

# ALTUS

*Investment Management Ltd*

## **Pillar 3 Disclosure**

### **Introduction**

Altus Investment Management Limited (Altus, we or us) is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”) and is subject to the FCA's Prudential Sourcebook, specifically MIFIDPRU the Prudential sourcebook for MiFID Investment Firms. This document covers the year to 31 December 2022.

The rules are designed to ensure that a firm has sufficient capital given the nature of its business and any risks associated with it, this increases investor protection throughout the market. The requirements have three pillars:

- Pillar 1 establishes the minimum capital requirements given the credit, market, operational risks and the fixed overhead requirements;
- Pillar 2 requires Altus and the FCA to take a view on whether there is a need to hold additional capital to cover firm specific risks not covered by the Pillar 1 minimum requirements; and
- Pillar 3 requires Altus to publish certain details about its risks and risk management process.

Altus’s Pillar 3 disclosures provide transparency about its capital requirements, risk exposures and risk assessment processes and are made for the benefit of clients. The FCA generally requests that firms address specific risks pertinent to its business (i.e. market, credit, liquidity, operational, business, concentration and any residual risks), and these items are addressed below.

### **Location**

The Pillar 3 will be published on Altus’s website.

### **Materiality**

Information is generally viewed as material if its omission or misstatement could change or influence the assessment or decision of someone relying on that information for the purpose of making economic decisions. If a certain disclosure is omitted from this statement, we viewed the disclosure to be immaterial or inapplicable to us.

### **Confidentiality**

Information is generally viewed as proprietary if sharing that information with the public would undermine a competitive position. Proprietary information may include information on products or systems that, if shared with competitors, would render Altus’s investments therein less valuable. Further, we must regard information as confidential if there are obligations to customers or other

counterparty relationships binding us to confidentiality. In the event that any such information is omitted, we shall disclose such and explain the grounds as to why it has not been disclosed.

### **Background of the Firm**

Altus Investment Management Limited has been managing and advising on investments for clients for 20 years.

Altus's principal operations are to advise clients in the management and placing of their investments and also to manage investments on a discretionary basis with a proactive approach and with due regard to their risk control needs. Systems are in place to ensure that the investments recommended are suitable and appropriate.

### **Risk Management Objectives and Policies**

Altus's risk management objective is to develop systems and controls that mitigate risk to a level that does not require the allocation of Pillar 2 capital. The 2022 capital adequacy assessment did not identify any internal or external risks that resulted in Altus having to increase its capital levels. Accordingly, our business and operational risks are limited in scope and we believe that our risk profile is minimal.

### **Governance and Risk Framework**

Altus oversees and manages its risks through a combination of a Compliance Manual, routine monitoring of policies and procedures, a Business Continuity Plan, an annual independent audit and reporting process and the use of an independent UK compliance consultant. Altus's policies, procedures and financial controls are regularly reviewed and revised as needed.

### **Market Risk**

Market risk is the risk that the value of, or income arising from, assets and liabilities varies as a result of changes in the market price of financial assets, changes in exchange rates or changes in interest rates. Altus considers these risks on a continuous basis and where necessary takes action to mitigate them.

### **Credit Risk**

Credit risk refers to the potential risk that customers fail to meet their obligations as they fall due. Altus is exposed to the credit risk of its bankers and receivables from funds and clients. We consider these risks on a continuous basis but do not believe that they are significant.

### **Liquidity Risk**

Altus's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in fees received/receivables. Altus maintains sufficient cash balances with its banking partners to cover any liquidity risk. Furthermore, we continuously monitor income and expenditure levels and adjusts plans accordingly.

### **Operational Risk**

Altus has simple systems and data processing requirements and we do not require its systems to be available 'real time'. The risk of any systems failures is therefore not high, and we believe that it poses minimal operational risk.

## **Other risks**

Other risks the Firm considered included:

- Business Risk: failure of the business plan resulting in losses or reduced income
- Concentration Risk: whether we are overly dependent on any customer or group in terms of income or credit risk
- Residual Risk: any other material risks specific to the Firm

Altus does not consider that these risks, or any other material risks mentioned above, would require us to increase our capital levels.

## **Capital Resources**

Altus has a base capital requirement of £125,000 and is subject to an expenditure requirement.

## **Remuneration Disclosures**

The FCA requires Altus to disclose its approach to linking remuneration to risk.

Altus feels that its Remuneration Policy appropriately addresses potential conflicts of interest and that our authorised persons are not rewarded for taking inappropriate levels of risk. Under the MIFIDPRU Remuneration Code, Altus does not have to comply with some sections of the code, however Altus does proportionately apply the code's rules and principles when in establishing its remuneration policy.

## **The Decision Making Process**

On the grounds of proportionality Altus Investment's Board of Directors also serve as the remuneration committee.

## **The Link between Pay and Performance**

Overall remuneration may include an annual performance-based element of compensation reflecting both individual performance and responsibility, in the short-term and long-term, as well as Altus's overall performance.

## **Incentive Compensation**

The award of incentive compensation is a qualitative decision where employee and supervisory input are significant components; this is not currently used.

## **Code Staff**

The code staff at Altus are the Directors, the investment team, the client executives and the Compliance Officer.

## **Quantitative Remuneration Data**

Given the size and complexity of the business the aggregate quantitative information on remuneration, broken down by business area and the aggregate quantitative information, broken down by senior management and members of staff whose actions have material impact on the risks at Altus are the same.