



**Orchard Global Asset Management LLP  
(‘the Firm’)**

**Non-SNI Disclosure Policy and Disclosure**

**December 31, 2023**

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# Annex I: Public Disclosure

## 1.1 Introduction

The Investment Firm Prudential Regime ('IFPR') is the Financial Conduct Authority's (FCA) prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. The IFPR came into effect on 1 January 2022 and its provisions apply to Orchard Global Asset Management LLP ("the Firm") as an FCA authorised and regulated firm.

The Firm is incorporated in the UK and is authorized and regulated by the FCA as an AIFM of non-UK AIFs. In addition, the Firm undertakes MIFID activities which give it the categorization of a "Non-SNI firm". The Firm is a Solo regulated entity. It acts solely as agent, so the main protection to our customers is provided through client money and asset arrangements. The Firm's greatest risks have been identified as business and operational risk. The Firm is required to disclose its risk management objectives and policies for each separate category of risk which include the strategies and processes to manage those risks; the structure and organisation of the relevant risk management function or other appropriate arrangements; the scope and nature of risk reporting and measurement systems; and the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

The Firm has assessed business and operational risks in its Internal Capital Adequacy Risk Assessment ("ICARA") and set out appropriate actions to manage them. A number of key operations are outsourced by our clients, typically for the AIFs to which we are an AIFM, to third party providers such as administrators reducing our exposure to operational risk.

The Firm's main exposure to credit risk is the risk that management and performance fees cannot be collected and, therefore, credit risk is considered low. The Firm holds all cash with banks assigned with high credit ratings.

Market Risk exposure has been assessed by the Firm and is limited to the Firm's exposure to foreign currency exchange rate risk and hence to any assets held on the Firm's Balance Sheet denominated in a foreign currency. The Firm's Reporting Currency is USD.

The Firm is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8. The disclosure document covers all aspects of the disclosure requirements within the scope of the MIFIDPRU rules applicable to non-small and non-interconnected ('Non-SNI') investment firms.

The Firm is a member of a UK Consolidation Group. The Firm is consolidated in Orchard Global Services Limited, a UK domiciled company. The Firm is required to make the MIFIDPRU disclosures on an individual basis as a MIFIDPRU Investment Firm. No consolidated disclosure for the UK group is required under MIFIDPRU 8.1.7. Orchard Global Asset Management LLP is the only MIFIDPRU Investment Firm in the UK group required to make the disclosures.

The disclosures have been prepared on an individual basis.

The Firm believes that its qualitative disclosures are appropriate to its size and internal organisation, and to the nature, scope, and complexity of its activities.

This disclosure has been ratified and approved for disclosure by the Board.

The annual audited accounts of Orchard Global Asset Management LLP set out further information which complements the information in this disclosure. The audited accounts are freely available from UK Companies House.

This document does not constitute any form of financial statement on behalf of Orchard Global Asset Management LLP. The information contained herein has been subject to internal review but has not been audited by the Firm's external auditors.

## 1.2 Objectives

This document sets out the public disclosure under MIFIDPRU 8 for the Firm as of December 31, 2023, which is the Firm's accounting reference date.

As a MIFIDPRU investment firm, we must establish and implement disclosure requirements to provide investors, stakeholders and wider market participants an insight into how the Firm is run.

## 1.3 Disclosure timing requirements

The Firm is required to publicly disclose the information specified in this Policy on an annual basis on the date it publishes its annual financial statements. Firms must publish its annual financial statements at the Companies House in the UK within 9 months of the end of the financial year, which is on September 30, 2024.

The Firm will consider making more frequent public disclosure where particular circumstances demand it, for example, in the event of a major change to its business model or where a merger has taken place.

## 1.4 Policy and Disclosure Validation

Orchard Global Asset Management LLP is committed to having robust internal controls to ensure the completeness, accuracy, and compliance with the relevant public disclosure regulatory requirements.

This document has been subject to internal governance and verification process, and approval by Orchard Global Asset management LLP's governing body ("Board" or "Governing Body") in line with the Public Disclosure Policy that the Firm has adopted to ensure compliance with the regulatory requirements contained in MIFIDPRU 8.

