

UK FCA Pillar 3 Capital Risk Disclosure

Capital Risk Disclosure as at 31 December 2019

The Directors of Perspective Capital Management Limited ("PCM") have considered the risks that PCM is exposed to during the normal course of business and have considered that business, operational, market and credit risks are the main areas. The Directors regularly review, including formally at least once a year, the risks, controls and mitigation arrangements and assess their impact. If there are any material risks, the Directors consider their financial impact as part of the business planning and capital management process and conclude whether the amount of capital is adequate.

In accordance with Pillar 1 and Pillar 2 of the European Union Capital Requirements Directive, PCM endorses an Internal Capital Adequacy Assessment Process (ICAAP). This is reviewed annually and formally ratified by the Directors in order to detect and if possible, mitigate the risks identified above.

Capital resources

PCM is a Limited Liability Company registered in the UK and its capital arrangements are established in its Articles of Association. Its capital resources as shown by the audited financial statements are summarised as follows:

As at 31 December 2019:	PCM
Tier 1 Capital (no innovative Tier 1 capital is held)	£144,658
Tier 2 Capital	£0
Tier 3 Capital	£0
Deductions from Tiers 1 and 2 intangible assets	£0
Total Capital Resources	£144,658

PCM is small, with a simple operational infrastructure. It has limited credit risk arising from management and performance fees receivable from its small number of institutional clients.

PCM follows the standardised approach to market risk and the simplified standard approach to credit risk. PCM is subject to the Fixed Overhead Requirement ("FOR") and

is not required to calculate an operational risk capital charge, though it does consider this as part of its process to identify the level of risk-based capital required.

As discussed above, PCM is a limited licence firm and as such its capital requirements are the greater of:

- Its base capital requirement of €50,000; or
- The sum of its market and credit risk requirements; or,
- It's FOR.

PCM's credit and market risk exposures are considered immaterial and are less than the base capital requirement. The FOR is also less than the base capital requirement. PCM therefore always maintains a minimum capital amount of €50,000. As at 31 December 2019, PCM's capital was £144,658 which exceeded the minimum requirement by approximately £102,000 (based on an exchange rate of €1.18 to £1). As such, PCM's current regulatory capital exceeds its requirement by 242%.

The Directors consider that the capital resources detailed above are adequate to continue to finance the firm over the next year. No additional capital injections are considered necessary and the firm expects to continue to be profitable.

Any questions on Capital Risk Disclosure can be addressed to the Chief Executive Officer, at Enquiries@PerspectiveInvestments.com.