approach

This disclosure is not required as the Firms have not adopted the Internal Ratings Based approach to Credit and therefore is not affected by BIPRU 11.5.4R (3).

BIPRU 11.5.13

Disclosure: Use of VaR model for calculation of Market Risk Capital Requirement

This disclosure is not required as the Firms do not use a VaR model for calculation of Market Risk Capital Requirement.

BIPRU 11.5.14

Disclosure: Operational Risk

The Firm's Fixed Overhead Requirement (FOR) is disclosed as a proxy for the Pillar 1 Operational Risk Capital calculation. The Firms' Pillar 1 Capital Resources Requirement is the Sum of Credit Risk and Market Risk which is the higher of FOR and the sum of Market Risk and Credit Risk Requirement.

Fixed Overhead Requirement	GENPRU 2.1.53	£2,222,707

BIPRU 11.5.15

Disclosure: Non-Trading Book Exposures in Equities

This disclosure is not required as the Firms do not have a Non-Trading Book Exposure to Equities.

BIPRU 11.5.16

Disclosures: Exposures to Interest Rate Risk in the Non-Trading Book

Although the Firms have substantial cash balances on its consolidated Balance Sheet, there is currently no significant exposure to Interest Rate fluctuations.

BIPRU 11.5.17 Disclosures: Securitisation

This disclosure is not required as the Firms do not securitise their assets.

BIPRU 11.5.18
Disclosure: Remuneration

The Firms are Remuneration Code Proportionality Tier 4 Firms and have applied the rules appropriate to this Proportionality Tier. The Management Committee is responsible for the Firms' remuneration policy. All variable remuneration is adjusted in line with capital and liquidity requirements.

Remuneration Code Staff Remuneration by Business Area (BIPRU 11.5.18(6)) for accounting year 2020-2021

Remuneration including profit shares*

Business Area	**Total Remuneration**
Investments	£4,490,352
Sales and Support	£1,304,747
Other **	£2,884,265
	£8,679,364

Aggregate Quantitative Remuneration by Senior Management and other Remuneration Code Staff (BIPRU 11.5.18(7)) *

Type of Remuneration Code Staff	**Total Remuneration**
SMF	£1,349,821
Other Remuneration Code Staff	£4,445,278
Other **	£2,884,265
Totals	**£8,679,364**

* Includes vestings from previous years / excludes current year potential differed remuneration.
** People no longer with the firm as at 30/09/2020