As a Non-SNI firm, the public disclosure document will be prepared to contain the following key areas:

- Governance arrangements;
- Risk management objectives and policies;
- Own funds;
- Own funds requirements;
- Remuneration policy and practices;

The disclosure drafting process involves an input from a number of internal stakeholders. The table below summarises the governance relating to provision of data, verification, and approval of the individual areas of disclosures:

<b>Area of disclosure</b>	<b>Responsible individual(s)/team(s) for data provided</b>	<b>Accountable stakeholder/division for approval of the information provided</b>
Governance arrangements	Legal and Compliance	Board of Orchard Global Asset Management LLP
Risk management	Risk Management	Board of Orchard Global Asset Management LLP
Own funds	Corporate Finance	Board of Orchard Global Asset Management LLP
Own funds requirements	Corporate Finance	Board of Orchard Global Asset Management LLP
Remuneration	Human Resources	Board of Orchard Global Asset Management LLP

The Policy requires internal challenge and oversight prior to approval and publication.

## 2 Remuneration disclosure

The statement below provides a reference to the MIFIDPRU disclosure rules in relation to remuneration policies and practices.

The Board is responsible for the Firm's remuneration policy.

All variable remuneration is adjusted in line with capital and liquidity requirements.

The Firm's remuneration arrangements represent a combination of salary and bonuses that are designed to align the interest of the Firm and its employees with those of its clients and other stakeholders to ensure the Firm's continued long-term profitability. Non-salary remuneration plans are completely variable, based on the Firm's performance and individual performance. The Firm does not pay any compensation tied to business development.

Except for one investment team, the Firm does not currently use a pre-set formulaic matrix to determine either basic remuneration or variable remuneration. The determination of remuneration is a fully discretionary process informed by various performance metrics including individual performance measured against standard Firm competencies and qualitative annual goal attainment, industry peer group remuneration levels and affordability. The Firm ensures that the variable remuneration bonus pool is a conservative percentage of the Firm's relevant income and resources. One investment team's variable remuneration is formulaic based on the net revenue generated by the Firm from the portfolios managed by the team. This means that staff remuneration is dependent upon the Firm's profitability and it allows the Firm to manage its capital prudently.

The Firm is an asset management business. All of the Firm's relevant staff in respect of whom it is required to make a MIFIDPRU remuneration disclosure are in FCA's "senior management" and "risk-takers" category. The total "remuneration" (as defined in the FCA Rules) awarded to the firm's code staff during the year to 31 December 2023 was \$46.8mm, with 30 individuals falling into this category.

As a MIFIDPRU investment firm, we must establish, implement and maintain gender neutral remuneration policies and practices that are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the Firm. Our remuneration policy and practices are gender neutral and do not discriminate employees on the basis of gender or other characteristics.

The Firm is subject to both the MIFIDPRU Remuneration Code and the AIFM Remuneration Code. We therefore commit to complying with the most stringent requirement in instances where the requirements differ, and we can only comply with one. The Firm therefore considers which requirement is the most stringent on a provision-by-provision basis.

The Firm has adopted a Remuneration Policy that complies with the requirements of Chapter 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook.

### 2.1 Performance period

The Firm's performance period is from 01/01/2023 to 12/31/2023.

### 2.2 Approach to remuneration for employees

The Firm's remuneration approach is designed to support individual and corporate performance, encourage the sustainable long-term financial health of the business and promote sound risk management for the success of the

Firm and to the benefit of its customers, counterparties and the wider market. Our remuneration approach promotes long-term value creation through transparent alignment with the corporate strategy.

The Board believes the Firm's remuneration structure is appropriate for the business and the industry it operates in and is efficient and cost-effective in delivering its long-term strategy.

Our remuneration structure includes provisions that in specific circumstances, allow the Firm to:

- forfeit or withhold all or part of a bonus or long-term incentive award before it has vested and been awarded ('performance adjustment' or 'malus'); and/or
- recover sums already paid ('clawback').

Undeserved and excessive remuneration sends a negative message to all stakeholders, including the Firm's workforce, and causes long term damage to the Firm and its reputation.

