Pillar 3 Disclosures	
Firm Name	Astute Investment Management Ltd (FRN 842580)
Pillar 3 Disclosures	Year ended 31st March 2021

Background

This is the Pillar 3 disclosure made in accordance with the UK Financial Conduct Authority (FCA) Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The European Capital Requirements Directive (CRD) created a regulatory capital framework consisting of three 'pillars' namely;

- Pillar 1 – which sets out the minimum capital requirements that firms are required to meet for;
- Pillar 2 – which requires firms to take a view on whether additional capital should be held against capital risks not covered by Pillar 1; and
- Pillar 3 - which requires firms to publish certain details of its risks, capital and risk management process.

Disclosure Policy

The rules in BIPRU 11 provide that the firm may omit one or more of the required disclosures if it believes that the information is immaterial. Materiality is based on the criteria that the omission or misstatement of material information would be likely to change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions. Where the firm considers a disclosure to be immaterial, this will be stated in the relevant section.

The firm is also permitted to omit one or more of the required disclosures where it believes that the information is regarded as proprietary or confidential. Proprietary information is that which, if it were shared, would undermine the firm's competitive position. Information is considered to be confidential where there are obligations binding the firm to confidentiality with its clients and counterparties.

Where the firm has omitted information for any of the above reasons, a statement explaining this will be provided in the relevant section.

Unless stated as otherwise, all figures contained in this disclosure are based on the firm's audited annual reports for the year ending 31.03.2021.

Frequency

These Pillar 3 Disclosures will be reviewed on an annual basis as a minimum. The disclosures will be published as soon as is practical following the finalisation of the firm's Internal Capital Adequacy Assessment Process (ICAAP) and the publication of its annual reports.

Verification

The information contained in this disclosure has not been audited by our firm's external auditors and does not constitute any form of financial statement.

Publication

Our firm's Pillar 3 Disclosure reports are published on the website of Astute Private Wealth Limited (www.astuteprivatewealth.co.uk)

Scope and application of Directive requirements

The disclosures in this document are made in respect of Astute Investment Management Limited ("AIM") which provides discretionary investment management services.

The firm is a BIPRU firm.

Risk management objectives and policies

Our risk management policy reflects the FCA requirement that we must manage a number of different categories of risk. These include: liquidity, credit, market, interest rate, business and operational risks.

1. Liquidity risk

   The key risks relating to liquidity are a) the Firm's cash flow is insufficient and b) that the Firm's assets cannot be liquidated in a timely manner to meet liabilities as they fall due. In our case, capital held over and above our minimum requirements is with a major bank and is immediately accessible. The firm has a positive cash flow and holds reserves in excess of the Pillar 1 and 2 requirements. We are therefore satisfied as to the level of our liquidity resources.

2. Credit risk

   The firm's revenues comprise annual management charges received from clients based on a percentage of client assets under management. These charges are made directly to the clients' portfolios, and therefore the credit risk relating to this income is minimal. The specific risks identified in relation to credit risk are:

   1. Failure of Valu-Trac: in the event of failure of Valu-Trac, AIM would appoint an alternative different ACD/ fund administration service. No credit risk identified.
   2. Risk of Valu-Trac defrauding the OEIC: AIM's service agreement with Valu-Trac confirms that VT will indemnify and keep indemnified AIM and hold it harmless against all costs, claims and demands incurred or suffered as a result of such activities.
   3. Risk of failure of one of the providers within an OEIC: although there are minimum guarantees of compensation in the form of FSCS protection, this level of protection is unlikely to provide sufficient compensation in the event of failure of a provider. However, the likelihood of failure is remote, due to the active management of the OEICs by the Investment Committee, who will ensure that the credit ratings of the providers fits with the risk profile of the OEIC. Providers which present risk of failure will not be included within the OEICs.

3. Interest rate risk

   The firm has no borrowings and no exposure to interest rate risk.

4. Business risk

   The firm's Pillar 2 business risk assessment principally takes the form of a fall in Assets Under Management following a market downturn that leads to lower management fees, although other risks such as systems failures are also considered. To mitigate our business risk, we regularly analyse various different economic scenarios to model the impact of economic downturns on our financial position.

5. Operational risk

   Operational risk is defined as the potential risk of financial loss or impairment to reputation resulting from inadequate or failed internal processes and systems, from the actions of people or from external events.

   Major sources of operation risk include outsourcing of operations, IT security, internal and external fraud, implementation of strategic change and regulatory non-compliance.

   The firm operates a robust risk management process which is regularly reviewed and updated with details being provided to all staff. The firm's Compliance Oversight is responsible for the periodic reviews and recommending any changes to the Board.

   All senior management will bear responsibility for internal controls and the management of business risk as part of their accountability to the Board.

   Individuals are responsible for identifying the risks surrounding their work, implementing controls over those risks and reporting areas of concern to their line manager.

   The Compliance Oversight will provide the board with an annual summary report on all significant risk issues.

   AIM has checks and internal controls to ensure that operational performance is controlled and accurate. However, an element of operational risk will always remain. The impact of operational errors could mean that assets are transferred from one asset class to another, for example, error of withdrawal of cash from an OEIC, investment into a high risk OEIC rather than low risk, etc. However, the asset will remain in some form, albeit it may experience different rates of growth or loss. The risk is therefore to the value of the asset rather than the existence of the asset. Although the risk exists, the value associated with the risk is likely to be low, as the existence of the asset itself is not at risk.

6. Other risks

   The firm operates a simple business model. Accordingly, many of the specific risks identified by the FCA do not apply.

Capital Resources

Pillar 1 requirement

In accordance with GENPRU 2.1.45R (calculation of variable capital requirement for a BIPRU firm), our capital requirement has been determined as being our fixed overhead requirement and not the sum of our credit risk capital requirement and our market risk capital requirement.

The Pillar 1 capital requirement for Astute Investment Management Limited was £55,000 as at 31.03.2021, and total Pillar 1 capital was £241,000.

Pillar 2

Our overall approach to assessing the adequacy of our internal capital is set out in our ICAAP. The ICAAP process involves separate consideration of risks to our capital combined with stress testing using scenario analysis. The level of capital required to cover risks is a function of impact and probability. We assess impact by modelling the changes in our income and expenses caused by various potential risks over a 1-year time horizon. Probability is assessed subjectively.

In addition, we have reviewed the outputs of our risk reviews to quantify any risks identified. This has identified a number of key business risks which we have classified against the risk categories contained in GENPRU 1.2.30R and reviewed the guidance in BIPRU 2.2.61-65.

Our Pillar 2 capital requirement, which is our own assessment of the minimum amount of capital that we believe is adequate against the risks identified, has not identified any capital requirements in addition to our Pillar 1 requirement. There is a considerable surplus of reserves above the capital resource requirement deemed necessary to cover the risks identified.

Regulatory capital

The main features of Astute Investment Management Limited's capital resources for regulatory purposes, as at 31.03.2021 are as follows:

Capital item:	£000s
Tier 1 capital (called up share capital, share premium account, profit and loss account, externally verified interim net profits)	241
Total of tier 2 and tier 3 capital (broadly long- and short-term subordinated loans)	0
Deductions from tier 1 and tier 2 capital	0
Total capital resources, net of deductions	241

The firm holds regulatory capital in accordance with the Capital Requirements Directive.