

COMGEST ASSET MANAGEMENT INTERNATIONAL LIMITED

CAPITAL ADEQUACY AND RISK DISCLOSURES

Version 1.4

December 2023



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1. BACKGROUND

1.1 Introduction

The prudential regime set out in the Investment Firm Regulation 2019/2033/EU (“IFR”) and Investment Firm Directive 2019/2034/EU (“IFD”)¹ applies to investment firms authorised under the Markets in Financial Instruments Directive (“MiFID II”).

Investment firms are subject to certain IFR disclosure requirements. This document is prepared to meet the following disclosure requirements:

- Risk Management Objectives and policies
- Governance
- Own funds and own funds requirements
- Investment Policy disclosure

Disclosures relating to Remuneration policies and practices are included at the following location: [Remuneration Policy](#)

Disclosures relating to Environmental, Social and Governance risks are included in our [Responsible Investment Policy](#) and our [Active Ownership Policy](#).

1.2 Regulatory Status

Comgest Asset Management International Limited (“CAMIL” or the “Company”) is an investment firm authorised by the Central Bank of Ireland pursuant to the Statutory Instrument No. 375/2017 European Union (Markets in Financial Instruments) Regulations 2017². CAMIL is authorised to provide portfolio management, investment advice, execution services and the reception and transmission of orders in relation to financial instruments to professional investors. CAMIL is not authorised to hold client assets nor does it trade on own account.

CAMIL is categorised as a Class 2 Investment Firm under the IFD. As a Class 2 firm CAMIL is obliged to comply with certain requirements set out in the IFR and IFD relating to Own Funds, Liquidity, Internal Governance, Remuneration, Disclosure and Reporting.

1.3 Scope of Application

These disclosures have been prepared as of 30 September 2023, which is the Company’s financial year end. These disclosures also draw on information from the Company’s Internal Capital Adequacy Assessment Process (“ICAAP”) which was approved by the Board of CAMIL in June 2023.

1.4 Frequency and location of publication

These disclosures are subject to annual review. The disclosures are published following the approval by the Board of CAMIL of the year-end financial statements. This document is available on the “Regulatory Information” section of our website www.comgest.com.

¹ The IFD was transposed into Irish Law through the European Union (Investment Firms) Regulations 2021.

² CAMIL is also registered as an Investment Adviser with the Securities Exchange Commission (“SEC”) in the United States.

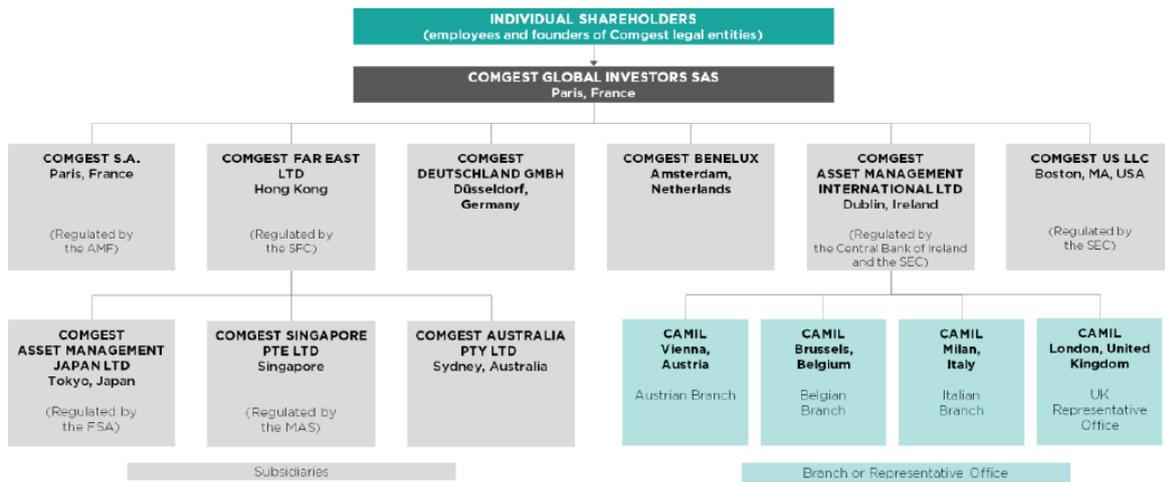
2. RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1 Comgest Asset Management International Limited

CAMIL is owned by Comgest Global Investors SAS (“CGI”). CGI is owned by the employees and founders of Comgest legal entities. CGI is the holding company of the Comgest group of companies consisting of various corporate entities operating in France, Hong Kong, Singapore, Japan, Ireland, Germany, the Netherlands, Italy, Belgium, the United Kingdom, Austria, Australia and the United States (the “Comgest Group” or the “Group”).

GROUP STRUCTURE

30 SEPTEMBER 2023



2.2 Business Strategy

The Comgest Group’s objective is to maintain a quality product offering, consistently adhering to its asset management strategy of investing in quality growth stocks with a long-term approach. Comgest looks to constantly improve and sharpen its stock selection process as well as the depth and breadth of its company coverage. The Group remains committed to its time-tested approach of looking beyond the short-term market “noise” to identify drivers of long-term performance.

