Pillar 3 Disclosure

June 2020

Capital Requirements Directive

Following the Basel II Capital Accord, the European Union created the 2006 Capital Requirements Directive ("CRD"). The CRD outlines the capital framework requirements for financial firms. In the United Kingdom the Financial Conduct Authority ("FCA") implements the CRD. The FCA implements these rules in the Handbook of Rules and Guidance (the "FCA Handbook").

The CRD consists of three "Pillars":

(1) The firm must meet a minimum capital requirement for credit, market and operational risk;

(2) The firm and the FCA must determine whether or not there are additional risks to the firm that would increase the minimum capital requirements; and

(3) Certain details must be published regarding the firm's capital, risks and risk management process in accordance to the FCA Handbook

Applicability to John Street Capital

John Street Capital Limited ("John Street Capital" or the "Firm") is regulated by the FCA as a Collective Portfolio Management Investment (***CPMI***) firm, as a full-scope AIFM retaining the MiFID permission of discretionary portfolio management:

(1) It is incorporated in the United Kingdom and its head office is in the United Kingdom.

(2) It is not authorised to deal for its own account, underwrite issues of financial instruments on a firm commitment basis or operate a multilateral trading facility.

(3) It offers the services of management of individual portfolios of investments.

(4) It is not authorised to hold client money or securities.

(5) It manages an unauthorised AIF.

As a CPMI firm, John Street Capital's capital requirement is the greater of:

(1) A minimum of €125,000 plus the excess under the Professional Indemnity Insurance; and

(2) A Fixed Overhead Requirement (3 months overhead expenditure); and

(3) The aggregate of the market and credit risk.

This figure represents John Street Capital's Pillar 1 Capital.

John Street Capital is required to assess its key risks and, if necessary, make an upward adjustment to its Pillar 1 Capital.

This is called a Pillar 2 adjustment and John Street Capital's assessment of any Pillar 2 adjustment is detailed below under the Business Risk Management and Capital Resource Requirements sections.

John Street Capital is required to make a public disclosure regarding its capital, risk exposures and risk assessment processes. This is the Pillar 3 Disclosure. John Street Capital has elected to make its Pillar 3 by disclosure of this document on its website. The Firm's Remuneration Code disclosure is made in its annual accounts which are filed at Companies House.

Under the disclosure rules, John Street Capital is allowed to omit certain disclosures if it believes that the information is immaterial or if the information is proprietary and confidential.

Business Risk Management

The directors of John Street Capital (the "Directors") are responsible for the management of the risks related to the business of the Firm.

The Directors meet regularly to discuss all key business issues, including projections on profitability, business planning, cash flow projections, regulatory capital management, and risk management. As new risks arise or as new business activities are entered into, the risk management framework is updated accordingly.

The Individual Capital Adequacy Assessment Process ("ICAAP") is an integral part of John Street Capital's risk management framework and is reviewed and updated annually and on any material change to the business model. The ICAAP identifies the sources of risk to the firm and then rates the potential impact of each risk to the firm's business, offsetting this against the systems and controls which have been put in place to mitigate against those risks. The ICAAP also identifies a series of stress scenarios that might affect the Firm's projected financials and capital/liquidity buffers. The Firm has modelled the impact of those stresses on the business and has identified that the current capital provided, together with the impact of associated insurance arrangements, is sufficient to ensure the Firm can continue to operate while meeting regulatory capital and liquidity requirements.

The Firm has also undertaken a reverse stress test to identify the point at which an orderly wind-down of the business would be implemented.

The Firm engages external consultants to review its approach to risk assessment and the creation of the ICAAP annually.

The main risks of the firm are as follows:

