Signet Capital Management Ltd

Pillar 3 Disclosure for the year ended 31 December 2020

1 Introduction

Signet Capital Management Ltd ("Signet" or the "Firm") is required by the Financial Conduct Authority ("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.

The Capital Requirements Directive ("CRD") created a revised regulatory capital framework across Europe covering how much capital financial services firms must retain. In the United Kingdom, rules and guidance are provided in the General Prudential Sourcebook ("GENPRU") for Banks, Building Societies and Investments Firms (BIPRU).

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital requirements that companies need to retain to meet their credit, market and operational risk;

- Pillar 2 requires companies to assess whether their Pillar 1 capital is adequate to meet their risks and is subject to annual review by the FCA; and

- Pillar 3 requires companies to develop a set of disclosures which will allow market participants to assess key information about its underlying risks, risk management controls and capital position. These disclosures are seen as complimentary to Pillar 1 and Pillar 2.

Rule 11 of BIPRU sets out the provisions for Pillar 3 disclosure. The rules provide that companies may omit one or more of the required disclosures if such omission is regarded as immaterial. Information is considered material if its omission or misstatement could change or influence the decision of a user relying on the information. In addition, companies may also omit one or more of the required disclosures where such information is regarded as proprietary or confidential. The Firm believes that the disclosure of this document meets its obligation with respect to Pillar 3.

The Pillar 3 disclosures will be issued on an annual basis after the year end and published as soon as practical once the audited annual accounts have been finalized. The information contained in this document has not been audited by the Firm's external auditors, as this is not a requirement, and does not constitute any form of financial statement and should not be relied upon in making any judgement on the Firm.

2 Firm Overview

Signet is incorporated in the UK and is authorised and regulated by the FCA as a Full Scope Alternative Investment Fund Manager ("AIFM") The Firm is categorised by the FCA as a Collective Portfolio Management Investment ("CPMI") firm and a BIPRU firm for regulatory capital purposes Signet is not permitted to take on retail clients, hold client money or to take propriety trading positions.

The Firm provides investment management services to a number of Alternative Investment Funds (AIFs) and other clients.

The Board of Directors ("the Board") is the Governing Body of Signet has the daily management and oversight responsibility. The Board generally meets quarterly and is currently comprised of Marco Meli, Dmitry Evenko, Geoffrey Piers Hemy and Robert Marquardt.

The Directors and senior management team are responsible for the entire process of risk management, as well as forming its own opinion on the effectiveness of the process. In addition, the Board decides Signet's risk appetite or tolerance for risk and ensures that Signet has 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 Board for designing, implementing, and monitoring the process of risk management and implementing it into the day-to-day business activities of Signet.

3 Capital Resources and Requirements

3.1 Capital Resources - Pillar 1

As at 31 December 2020, the Firm held regulatory capital resources of £435,551, comprised solely of core Tier 1 Capital of share capital contributions.

As a CPMI firm, the Firm calculates its minimum Pillar 1 regulatory capital requirements as the greater of:

i. Funds under management requirement of €125,000 plus 0.02% of the Firm's Funds under Management (FUM) exceeding €250,000,000; and

ii. the sum of its market and credit risk exposures; or

iii. its fixed overhead requirements ("FOR"), (which is essentially 25% of the Firm's annual fixed overheads.

Plus, either:

i. The professional indemnity insurance ("PII") capital requirement based on the excess for professional liability risk; or

ii. The Professional Negligence Capital Requirement which is calculated as an additional amount of own funds equal to 0.01% of the portfolio of AIFs managed by the firm.

The Firm has deemed the FOR to be the higher of these values. The FOR is therefore used for the purposes of the Pillar 1 calculation. As of 31 December 2020, the Firm's Pillar 1 capital requirement was €296,775.

3.2 Satisfaction of Capital Requirements - Pillar 2

The Firm has adopted the "Structured" approach to the calculation of its Pillar 2 Minimum Capital Requirement as outlined in the Committee of European Banking Supervisors Paper, 27 March 2006 which takes the higher of Pillar 1 and 2 as the ICAAP capital requirement. It has assessed Business Risks, by modelling the effect on its capital planning forecasts, and assessed Operational Risk, by considering if Pillar 2 capital is required, taking into account the adequacy of its mitigation.

Since the Firm's Internal Capital Adequacy Assessment Process (ICAAP or Pillar 2) process has not identified that any capital needs to be held over and above the Pillar 1 requirement, the capital resources detailed above are considered adequate to continue to finance the Firm over the next year. This position will be continually monitored and discussed by the Board during its regular meetings.

4 Risk Management framework

The Firm has established a risk management process to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business.

The risk management process is overseen by the Governing Body.

As risks are identified within the business, appropriate controls are put in place to mitigate these and compliance with them is monitored on a regular basis. The frequency of monitoring in respect of each risk area is determined by the significance of the risk. The Firm does not intend to take any risks with its own capital and ensures that risk taken within the portfolios that it provides advice to is closely monitored. The results of the compliance monitoring performed is reported to the Board by the Compliance Officer.