## 2.3 Financial incentives objectives

The objectives of the Firm's remuneration practices are as follows:

- The Firm undertakes to reward all employees fairly, regardless of job function, race, religion, colour, national origin, sex, sexual orientation, marital status, pregnancy, disability or age;
- It is the policy of the Firm to operate competitive remuneration policies to attract, retain and motivate an appropriate workforce for the Firm;
- The Firm is also committed to ensuring that its remuneration practices encourage high standards of personal and professional conduct, support sound risk management and do not encourage risk taking that exceeds the level of tolerated risk of the Firm, and are aligned with the Firm's regulatory requirements;
- Rewards for all staff will be aligned to financial and non-financial performance criteria and risk profile, and in all cases will be in line with the business strategy, objectives, values, culture and long-term interests of the Firm;
- The Firm will not allow any unfair or unjust practices that impact on pay;
- The Firm undertakes that it will not award remuneration using vehicles or methods the aim of which is to attempt to avoid application of the relevant FCA's Remuneration Code.

The Firm uses the following financial incentives:

- bonuses;
- referral programmes;
- pensions;
- salary raises; and
- professional development opportunities.

Our financial incentives are designed to:

- raise employee satisfaction;
- recognise individual performance;
- attract and retain talent;



- encourage collaborative teamwork; and
- motivate staff to achieve Firm-wide objectives.

## 2.4 Governance

The Governing Body is responsible for the Firm's remuneration policy. The role of the Governing Body is to determine the framework and policy on terms of engagement (including remuneration) of the directors, senior management, and employees.

The Governing Body meets at least semi-annually or on an as needed basis and is composed of:

- Andrew Weber;
- Paul Horvath; and
- John Young.

## 2.5 Components of remuneration

The Firm makes a clear distinction between fixed and variable remuneration.

Fixed remuneration primarily reflects a staff member's professional experience and organisational responsibility as set out in the staff member's job description and terms of employment; and is permanent, pre-determined, nondiscretionary, non-revocable and not dependent on performance.

Variable remuneration is based on performance and reflects the long-term performance of the staff member as well as performance in excess of the staff member's job description and terms of employment. In exceptional cases, variable remuneration is based on other conditions. Variable remuneration includes the discretionary long-term incentive compensation program.

The Firm will ensure that the fixed and variable components of an individual's total remuneration are appropriately balanced. In determining this balance, the Firm considers the following factors:

- The Firm's business activities and associated prudential and conduct risks;
- The role of the individual in the Firm;
- The impact that different categories of staff have on the risk profile of the Firm or of the assets it manages;
- No individual must be dependent on variable remuneration to an extent likely to encourage them to take risks outside the risk appetite of the Firm;
- It may be appropriate for an individual to receive only fixed remuneration, but not only variable remuneration; and
- Variable remuneration must not affect the Firm's ability to ensure a sound capital base.

When assessing individual performance to determine the amount of variable remuneration to be paid to an individual, the Firm takes into account financial as well as non-financial criteria. Non-financial criteria should:

- form a significant part of the performance assessment process;
- override financial criteria, where appropriate;
- include metrics on conduct, which should make up a substantial portion of the non-financial criteria; and
- include how far the individual adheres to effective risk management and complies with relevant regulatory requirements.

## 2.6 Financial and non-financial performance criteria

The Firm must take into account both financial and non-financial criteria when assessing the individual performance of its staff. This aims not only to discourage inappropriate behaviours but also to incentivise and reward behaviour that promotes positive non-financial outcomes for the Firm.

The Firm uses the following financial performance criteria:

- With the exception of one investment team, the Firm does not currently use a pre-set formulaic matrix to determine either basic remuneration or variable remuneration. The determination of remuneration is a fully discretionary process informed by various performance metrics including individual performance measured against standard Firm competencies and qualitative annual goal attainment, industry peer group remuneration levels and affordability.
- One investment team's variable remuneration is formulaic based on the revenue generated by the Firm from the portfolios managed by the team.
- Certain qualitative factors are considered in their remuneration such as adherence to the Code of Ethics, general compliance obligations and upholding the values of the firm.

The Firm uses the following non-financial performance criteria:

- measures relating to building and maintaining positive customer relationships and outcomes, such as positive customer feedback;
- performance in line with firm strategy or values, for example by displaying leadership, teamwork or creativity;
- adherence to the firm's risk management and compliance policies;
- achieving targets relating to environmental, social and governance factors; and
- diversity and inclusion.

