New Horizon Global Advisory Ltd ("Firm")

Unaudited Pillar 3 Disclosure 30 June 2021

1. Introduction

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital that must be maintained by credit institutions and investment firms. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The FCA framework consists of three 'Pillars':

1.1 Pillar 1 sets out the minimum capital amount that meets the Firm's credit, market and operational risk;
1.2 Pillar 2 requires the Firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FCA; and;
1.3 Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The rules in BIPRU 11 set out the provision for the Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations. We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

2. Scope and application of the requirements

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised as a BIPRU limited licence firm by the FCA for capital purposes and as such has no trading book exposure.

The Firm can advise, manage and deal in investments across a range of investment instruments for retail and professional clients.

The Firm calculates its regulatory capital as a solo firm for prudential purposes.

Risk management

The Directors of the Firm ('the Directors"') are responsible for the corporate governance of the Firm and determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Firm's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces.

The Directors also determine how the risks our Firm faces may be mitigated and assesses the arrangements to manage those risks on an ongoing basis. The Directors meet to discuss issues on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. The Directors manage the Firm's business and identify risks through a framework of policy and procedures taking account of relevant laws, standards, principles and rules (including FCA principles and rules) with the aim of operating a defined and transparent risk management framework. These policies and procedures are updated as required.

The Directors have identified that business, operational, market, liquidity and credit risks are the main areas of risk to which the Firm is exposed.

Annually, the Directors formally review the risks, controls and other risk mitigation arrangements and assess their effectiveness. Where the Directors identify material risks they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate.

Risk management process

The Firm's risk management process operates on three levels as follows:

- The Directors address and mitigate all corporate level risks that threaten the achievement of our strategic objectives.

- The Directors review the Firm's Individual Capital Adequacy Assessment Process ("ICAAP") that identifies and seeks to mitigate the business, operational, liquidity, credit and market risk. These are reviewed under different scenarios in order to provide a robust picture of exposures for the business. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at the level of capital required. The Firm's ICAAP is formally reviewed annually, but will be amended should there be any material changes to the Firm's business or risk profile.

Credit Risk

Credit risk is the risk that a party will default on a financial agreement. The Firm is exposed to credit risk as follows:

- Fees due to the Firm for services provided.
- UK authorised banks in relation to deposits held with them.

These risks are mitigated by:

- Performing due diligence checks at the outset of entering into any material contracts where deemed necessary.
- Periodic monitoring of the credit rating of the credit institution with whom the Firm banks.
- Contractual arrangements in relation to the payment of advisory fees and monitoring of payments against agreed payment arrangements.

Market Risk

The Firm's market risk exposure relates to changes in exchange rates on fees due. The risk is mitigated by keeping the size of our debtor balance under review and monitoring exchange rate movements where necessary.

Business and Operational Risks

Operational risk is defined by the FCA as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. We have identified relevant risks and related mitigation and controls as part of our ICAAP.

We have policies and procedures and ongoing operational and related compliance monitoring to help us identify weakness and potential failures which are to be reported to the Directors.

Liquidity Risk

Liquidity risk may arise if sudden unexpected cash flows are experienced or if regular sources of funding cease or are withdrawn.

The risk is mitigated by the prompt receipt of advisory fees and close monitoring at all times. Management accounts are prepared internally on a monthly basis and the bank accounts are reviewed and managed internally on a daily basis.

3. Regulatory capital

As of 30 June 2021

Capital item	GBP
Tier 1 capital	70,000
Tier 2 and tier 3 capital	0
Deductions	0
Total capital resources, net of deductions	70,000

Our Firm has a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency. Credit risk is derived from fees receivable and cash at bank. The Firm follows the standardised approach to market risk and the simplified standard approach to credit risk. The Firm is subject to the Fixed Overhead Requirement ('FOR') and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required.

As discussed above the Firm is a limited licence firm and as such, its capital requirements are the greater of:

- Its base capital requirement of €50,000, or;
- The sum of its market and credit risk requirements (which combined provide the Firm's risk capital calculation), or;
- It's FOR.

The Firm has credit risk of £3,000 market risk of £0 and a FOR of £25,000

Remuneration Disclosure

Under the FCA's Remuneration Code guidance, the Firm is a Level 3 firm, which allows it to disapply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing its Remuneration Policy.

Decision making Process for Remuneration Policy

The Firm's Remuneration Policy was determined and administered by the Board. The Firm's Remuneration Policy takes full account of the Firm's strategic objectives and the long term interests of shareholders and other stakeholders. Its objective is to recognise and reward good and excellent performance of employees that helps drive the sustainable growth of the Company and to preserve shareholder value by ensuring the successful retention of employees.

Code Staff Criteria

The following groups of employees have been identified as meeting the FCA's criteria for Code Staff:

- Any employee holding a senior manager function
- Other senior managers who have an input into the decision making process of the Company

- Any employee receiving total remuneration which takes them into same remuneration bracket as senior management.

The Link between Pay and Performance for Code Staff

Code staff remuneration is made up of fixed (basic salary) and variable (bonus) elements. As at 30 June 2021 the Firm has 2 code staff. Due to the size and nature of the Firm and limited number of staff, quantitative disclosures in relation compensation have not been included.