Risk	Risk Outline	Risk Management
Operational	This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.	The Firm seeks to mitigate all operational risks to acceptable levels, in accordance with its risk appetite, by maintaining a strong control environment, ensuring that staff have appropriate skills and training and establishing an efficient and effective management structure.
Business	This is a risk of a substantial and sustained reduction in assets under management, caused by adverse	The Directors consider business risks factors in planning and decision-making and consider various scenarios such as poor fund

	market conditions or investor redemptions, resulting in a loss of management fee income.	performance and investor redemptions as part of the stress testing of the business model.
Market	This is the risk of loss resulting from market value changes in the value of positions held. The Firm is exposed to market risk through foreign exchange movements on positions held in foreign currencies (e.g. bank accounts and management and performance fees). Fees are mainly collected in USD whilst the Firm balance sheet is denominated in GBP. The key exposure is to falling investment values in the funds and accounts operated for clients which impact fee income and potentially lead to investor redemptions.	The Firm does not hold principal positions and therefore not directly impacted by market risk on the firm's balance sheet. The currency market risks are monitored by the Directors and may be hedged if deemed necessary. The issues relating to falling portfolio values are addressed under business risk and the Firm has stress tested such scenarios when determining the adequacy of its capital provision.
Credit	This is the risk that a third party will default on a financial obligation. The firm is exposed to credit risk from: - Fund management and performance fees due from the investment vehicles which the firm manages; and - The cash deposits which are held by authorised banks on behalf of the firm.	The Firm has a policy in place to ensure such fees are received in a timely manner. Cash balances are held in instant access accounts and readily available. Banks deposits are not concentrated in one account and only institutions with the highest credit rating are used.
Liquidity	This is the risk that the firm is unable to meet its liabilities as they fall due.	The Firm maintains a surplus of liquid resources sufficient at all times to meet any immediate requirements we can prudently foresee. The Firm's capital is held in instant access accounts with a large global bank, and our bank accounts are reconciled and cash flow statements are prepared on a regular basis to ensure that all liabilities are understood and settled.
Remuneration	John Street Capital falls within Tier 3 of the proportionality guidance notes issued by the Financial Conduct	All remuneration decisions are made by the Directors of the firm. The Directors review the performance of all employees and

	Authority. The Firm makes full disclosure of its remuneration policy in its annual accounts.	determines the remuneration based on this review. Where necessary, advice on compliance with the Remuneration Code is sought from external consultants.

Capital Resources

John Street Capital is a Collective Portfolio Management Investment firm and calculates its capital resources in accordance with IFPRU and associated provisions in IPRU-INV and BIPRU.

Capital Resource Requirements

The Firm's Pillar 1 requirement is calculated as the higher of:

(1) The Base Capital Requirement (€125k) plus the excess under the Professional Indemnity Insurance

(2) The Variable Capital Resource Requirement which is the sum of:

(a) The Credit Risk Capital Requirement; and

(b) The Market Risk Capital Requirement.

(3) The Fixed Overheads Requirement (3 months expenditure of the firm)

Currently, the highest requirement is the Credit and Market Risk Capital Requirements and therefore neither the Base Capital Requirement nor Fixed Overhead Requirement are material to the Firm as set out above. John Street Capital believes our financial details are both proprietary and confidential, and chose to omit this information from publishing.

The Firm and its management are aware of the requirements and ensure that there is at all times adequate capital resources available to meet the Firm's obligations.

Pillar 1 and Pillar 2

As at the date of this report the Firm has a surplus of capital resources over its Pillar 1 capital resources requirement. John Street Capital undertakes an Internal Capital Adequacy Assessment Process (ICAAP) regularly to determine whether it needs any further regulatory capital due to the risks it faces as set out above.

As a result of this the Firm has conclude that there is no need for any further regulatory capital to meet Firm requirements under Pillar 2.

A summary of the Firm's capital provisioning is set out below:

Pillar 1 Summary	(£'000)
Base Capital Requirement (a)	**290**
Fixed Overhead Requirement (b)	**322**
Sum of Credit and Market Risk Requirement (c)	**1,294**
Pillar 1 Requirement (Higher of a, b or c)	**1,294**

Pillar II

	Exposed to risk? Yes/No	Internal capital allocated £000	Basis of additional internal capital
Investment risk	Yes	0	
Regulatory and conduct risk	Yes	0	
Technology and cyber security risk	Yes	0	
Fraud	Yes	0	
Credit risk	Yes	1,294	Credit and market risk from Pillar I
Exchange rate risk	Yes	320	20%*1y fixed costs
Operational risk	Yes	0	
Liquidity risk	Yes	0	
Securitisation risk	No	N/A	
Insurance risk	No	N/A	
Pension obligation risk	No	N/A	
Concentration risk	No	N/A	

Residual risk	No	N/A	
Business risk	Yes	0	
Interest rate risk	Yes	0	
Other	Yes	0	