## 2.7 Awarded remuneration

The Firm has awarded the below amounts of remuneration to its senior management, Material Risk Takers "MRTs" and other staff

Staff category	Remuneration type	USD
Senior management	Fixed remuneration	2,878,479
	Variable remuneration	14,046,088
	<b>Total amount</b>	16,924,567
Other MRTs	Fixed remuneration	8,399,971
	Variable remuneration	21,497,988
	<b>Total amount</b>	29,897,959
Other staff	Fixed remuneration	5,210,154
	Variable remuneration	6,520,102
	<b>Total amount</b>	11,730,256

Staff category	Remuneration type	USD	Total recipients
Senior management	Guaranteed variable remuneration	0	0
	Severance payments	0	0
	Highest severance awarded to an individual member of senior management		0
Other MRTs	Guaranteed variable remuneration	0	0
	Severance payments	0	0
	Highest severance awarded to an individual MRT		0

## 2.8 Material risk takers

The Firm has identified MRTs in accordance with SYSC 19G.5 and the qualitative criteria set out in SYSC 19G.5.3R, 19G.5.4RG and SYSC 19G.5.5G. In addition, as part of this Disclosure Policy, the Firm also draws from the Remuneration Policy which requires us to identify our MRTs on an annual basis.

For the performance year 2023, the Firm identified 30 MRTs, broken down as follows:

MRT Type	Number
The staff member is a member of the management body in its management function	1
The staff member is a member of the senior management	3
The staff member is a member who has managerial responsibility for business units that are carrying on at least one of the following activities: <ul style="list-style-type: none"> <li>arranging (bringing about) deals in investments;</li> <li>dealing in investments as agent;</li> <li>managing investments;</li> <li>making arrangements with a view to transaction in investments;</li> <li>advising on investments</li> </ul>	5
The staff member is a member who has managerial responsibilities for the prevention of money laundering and terrorist financing	1
The staff member is responsible for managing a material risk within the firm	19
In a firm that has permission for carrying on at least one of the regulated activities mentioned above, the staff member is responsible for managing one of the following activities: <ul style="list-style-type: none"> <li>information technology;</li> <li>information security; and/or</li> <li>outsourcing arrangements of critical or important functions as referred to in article 30(1) of the UK MiFID Org Regulation.</li> </ul>	1

## 2.9 Risk adjustment

Orchard Global Asset Management LLP takes risk, including conduct risk, into account both on an ex-ante and ex-post basis when setting the amount and form of variable remuneration for employees. Different lines of business

have different risk profiles and these are taken into account when determining (future) remuneration. These include credit, market, liquidity, operational, reputational, legal, compliance and conduct risks. Guidelines are provided to assist compensation managers when applying discretion during the remuneration process to promote consistent consideration of the different risks presented by the firm's businesses. Further, to ensure the independence of control function employees, remuneration for those employees is not determined by individuals in revenue-producing positions but rather by the management of the relevant control function.

The Firm has implemented a set of procedures which ensures that all variable remuneration payable is subject to (i) in-year adjustments (all staff); (ii) malus, if appropriate (applicable to MRTs); (iii) and/or clawback (applicable to MRTs). To ensure effective risk adjustment, the Firm requires employees who receive variable remuneration awards to agree to forfeiture and clawback in the event of fraud, misconduct or actions contributing to the detriment of business interests. Ex-ante risk adjustment of variable remuneration can occur through the considerable reduction in total variable performance where subdued or negative financial performance of the Firm occurs, taking into consideration the Firm's regulatory capital, liquidity requirements and the current and future risks it has identified. Furthermore, an individual's variable remuneration may be reduced, or if malus or clawback is available, utilised, where employment issues have been identified as part of the ongoing performance review process in place at the Firm.

Performance adjustment events may occur as a result of a deliberate or malicious act, error, accident or negligence. There may also be grounds for a performance adjustment due to an individual's failure to act either to prevent a risk event or where timely action would have mitigated the effects of a risk event. Performance adjustment seeks to take account of matters that were not apparent at the time of the original variable award. Adjustments or application of malus or clawback will depend upon the severity of the event and will be subject to Board approval.

## 2.10 Policies and criteria for awarding guaranteed variable remuneration and severance payments

The Firm does not award guaranteed variable remuneration and therefore there are no policies and criteria with respect to this.

The Firm follows all local statutory severance requirements. Severance payments made will not be disproportionate but will appropriately compensate the employee in cases of early termination of the contract. Severance payments do not reward failure and will not be awarded where there is a failure in risk management or conduct.

