Capital Requirements Directive (unaudited)

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain, including provisions for compensation. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU'), the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU') and the Senior Management Systems and Controls Sourcebook ("SYSC").

The European framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the Company's credit, market and operational risk;
- Pillar 2 requires the Company to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FCA; and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position, including disclosure requirements for compensation.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would not be likely 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.

Scope and application of the requirements

Fiera Capital (UK) Limited ("the Company") is authorised and regulated by the Financial Conduct Authority and as such is subject to minimum regulatory capital requirements.

The Company is categorised as a Limited Licence Firm by the FCA for capital purposes and as such has no trading book exposures.

The Company is a member of a group. We foresee no impediments to the prompt transfer of capital between group entities should the need arise and there are no differences in the basis of consolidation for accounting and prudential purposes.

Risk management

The Company is governed by its Directors and its Senior Managers ("Principals") who determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Company's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces. The Principals also determine how the risk our business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks.

Capital Requirements Directive (unaudited) (continued)

The Principals meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. The Principals manage the Company's risks business through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The Principals have identified that business, operational, market and credit risks are the main areas of risk to which the Company is exposed. Annually the Principals formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness. Where the Principals identify material risks they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate.

Regulatory capital

The Company is a Limited Company and its capital arrangements are established in its Articles. Its capital is summarised as follows:

	US$
Share Capital and Share Premium	1,554,200
Audited Reserves	9,068,502
Current Year (Loss)	(7,146,892)
Contributed Surplus re share based incentives	5,940,497
Less: Dividend	(2,000,000)
Total capital resources per accounts	7,416,307

The main features of the Company's capital resources for regulatory purposes are as follows:

Capital item	US$
	7,416,307
Tier 1 capital less innovative tier 1 capital	-
Total tier 2, innovative tier 1 and tier 3 capital	-
Deductions from tier 1 and tier 2 capital	-
Total capital resources, net of deductions	7,416,307

Our Company 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 advisory and marketing fees receivable from other entities within the Group. The Company follows the standardized approach to market risk and the simplified standard approach to credit risk. The Company is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required.

As discussed above the Company 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
- Its Fixed Overhead Requirement.

Capital Requirements Directive (unaudited) (continued)

Regulatory capital (continued)

We have not identified credit risk exposure classes or the minimum capital requirements for market risk as we believe that they are immaterial.

It is the Company’s experience that the Fixed Overhead Requirement establishes its capital requirements and hence market and credit risks are considered not to be material.

Capital Requirements Directive (unaudited) – Remuneration Code Disclosure

Remuneration code disclosure

The Company is a wholly owned subsidiary of Fiera Capital (Europe) Limited, formerly Charlemagne Capital Limited. As it is authorised and regulated by the Financial Conduct Authority as a Limited Licence Firm, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA’s Handbook. The Remuneration Code (“the RemCode”) covers an individual’s total remuneration, fixed and variable. The Company incentivises staff through a combination of the two.

Our policy is designed to ensure that we comply with the RemCode and our compensation arrangements:

1. are consistent with and promotes sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Company's business strategy, objectives, values and long-term interests.

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA have sought to apply proportionality in the first instance by categorising firms into three levels. The Company falls within the FCA's third level and as such this disclosure is made in line with the requirements for a Level 3 Firm.

Capital Requirements Directive (unaudited) - Remuneration Code Disclosure (continued)

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the Company. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

1. *Summary of information on the decision-making process used for determining the Company's remuneration policy including use of external benchmarking consultants where relevant.*

   - The Company's policy has been agreed by the Senior Management in line with the RemCode principles laid down by the FCA.
   - The Company's parent company has established an independent Remuneration Committee that fulfils the functions of a Remuneration Committee for the Company.
   - The Company's policy will be routinely reviewed as part of the annual review of all Fiera Capital (Europe) Group processes and procedures and following any significant change to the business requiring an update to its internal capital adequacy assessment.
   - The Company's ability to pay bonuses is based on the performance of the Company and the Fiera Capital (Europe) Group overall.

2. *Summary of how the Company links between pay and performance.*

   - Employees are remunerated with an annual fixed salary, and a discretionary bonus.
   - Discretionary compensation seeks to reward good performance and to align the interests of employees, shareholders and client fund shareholders by linking the discretionary bonus award calculation to the profitability of the Fiera Capital (Europe) Group; it also seeks to assist in creating long-term loyalty of key employees by deferring awards over future financial periods.
   - When assessing individual performance, financial as well as non-financial criteria are taken into account.

3. *Aggregate remuneration paid[1] in 2018 in respect of Code Staff by business area.*

   Aggregate remuneration paid[1] during the year ended 31 December 2018 in respect of Code Staff was £5,116 million. Following a review of the business, it has been determined that the operations of the Firm should be considered as one business unit.

4. *Aggregate remuneration paid[1] in 2018 in respect of Code Staff by type.*

Code Staff	**GBP'000**
Senior Management	5,116
Other	6,222

[1] Aggregate remuneration paid consists of salaries and discretionary bonuses awarded and paid during the year.