Appendix VI – Pillar III Disclosure

Pillar III Disclosure & Remuneration Code Disclosure as at 5th April 2017

Odey ("the Firm") (Incorporating Odey Asset Management LLP and Odey Wealth Management (UK) Limited

The Firm operates as a discretionary investment manager to professional and retail clients, including regulated and unregulated collective investment schemes. The information provided in this document has been prepared on a consolidated basis.

Odey Asset Management LLP ("the LLP") is authorised and regulated by the Financial Conduct Authority (the "FCA") and is classified as a Collective Portfolio Management Investment Firm. The LLP is a Full Scope UK AIFM of EEA and non-EEA AIFS's and also undertakes activities which result in the firm being categorised as a limited licence firm by the FCA for capital purposes.

Odey Wealth Management (UK) Ltd is authorised and regulated by the FCA and categorised as a limited licence firm by the FCA for capital purposes.

Pillar III disclosure fulfils the Firm's obligation to disclose to market participants' key pieces of information on a firm's capital, risk exposures and risk assessment processes.

I. Risk Management Objectives and Policies

The Executive Committee of the Firm determines its business strategy and the risk appetite. They have designed and implemented a risk management framework that recognizes the risks that the business faces. The Executive Committee also determines how those risks may be mitigated and assess on an ongoing basis the controls and procedures necessary to manage those risks.

The Firm considers the following as key risks to its business:

- Business risk – This risk represents a fall in the Firm's revenues which may hinder its ability to finance its operations and meet its expenses. Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process ("ICAAP").
- Operational risk – This risk covers a range of operational exposures from trading errors to breach of a Fund's investment objectives. Legal and reputational risks are also included within the category of operational risk. Operational risks are assessed and mitigated as part of the ICAAP.

I. Risk Management Objectives and Policies *(continued)*

- Credit risk – This risk relates to the exposure to the Funds for non-payment of management and performance fees and counterparty exposure relating to the Firm's bank balances and any other debtors. This is monitored by the Firm's accountant and reported monthly to the COO.
- Market risk - The risk is the exposure to foreign exchange, or other market fluctuations, due to investment management and performance fees being denominated in currencies other than sterling. The Firm operates currency bank accounts permitting it to receive/pay currency directly.

II. Capital Resources

The consolidated capital resources of the business comprise Tier 1 capital with deductions for illiquid assets. As a limited licence firm the consolidated capital resources requirement is calculated as the total of Pillar 1 and Pillar 2 capital.

Pillar 1 capital is the greatest of:

- a base capital requirement of Euro 50,000;
- the sum of market and credit risk requirements; and
- the Fixed Overhead Requirement ("FOR").

Pillar 2 capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP.

It is the Firm's experience that its capital requirement normally consists of the FOR, although market and credit risks are reviewed monthly. The Firm applies a standardised approach to credit risk, applying 8% to the Firm risk weighted exposure amounts, consisting mainly of investment management and performance fees due but not paid, and bank balances. **Having performed the ICAAP it is the Firm's opinion that no additional capital is required in excess of its Pillar 1 capital requirement.**

As at the date of this disclosure the Firm's consolidated regulatory capital position is:

Capital item	£'000
Tier 1 capital: Share Capital and Audited Reserves as at 5 April 2017*	20,972
Total Capital Resources Requirement for 2016/17	4,089

* This is net of a dividend paid by Odey Asset Management Group Ltd on 20th July 2017.

Appendix VI – 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) is a subcommittee of the Executive Committee and comprises the same individuals. The Remuneration Policy is determined by the RemCom. It will review the Remuneration Policy at least annually, or when significant changes are required, and will notify all Code Staff as appropriate. The RemCom, in consultation with line managers, decides on awards for staff salaries and bonuses, and partner drawings and profit allocations, including awards of shares in Odey Holdings AG, and relevant deferral arrangements. Awards are made typically annually in January, but also ad hoc. The RemCom will be the final arbiter in deciding deferral terms, meaning any substantial variation will need justification, or agreement between the partner concerned and RemCom.

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.

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

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. The profit, for the financial year ending 5th April 2017, available for members' remuneration and profit share was £18.7m.