## 3 Risk management objectives and policies

### 3.1 Own funds requirements – MIFIDPRU 4

When assessing the adequacy of the Own Funds Requirement, the Firm has considered the key risks to the Firm's operating model. Due to our prudential classification as a Non-SNI, the Firm's own funds requirement is based on the higher of the Permanent Minimum Requirement ('PMR'), the Fixed Overheads Requirement ('FOR') or the K-Factor Requirement ('KFR'). The highest requirement is the FOR. The Firm's FOR as at the Firm's year-end 31 December 2023 is USD 7,519,590.

### 3.2 Concentration risk- MIFIDPRU 5

The Firm does not conduct trading on own account and does not have regulatory permissions for dealing as principal. The Firm therefore does not have any concentration risks on or off-balance sheet and does not operate a trading book.

### 3.3 Liquidity risk - MIFIDPRU 6

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement, being at least one third of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the Internal Capital Adequacy and Risk Assessment ('ICARA'), the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

### 3.4 Harms associated with business strategy

The Firm has conducted a comprehensive risk identification exercise of potential harms in line with MIFIDPRU 7 Annex 1 across all business lines to ensure that all significant risks are identified. The Firm has developed a comprehensive Risk Register containing all relevant details for each risk that has been identified. All business areas of the Firm have input into the development of the risk register to ensure all areas of potential harm are identified. All risks recorded in the register are categorized in terms of potential harms to clients, the firm itself or markets. Credit, Market, Operational, Business and Liquidity are categories of risk mapped to potential harms.

#### **Credit Risk**

The Firm's exposure to credit risk is the risk that the Firm will suffer financial loss should any of the Firm's clients or counterparties fail to fulfil their contractual obligations.

Examples of this are as follows:

- that a counterparty to a trade fails;
- that a client fails to settle an outstanding purchase on settlement day;

- that a client fails to pay an invoice for fees; and
- a Bank, where the Firm deposits funds, fails to meet its obligations.

Credit risk management techniques currently include the following processes designed to minimise the level of credit risk:

- monitoring of large trades;
- monitoring of the level of credit risk on a daily basis;
- procedures for the granting, and on-going monitoring, of credit limits;
- ensuring corporate clients pay fees.

Our credit risk is considered low. Credit risk can be a harm to the Firm itself.

### **Market Risk**

The Firm does not have a trading book and the Firm's only exposure to market risk will be in its non-trading book in respect of foreign currency exposures.

Our appetite for market risk is low. Market risk can be a harm to the Firm itself.

### **Operational Risk**

The Firm has undertaken a robust risk identification and scoring exercise across the Firm. This Risk Appetite statement translates into the acceptance of risks that fall within our calibrated Operational Risk Appetite. Any risk rated above our Operational Risk Appetite is deemed to be unacceptable to the Firm and will be addressed as a priority to ensure that it is, through mitigation, able to fall within our Operational Risk Appetite or that additional Capital is assigned.

This position has been communicated to all members of staff and is to be reinforced on an annual basis.

Senior Management has determined that any risk emerging and/or rated as above our Operational Risk Appetite must have a plan for treatment developed within ten working days of identification and implemented within thirty days. Operational risk can be a harm to the Firm itself.

### **Business Risk**

We have assessed our business risks and set out appropriate actions to manage them.

Our appetite for business risk is low. Business risk can be a harm to the Firm itself.

### **Liquidity Risk**

The Firm seeks to ensure that it has constant access to an appropriate level of cash, liquid securities and committed funding lines to enable it to finance its on-going operations and reasonable unexpected events on cost-effective terms. Liquidity risk can be a harm to the Firm itself.

## 3.5 Approach to risk management

The management of risk within Orchard Global Asset Management LLP is formalized and set out in the Firm's risk management and risk appetite framework, and in associated policies. The risk management framework comprises the following components:

- Risk governance including policies and procedure
- Risk culture and strategy
- Board-defined overall risk appetite, risk statements and risk tolerances
- Risk taxonomy
- Risk and control self-assessment
- Capital and liquidity adequacy
- Stress testing
- Monitoring, reporting and management information
- ICARA process review document

The Firm assigns clear roles and responsibilities for managing its identified risks. The Board of Orchard Global Services Limited, the governing member of the Firm is responsible for the total process of risk management, as well as forming its own opinion on the effectiveness of the process. The Board sets the Firm's risk strategy policies. The Board is the Governing Body of the Firm. It meets regularly and is composed of:

- Andrew Weber
- Paul Horvath
- John Young

The Board decides the Firm's appetite or tolerance for risk – those risks it will accept and those it will not take in the pursuit of its goals and objectives. In addition, the Board ensures that the Firm has implemented an effective, ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to ensure that such risks are actively managed.