4.1 Operational Risk

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

The Firm has identified several key operational risks. These relate to disruption of the office facilities, system failures, trade failures and failure of third-party service providers. Appropriate policies are in place to mitigate against risks, including appropriate insurance policies and business continuity plans.

4.2 Credit Risk

The main credit risk to which the Firm is exposed is in respect to the failure of its debtors to meet their contractual obligations. The majority of the Firm's receivables are related to investment management and advisory activities. Signet believes its credit risk exposure is limited since the Firm's revenue is ultimately related to management fees received from funds and other clients. The risk of non-payment of the investment management fees is mitigated by the fund's appointment of an independent administrator, and by the requirement that management fees are accrued and drawn monthly from the funds managed and performance fees are drawn quarterly or annually where applicable directly from the fund and managed accounts. Other credit exposures include bank deposits and office rental deposits. The Firm undertakes periodic impairment reviews of its receivables. All amounts due to the Firm are current and none have been overdue during the year.

The Firm has adopted the standardised approach to credit risk, and therefore follows the provision within BIPRU 3 standardised credit risk of the FCA handbook. The Firm applies a credit risk capital component of 8% to its non-trading book risk weighted exposure. As the Firm does not make use of an external credit rating agency, it is obligated to use a risk weight of 100% for all non-trading book credit exposures, except cash and cash equivalents which are held by investment grade firms and currently attract a risk weighting of 20%.

The table below sets forth the Firm's credit exposures and corresponding capital resource requirements as of 31 December 2020:

CREDIT RISK (BIPRU 3.4)

			Exposure	Risk Weighting		**Risk Weighted Exposure**
Fixed Assets	BIPRU 3.4.127	£	21,519.03	100.0%	£	21,519.03
Past due items / BIPRU 3.4.96	BIPRU 3.4.96	£	-	100.0%	£	-
Intergroup loan	BIPRU 3.4.39	£	-	100.0%	£	-
Short term loan <90 days	BIPRU 3.4.39	£	-	20.0%	£	-
Prepayments	BIPRU 3.4.128	£	115,825.69	100.0%	£	115,825.69
Accrued Income	BIPRU 3.4.128	£	55,792.50	100.0%	£	55,792.50
Rent Deposits	BIPRU 3.4.52	£	96,936.00	100.0%	£	96,936.00
Other Debtors	BIPRU 3.4.52	£	10,429.44	100.0%	£	10,429.44
Bank and cash balances	BIPRU 3.4.129	£	460,137.23	20.0%	£	92,027.45
Corporate Tax	BIPRU 3.4.5	£	-	0.0%	£	-
VAT	BIPRU 3.4.5	£	25,255.25	0.0%	£	-
Total		£	785,895.14		£	**392,530.11**
CREDIT RISK COMPONENT AT 8%					£	**31,402.41**

4.3 Market Risk

The Firm holds no trading book positions on its own account, and as such market risk is limited to exposure to foreign exchange fluctuations as a result of its management and performance fees being dominated in currencies other than Sterling while the majority of its costs are incurred and settled in the Firm’s functional currency, Sterling. Foreign exchange risks and cash balances are monitored on a regular basis to ensure that working capital requirements in sterling are met and exchange transactions are made at optimal rates. Since the settlement of debtor balances take place without undue delay, the timing of the amount becoming payable and subsequently being paid is such that it is not considered to present a material risk to the Firm. The Firm has excluded Market risk on the basis that it is not a material risk to the Firm.

5 Remuneration Code

The Firm has adopted a remuneration policy and procedures that comply with the requirements of chapter 19B of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook (SYSC) and in accordance with ESMA's Guidelines on sound remuneration policies. The Firm have considered all the proportionality elements in line with the FCA Guidance.

Remuneration is designed to ensure that the firm does not encourage excessive risk taking and staff interests are aligned with those of the clients.

The Governing Body, as the Remuneration Committee, is directly responsible for the overall remuneration policy which is reviewed annually. The Governing Body will review the remuneration strategy on an annual basis.

The Firm ensures that its remuneration structure promotes effective risk management. Total Remuneration is based on balancing both financial and non-financial indicators together with the performance of the Firm and its clients.

As a UK AIFM the Firm has assessed the proportionality elements and disapplies the Pay Out Rules. Furthermore, the Firm has concluded, on the basis of its size and the nature, scale and complexity of its legal structure and business that it does not need to appoint a remuneration committee. Instead, the Board sets, and oversees compliance with, the Firm's remuneration policy including reviewing the terms of the policy at least annually.

6 Code Staff Renumeration

Senior management and members of staff whose actions have a material impact on the risk profile of Signet are classified as Code Staff.

The relatively small size and lack of complexity of the firm's business is such that the Firm only has the one business area - that of discretionary asset management on behalf of its clients and the following aggregate remuneration data should be read in that context.

The Firm had a total of six code staff and paid out aggregate remuneration of £452,561 during the financial year ending on 31st December 2020. This is comprised of fixed and variable pay.