

London, June 2020

Pillar 3 and Remuneration Disclosure

Date of Financial Data: 31 December 2019

Introduction

Bluebell Capital Partners Limited (“Bluebell”) is required to follow the requirements of the FCA’s Prudential Sourcebook for Banks, Building Societies and Investment Firms (“BIPRU”), which stem from the UK’s implementation of the Capital Requirements Directive. The regulations consist of three Pillars, and this document is designed to meet Pillar 3 requirements. The regulatory aim of the Pillar 3 disclosures is to improve market discipline.

Bluebell has been classified as a MIFID investment manager by the FCA.

Disclosure Statements

Bluebell has prepared this document as at 31 December 2019, which is the financial year end. Unless otherwise stated, all figures are as at this date. Bluebell will be publishing this document with its annual accounts. The Firm will make Pillar 3 disclosures at least annually.

Bluebell may omit certain disclosures where it is believed the information is proprietary or confidential. Bluebell regards information as proprietary or confidential if the sharing of it would undermine the Firm’s competitive position, or where there are obligations binding the Firm to confidentiality with customers or other counterparties.

The Firm may also omit disclosures if it believes the omission would be immaterial. Any information unlikely to change or influence the decision of a user relying on that information for the purpose of making economic decisions about the Firm will be deemed immaterial.

Summary

Bluebell is classified as a BIPRU Firm by the FCA for capital purposes. The Firm is standalone and does not have any trading book exposure. This Pillar 3 disclosure is therefore prepared on a solo basis. The Firm’s greatest risks have been identified as operational and business risk. Bluebell has assessed these risks in the ICAAP and set out appropriate actions to manage them. This is reviewed and updated at least annually. Details of the Firm’s risk framework are set out below. Bluebell is a boutique investment manager specialising in an active engagement strategy aimed at listed European mid-large companies. Bluebell is currently the investment manager for the following fund: Bluebell Active Equity Feeder / Master ICAV Fund.

Risk Management

The Firm has established a risk management process in order to ensure there are effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Chief Operating Officer (“COO”) with the Senior Management team taking overall responsibility for this process and the fundamental risk appetite of the firm. The COO is responsible for implementing the risk management process into the day-to-day business of the Firm.

Operational Risk

The Senior Management team, which includes the COO, meets at least half-yearly to validate the Firm’s risk appetite, to ensure that the Firm has implemented an effective,

ongoing process to identify risks, and to ensure that any identified risks are actively managed.

The COO is responsible for the maintenance of internal policies and procedures, ongoing staff training and regulatory reporting.

Business Risk

Bluebell’s revenue is reliant on the performance of funds under management. The Firm is therefore subject to business risk arising from underperformance of the funds and reduction in assets under management. The Firm plans to hold cash reserves in order to mitigate this risk.

Credit Risk

The Firm is exposed to credit risk in respect of cash deposits at the bank, investment management fees billed and HMRC. Bluebell considers that there is little risk of default by the client and they manage given this is a single regulated fund with reputable providers. All bank accounts are held with large international credit institutions.

Bluebell uses the simplified standardised approach detailed in BIPRU 3.5

Credit risk exposure	Exposure	Risk weighting	Risk weighted exposure
Cash in the bank	£549,715	8% subject to institution and FCA rules	£43,977
Inter-company	£4,148	8%	£332
Trade Debtor	£50,302	8%	£4,024
Prepayments and Accruals	£21,203	8%	£1,696
Other debtors (<1 year)	£77,527	8%	£6,202
Other debtors (>1 year)	0	8%	£0
Other assets	£6,303	8%	£504
Total Credit Risk requirement			£56,735

Market Risk

Bluebell does not have permission to deal as principal, and therefore the only relevant market risk requirement is foreign exchange risk. Bluebell has limited foreign exchange risk in respect of management fees receivable and cash balances held in currencies other than sterling. The Firm calculates the foreign exchange risk by reference to the rules in BIPRU 7.5.1 of the FCA Handbook and applies an 8% risk factor to the foreign exchange exposure. Bluebell does not take any trading positions.

Market risk summary

Market risk exposure	Risk weighting	Risk weighted exposure
Foreign currency assets and liabilities	8%	£0

Regulatory Capital

Bluebell is a Limited Company and is small with a simple operational infrastructure. The Firm calculates capital resources in line with GENPRU 2 Annex 4 and deducts material holdings. The main features of the capital resources for regulatory purposes are as follows:

	[31/12/2019] £000
Tier 1 capital*	550
Tier 2 capital	0
Tier 3 capital**	0
Deductions from Tiers 1 and 2	-256
Total capital resources	294
*No hybrid Tier 1 capital is held	

The capital requirements are the higher of:

- €50,000; and
- the higher of
 - the sum of the market & credit risk requirements; and
 - the fixed overheads requirement ('FOR'), which is essentially 25% of the Firm's operating expenses less certain variable costs.

The Firm is subject to the FOR and is not required to calculate an operational risk capital charge, though consider this as part of its process to identify the level of risk-based capital required. The FOR is calculated, in accordance with FCA rules, based on the Firm's current budget and forecasted profit and loss, as the Firm has not had its first set of audited accounts prepared. The Firm has adopted the simplified standardised approach to credit and market risk. The above figures have been produced on that basis.

It is Bluebell's experience that the FOR establishes the Firm's capital requirements.

Remuneration Disclosure

The Remuneration Committee is responsible for the Firm's remuneration policy. The Firm will incentivise staff through a combination of fixed and variable remuneration. Bluebell's policy is designed to ensure compliance with the FCA's Remuneration Code, as well as the business requirements, in that the Firm:

1. is consistent with and promote sound and effective risk management;
2. does not encourage excessive risk-taking;
3. includes measures to avoid conflicts of interest; and
4. is in line with its business strategy, objectives, values and long-term interests.

Individuals are rewarded based on their contribution to the overall strategy of the business. The structure of remuneration across the Firm is consistent and all variable remuneration is adjusted in line with capital and liquidity requirements. Bluebell does not offer a guaranteed compensation structure to staff.

Bluebell has not disclosed any compensation amounts as the Firm does not believe it is appropriate given the size and internal organisation of the Firm. Any disclosure might be prejudicial to the confidential nature of individual remuneration.

For further information on Bluebell's approach, please contact info@bluebellcp.com.