Monitoring of risks, reporting to senior management and the Board and the overall oversight of risk management to ensure effective operation of the Firm are subject to formalized processes and procedures. Monitoring of risks, reporting to senior management and the Board, and the overall oversight of risk management to ensure effective operation of the Firm are subject to formalized processes and procedures.

## 3.6 Statement of risk appetite

The Board regards managing risk as a process of continuous improvement. The Firm continuously undertakes a programme of enhancing its existing Risk Management Framework. The Board has adopted a low-risk appetite to maintain a strong capital position, liquidity and balance sheet throughout market cycles. Risk is a fundamental characteristic of the Firm's business. Orchard Global Asset Management LLP is committed to ensuring all business activities are conducted with a clear understanding of the risks, to maintaining a robust risk management framework, ensuring transparent disclosure, treating its clients fairly, and to meet the expectations of major stakeholders, including clients, employees, and regulators.

In line with the Firm's business strategy, risk appetite and risk management framework, the Firm identified and further assesses key risks within the Firm's ICARA process. The Firm maintains a Risk Register, which includes risk assessment and rating methodologies in accordance with its risk appetite. Key risks are reported to the Board at each meeting.

## 3.7 Assessing effectiveness of risk management process

On an annual basis, the Firm conducts a compliance and risk review process. The review is carried out to assess the effectiveness of its risk management process to:

- identify and document key risk factors, mitigating controls, and any gaps for each of the Firm's investment management and advisory functions;
- analyse and evaluate the adequacy of operational procedures and internal controls in these areas;
- conduct monitoring and testing to ensure compliance with procedures and controls critical to the overall internal control environment.



# 4 Governance arrangements disclosure

## 4.1 Governance Framework

Entities	Description of activities
Orchard Global Asset Management LLP	Investment Firm

The Governing Body of the Firm ('the Board') meets regularly and is composed of:

- Andrew Weber
- Paul D Horvath
- John R Young

The role of the Board is to provide oversight and take responsibility for the strategic leadership of the Firm within a framework of good corporate governance and prudent and effective controls which enables risk to be assessed and managed, including appropriate segregation of duties of the Senior Management Functions in accordance with the Senior Management and Certification Regime ('SM&CR') and management of conflicts of interest. The Board sets the structure in place for the Firm to meet its objectives and reviews management performance. The Board sets and oversees the Firm's values and standards and ensures that its obligations to its shareholders, its clients and others are understood.

A review of staff is conducted annually in respect of competence and fitness and propriety. This review process feeds into the individuals' remuneration which in turn is governed by the Firm's remuneration policy.

The Board of the Firm has the daily management and oversight responsibility for the business supported by other key members of the senior management team within the Firm.

The Firm seeks regulatory approval prior to appointments to the Board under the SM&CR. All Board members are registered as FCA approved persons and listed on the FCA Register.

Responsibilities are allocated to Senior Managers under the SM&CR regime, and these are reviewed annually to ensure consistency with the business of the Firm including responsibility for client assets.

## 4.2 Overview of the Board Committees

The purpose of the Committees with their respective scopes of duties and responsibilities are formalised in the Committee's Terms of References.

### **Risk Committee**

The Firm has formed a Risk Committee.

### **Remuneration Committee**

A separate Remuneration Committee has not been formed due the size of the Firm.

#### **Nominations Committee**

A separate Nominations Committee has not been formed due the size of the Firm.

#### **Audit Committee**

The Firm has not formed an Audit Committee due to its size.

#### **Valuation Committee**

The Firm has formed a Valuation Committee

#### **Operational Risk Committee**

The Firm has not formed an Operational Risk Committee due to its size.

### **4.3 Directorships**

The following information relates to the appointments of the partners of Orchard Global Asset Management LLP held in both executive and/or non-executive functions, including any Partnerships held at external, commercial organisations as at 31 December 2023. It excludes directorships on funds managed by Orchard and any companies invested in by such funds.

