

# Pillar III Disclosure

## III. Management of the ICAAP

The approach of the Firm to assessing the adequacy of its internal capital to support current and future activities is contained in the ICAAP. This process includes an assessment of the specific risks to the Firm and the internal controls in place to mitigate those risks. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at a level of required capital, as relevant. The Firm stress tests future impact by considering the Firm's forecast for the 15 years, based on the estimated impact of the loss of a key Fund Manager, prolonged downturn in markets and loss of a large investor. A Firm wind down scenario over 12 months is also considered.

The Firm's ICAAP is formally reviewed by the Executive Committee annually, but will be revised should there be any material changes to the Firm's business or risk profile.

## Remuneration Code Disclosure

### Remuneration Policy Objectives

The remuneration structure is designed to attract, motivate and retain the best people to ensure good performance for the underlying investors in Funds, which in turn achieves success for the firm. The key elements of the structure of the Remuneration Policy include deferred profit allocation/bonus awards.

### Governance

The Remuneration Committee ("RemCom") comprises the same members as the Executive Committee ("ExCo"). The RemCom does not meet distinctly from the ExCo; rather the business of the ExCo may determine remuneration matters in line with this Remuneration Policy. The firm is too small to warrant an independent remuneration committee and as such, this policy shall refer to the ExCo as the committee responsible for determining remuneration.

It reviews the Remuneration Policy annually, or as and when there are significant changes, and will notify all Code Staff as appropriate. The ExCo, in consultation with line managers, decides on all financial awards for staff and partners including: salaries & bonuses, partner drawings & profit allocations, awards of shares in Odey Holdings AG, deferral arrangements, LTIPs, and termination payments. Awards are made typically annually in January, but also ad hoc.

The firm is too small to warrant an independent remuneration committee, nor does the RemCom report to another Board as the members of RemCom comprise of the three most senior partners.

In all cases deferred amounts will only be payable to the extent the firm has sufficient capital.

## Profit Allocation/Bonus Deferral

Valuable focus is achieved through clear profit allocation/bonus targets, but a 100% pay out on a particular date is bad for business continuity. In addition the development of participants and their associated business tends to take place over a period of years. Profit allocation/bonus deferral is intended to help offset the disadvantages of single date profit allocation/bonus awards.

The RemCom determines performance related remuneration based on a number of factors. Generally, Fund Managers can expect to receive a proportion of any crystallised performance fees generated by the Fund they manage. All OAM Funds with performance fees have High Water Marks (HWM), thus performance fees are only generated once underlying Fund investors have achieved a positive absolute or relative return. Additionally the Remcom will take into account a number of factors including the overall profitability of the firm and various financial and non-financial performance factors, such as the development of the business and long term sustainability. There are currently two forms of deferral:

### Cash Deferral

Deferred cash awards are required to be invested in OAM Funds. This strengthens the alignment of interests between partners, employees and our clients and Fund investors, especially for partners responsible for performance. Cash is deferred over a two or three year period, with two equal payments on the 1st and 2nd anniversaries for the two year deferral or alternatively the full amount paid on the 3rd anniversary for the three year deferral, but is lost if the individual is no longer a member of staff/partner at the transfer date.

### Share deferral

At certain times the owners of the Odey Group may decide to make equity available to senior participants in the business. The award of Bonus Shares in Odey Holdings AG, allows for increased ownership in the business by partners. In determining the award of shares, the Remcom takes into account a partner's contribution to the overall development of the business and creation of a long term sustainable franchise. To this end, the deferred vesting of bonus shares is over a three year period in which the shares are entitled to a dividend on the 1st/2nd/3rd anniversaries, but may be reacquired by the Group should the partner leave within the three year period. The Bonus Shares become Ordinary Shares with full rights, after the third year.

All forms of deferral help to manage key man risk as the retained element acts as a disincentive to leave at short notice and encourages behaviour focused on creating a sustainable business.