

Renshaw Bay LLP

Pillar 3 Disclosure - 2016

1. Introduction

Renshaw Bay LLP (the “Firm”) is regulated by the UK Financial Conduct Authority (“FCA”) and is required by BIPRU 11 (Pillar 3) to publish details of its capital, risks and risk management process. This requirement follows the introduction of the Capital Requirements Directive (“CRD”) which represents the European Union’s application of the Basel Capital Accord.

The CRD requirements have three pillars:

Pillar 1: sets out minimum capital requirements;

Pillar 2: deals with the Internal Capital Adequacy Assessment Process (“ICAAP”), the process through which the Firm and the FCA satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces; and,

Pillar 3: sets out the disclosure requirements of the Firm’s risk management policies, capital resources and capital requirements, with the aim to improve market discipline.

This document addresses the Pillar 3 disclosure requirements and has not been audited by the Firm’s appointed external auditors.

2. Summary

The Firm is registered in England and Wales and is authorised and regulated by the FCA. The Firm is a CPM BIPRU Firm.

The Firm’s primary business activity is provision of investment management, investment advisory and marketing support services in respect of various funds and investment accounts. Its clients are (1) the investment vehicles (although the Firm has accountability to the vehicles’ investors) and the owners of managed accounts that the Firm manages and advises and (2) its clients under marketing support arrangements.

The Firm publishes its Pillar 3 disclosures on its website (www.renshawbay.com).

3. Risk Management

The Firm receives management, advisory and performance related fees, as well as performance shares in relation to its marketing support activities.

In relation to investment management and advisory activities, the Firm’s success is dependent upon its ability to raise capital for investment funds and accounts, and then to manage that capital effectively for investors. Should the performance of a portfolio fall short of investor expectations, this may impact both the fees received from that specific fund and the ability to raise capital in the future

A core part of the Firm’s approach is to align the interests of fund investors, investment staff, management and Firm’s shareholders. The Firm believes this encourages appropriate behaviour and decision making that is in the best long-term interest of both investors and the Renshaw Bay group.

The Firm’s principal risks are credit, market, liquidity, business and operational, all of which are assessed through its annual ICAAP.

The Firm aims to develop specific systems and controls to identify, manage and mitigate risks in accordance with applicable law and regulation including the FCA principles and rules.

3.1 Governance Framework

The Firm's day-to-day activities are controlled by its Management Committee which has primary responsibility for the management of the business in accordance with business plan approved by shareholders.

The Management Committee is responsible for designing, implementing and monitoring risk management procedures within the Firm, as well as forming its own opinion on the effectiveness of the process, and presents its risk management process to the board of the Firm and the Firm's parent company (which is the Firm's managing member) for approval.

Once implemented, the risk management procedures are subject to continued monitoring and are reviewed at least annually.

3.2 Risk Framework

Risk Register: The Firm maintains a Risk Register in which it documents the key risks faced by the Firm (excluding business risk). This is reviewed at least annually by the Management Committee to support this review process an Events Register is maintained. The Events Register is used to highlight events which may alter the risks faced by the Firm.

ICAAP: The Firm conducts an annual Internal Capital Adequacy Assessment Process ("ICAAP"). As part of its ICAAP, the Firm completes, to the extent appropriate for its business from time to time, a range of stress tests and scenario analyses which have informed the discussions with the Firm's shareholders concerning the activities and capitalisation of the Firm.

4. Capital Position

The Firm maintains sufficient capital to meet its regulatory capital requirements as detailed by the table below:

Group's regulatory Capital Position	31 December 2015 £'000s
Tier 1 Capital (being Members' capital)	11,284
Deductions from Tier 1 Capital	-
Tier 1 Capital after deductions	11,284
Total Capital before deductions	11,284
Deductions	-
Total Capital	3,201
Credit risk capital requirement	334
Market risk capital requirement	134
Fixed overhead requirement	2,387
Total Capital Requirement	2,387
Surplus of own funds	8,897

The Firm's Pillar 1 Capital Resources Requirement has been determined as being the Firm's FOR which is greater than the sum of the Firm's Market Risk and Credit Risk Requirements. The Firm's FOR has been calculated as 25% of the Firm's 2015 Fixed expenditure.

5. Remuneration Disclosure

Renshaw Bay has been categorised as a Proportionality Level 3 firm and the following disclosure is in accordance with BIPRU 11.5.18 R and in accordance with FCA Proportionality Guidance applicable to Proportionality Level 3 firms. In view of the size and nature of its activities the Firm is not required to appoint a separate remuneration committee, and the Firm has so far adopted the

view that it is not appropriate to do so. Remuneration has historically comprised of fixed and variable elements. All variable remuneration is determined annually following the end of the performance year by the Management Committee with additional input from the Head of Compliance. Variable remuneration is discretionary and is awarded based on contribution to the overall strategy of the group, performance of the group and the individual, the function of the individual and taking consideration of applicable regulatory guidance. The Firm only has one business area which is investment management business as outlined in BIPRU 11.5.18R (6). As at 31 December 2015 the firm has only a small number of Code Staff and disclosing the aggregate remuneration and break down compromises the confidentiality of such individuals therefore a disclosure has not been made.