<b>SMF Function/Role</b>	<b>Name</b>	<b>Number of other external directorships</b>
Partner of Orchard Global Asset Management LLP / Director of Orchard Global Services Limited	Andrew Weber	0
Partner of Orchard Global Asset Management LLP / Director of Orchard Global Services Limited	John Young	3
Partner of Orchard Global Asset Management LLP / Director of Orchard Global Services Limited	Paul Horvath	5

## 4.4 Diversity

The Firm values the innovation and creativity that diversity of thought brings to the organisation and understands that diversity, equality and inclusion play a critical role in establishing strong governance and maintaining a healthy culture from the top as part of delivering higher standards of conduct and success of the Firm. The Firm is committed to building a workforce that reflects all aspects of diversity and intersectionality to bring a range of perspectives, ideas and insights to everything the Firm does.

One of the company's objectives is to ensure that the composition of the Board is always suitable for it to be an effective decision-making body and to provide successful oversight and stewardship. Suitability of members of the Board is reassessed periodically, in line with the requirements of the SM&CR. The Board members are appointed in accordance with the following suitability criteria:

- Being of good repute;
- Being able to act with honesty, integrity and independence of mind;
- Overseeing, monitoring and challenging management decision-making effectively;
- Disclosing any financial or non-financial interests that could create potential conflicts of interest;
- Possessing sufficient knowledge, skills and experience to perform their duties;
- Being able to commit sufficient time to perform management body functions in a supervisory context;
- Not being restricted from taking up the position by any regulatory requirement.

The assessment of an individual's adequate knowledge, skills and experience will consider:

- The role and duties of the position and the required capabilities;
- The knowledge and skills attained through education, training and practice;
- The practical and professional experience gained in previous positions;
- The knowledge and skills acquired and demonstrated by the professional conduct of the member of the Board.

Orchard Global Asset Management LLP is an organization with professionals from varied backgrounds, experiences, and points of view. We view these as strengths that best help our colleagues and our clients achieve their own vision of success. We are dedicated to maintaining a culture that values diversity, equity, and inclusion across our global offices.

## 5 Own funds disclosure

### 5.1 Composition of Regulatory Own Funds

The Firm's own funds consist of Common Equity Tier 1 (CET1) capital. As at the Firm's financial year end on 31 December 2023, the Firm complied with all capital requirements.

<b>Composition of regulatory own funds</b>			
	<b>Item</b>	<b>Amount (USD)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
1	<b>OWN FUNDS</b>	11,742,430	Page 11
2	<b>TIER 1 CAPITAL</b>	11,742,430	Page 11
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>		
4	Fully paid-up capital instruments	11,742,430	Page 11
5	Share premium		
6	Retained earnings		
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	<b>ADDITIONAL TIER 1 CAPITAL</b>		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	<b>TIER 2 CAPITAL</b>		
26	Fully paid up, directly issued capital instruments		
27	Share premium		

28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

## 5.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below describes the reconciliation with own funds in the balance sheet as at 31 December 2023, where assets and liabilities have been identified by their respective classes. The information in the table below reflects the balance sheet in the audited financial statements.

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>				
		<b>a</b>	<b>b</b>	<b>c</b>
		<b>Balance sheet as in published/audited financial statements</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross-reference to template OF1</b>
		<b>As at period end 31 December 2023</b>	<b>As at period end 31 December 2023</b>	
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1	<b>Current Assets</b>	52,496,483		
2	<b>Non- Current Assets</b>	10,890,300		
3	<b>Due from Members</b>	11,801,009		
	<b>Total Assets</b>	75,187,792		
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1	<b>Current Liabilities</b>	37,562,456		
2	<b>Non- Current Liabilities</b>	14,081,897		
	<b>Total Liabilities</b>	51,644,353		
<b>Shareholders' Equity</b>				
1	Member's Capital	11,742,430		
	Non-Controlling Interest			
	<b>Total Shareholders' Equity</b>	11,742,430		

### 5.3 Main features of own instruments issued by the Firm

The table below provides information on the CET1 instruments issued by the Firm.

<b>Own funds: main features of own instruments issued by the Firm (template OF1)</b>
Tier I Capital comprises of Orchard Global Asset Management LLP Members's Capital.

## 6 Own funds requirements disclosure

### 6.1 Own funds requirement

The Firm is required to disclose the K-factor requirement ('KFR') and the fixed overheads requirement ('FOR') amounts in relation to its compliance with the own funds requirements set out in MIFIDPRU 4.3, based on the audited financial statements for the year ended 31 December 2023.

		USD
K-factor	Sum of K-AUM, K-CMH and K-ASA	928,834
	Sum of K-COH and K-DTF	259
	SUM of K-NPR, K-CMG and K-CON	0
	<b>Total KFR</b>	
FOR		7,519,590

### 6.2 Compliance with Overall Financial Adequacy Rule

In line with the provisions relating to the Overall Financial Adequacy Rule ('OFAR') set out in MIFIDPRU 7.4.7R, Orchard Global Asset Management LLP is also required to disclose its approach to assessing the adequacy of the Firm's own funds.

#### ICARA process

Within the annual ICARA process, the Firm is required to identify and assess the following:

- any material/key risks that arise from its activities;
- any material harms that may be caused to the clients, the market or the Firm itself as a result of its activities; and
- whether, at all times, the Firm has sufficient own funds and liquid resources to meet the OFAR.

The OFAR requires that the Firm holds own funds and liquid assets which are adequate (both in amount and quality) to ensure that:

- the Firm can remain financially viable throughout the economic cycle and be able to address any material potential harm; and
- the Firm's business can be wound down in an orderly manner with minimal impact on consumers and other market participants.

The process of embedding the ICARA process within the Firm has been completed and the adequacy of the ICARA process will be reviewed on an annual basis thereafter, or more frequently, should there be any material change to the business risk profile or business model.

The ICARA process encompasses various aspects of internal governance with a particular focus on:

- identification, monitoring and mitigation of harms;
- business model planning and forecasting;
- recovery and wind-down planning; and

- assessing the adequacy of financial resources; and
- assessing the overall effectiveness of the risk management of the Firm.

As part of the ICARA process, the Firm establishes its own funds threshold requirement and its liquid assets threshold requirement to comply with the OFAR and to ensure the Firm can remain viable, addressing any potential harm from ongoing activities, and can wind-down in an orderly way. For harms not adequately mitigated through existing systems and controls, the Firm assesses whether additional own funds and/or liquid assets are required.

The recovery action planning contains appropriate recovery actions to restore own funds and/or liquid resources to avoid breaching threshold requirements and early-warning-indicators ('EWIs') to assist the Firm when approaching trigger levels and set out credible actions to help reverse or repair any adverse trends.

The wind-down planning includes triggers (own funds and liquid assets) and timelines. The Firm considers different scenarios that could cause a need to wind-down the business. These underlying drivers could result in the need for different resources (financial and non-financial) during the wind-down period. The Firm sets resources aside so that sufficient own funds and liquid assets are available at all times to enable an orderly wind-down.

### **Risk management**

The Board defines the Firm's risk appetite, which reflects Orchard Global Asset Management LLP appetite and/or tolerance in relation to all identified material risks and is therefore, aligned to the Risk Register. The Firm's overall risk appetite must be such that its own fund and liquidity requirements as captured in the ICARA process are maintained within its risk bearing capacity or capital resources. All material risks identified in the Risk Register are assessed to determine appropriate own funds and liquidity reserves. Regular stress testing and scenario analysis is undertaken to ensure these reserves are sufficient to meet current and future obligations under a variety of stressed conditions.

### **Own funds adequacy**

Orchard Global Asset Management LLP assesses the adequacy of its own funds on a regular basis against a variety of own funds requirement assessments. In maintaining the Firm's own funds requirements within the risk appetite, EWIs have been established. These are agreed as part of the annual own funds planning process and reviewed annually.

Levels of own funds usage against limit are monitored monthly.

### **Liquid assets adequacy**

The Firm has an established liquidity risk management framework based on the Firm's approved liquidity risk appetite in order to ensure that:

- the basic liquid asset requirement ('BLAR') is met; and
- the liquid assets threshold requirement is determined.

The Firm further assesses its compliance with liquid asset threshold requirement which is based on the sum of BLAR and an additional liquid asset requirement determined during the ICARA process, to ensure liquidity adequacy in stressed conditions and during an orderly wind-down as part of its OFAR compliance from a liquidity perspective.

Liquidity risks are identified through ongoing liquidity management and monitoring, which contribute to the development of the Firm's liquidity risk management framework and formulating stress testing scenario design and key assumptions.

The Firm's monitoring and reporting of its liquidity position is undertaken through established reporting against the key liquidity metrics. Any triggers or breaches would be escalated in line with the escalation framework.