Comgest offers quality growth strategy across equity products including global, regional and single country portfolios covering developed and emerging markets.

The same quality growth strategy is applied to all portfolios. This entirely benchmark-unconstrained approach is based on a disciplined bottom-up research process that also integrates ESG analysis. Comgest’s strategies have, and will continue to have, limited capacity due to continued focus on a concentrated number of quality growth companies which Comgest believes are able to drive long-term performance for its clients.

Comgest’s long-term investment horizon typically leads to low portfolio turnover. Most of Comgest’s investments are held for three to five years, while others have a 5+ year investment horizon. Comgest’s experience has also shown that its long-term strategy tends to reduce volatility relative to the market due to the selection of quality companies with more visible, sustainable and less cyclical earnings.

Comgest typically constructs concentrated portfolios with 30-50 holdings in order to diversify ideas without diluting conviction. Stock weights reflect the assessment of the risk/reward offered by each company’s profile with respect to its quality, growth potential and the attractiveness of its valuation at any point in time. Valuation discipline remains important to Comgest’s approach as it seeks to avoid overpaying for high quality companies.

CAMIL supports the objectives of the Comgest Group through providing discretionary investment management services to professional clients which comprise: UCITS V funds, U.S. private funds, collective investment trusts and segregated accounts. CAMIL also provides the intragroup services. In this respect, CAMIL has three principal objectives/ functions as follows:

1. To act as Investment Manager
2. To provide Dealing Desk services to other companies in the Comgest Group
3. To support Investor Relations and Promotional activity.

2.3 Risk Management Framework

The Board of Directors of CAMIL recognise the importance of adopting a robust risk management framework to manage the risks associated with the operations of the Company.

The Company’s Risk Management Framework encompasses:

- **Risk identification** - Risk Mapping is carried out to help the Company identify, assess and manage its risk. Each area of the Company’s business is reviewed, and the associated risks are graded. The mapping takes into account the identified risk, as well as any mitigating factors that would help to reduce this risk (e.g., procedures, controls and continuity plans). Recommendations for further risk mitigating efforts are proposed by the Risk Committee where the need is identified.
- **Risk appetite** - a Risk Appetite Framework is maintained which describes the overall approach, including methodologies, processes, and controls, through which risk appetite is established, communicated, and implemented in the business.
- **Governance** - The Company maintains a control environment which assigns responsibility to appropriate individuals for managing and monitoring organisational performance and is based on a standard approach to managing uncertainty and preventing risk. This approach manages risk across three lines of defence:



Line 1 - Business Functions: Staff working in their specialist functions understand their roles and responsibilities and carry them out correctly and completely. Staff adhere to documented procedures and are clear about roles, responsibilities and accountabilities.

Line 2 - Risk Oversight: An oversight function is provided by the Compliance and Internal Control Officers, Risk Managers and the Risk Committee. These functions set and police policies, define work practices and oversee the business frontlines with regard to risk and compliance.

Line 3 - Independent Assurance: Independent assurance is provided through internal and external audits.

The Board of Directors obtain assurance through ensuring effective operation of the three lines of defence and maintaining oversight of activities.

2.4 Risk Profile

CAMIL has defined its appetite for the risk which the Company will undertake in pursuit of its strategic objectives. In setting risk profile, the Board considers stakeholder expectations alongside the business environment, the current level of risk and the Company's business strategy. The Company is not averse to being exposed to risks which are aligned to achieving its strategic objectives. The Company is however averse to risks linked to regulatory, financial crime or conduct matters.

The Board has set a risk appetite linked to each of the Company's material risk. The risk appetite is then monitored and reported through key risk indicators ("KRI").

3. RISK CATEGORIES

K-Factors are quantitative indicators which look to identify risk that an investment firm may pose to clients, markets or liquidity. K-Factors are grouped into three categories:

- Risk to Client
- Risk to Market
- Risk to Firm

Applicable K-Factors for CAMIL:

| Risk Type | K-Factor | Applicable to CAMIL |
|----------------|---|---------------------|
| Risk to Client | K-AUM - Assets Under Management | Yes |
| | K-CMH - Client money held | No |
| | K-ASA - Assets safeguarded and administered | No |
| | K-COH - Client Orders Handled | Yes |
| Risk to Market | K-NPR - Net position risk | No |
| | K-CMG - Investment firm's clearing member | No |
| Risk to Firm | K-TCD - Trading Counterparty Default | No |
| | K-CON - Concentration | No |

The Risk to Market and Risk to Firm K-Factor categories do not apply to CAMIL as it does not trade on own account and is not a clearing member.

When considering Risk to Client the relevant K-Factors for CAMIL are K-AUM and K-COH.

K-AUM – Assets Under Management

CAMIL manages discretionary portfolios for professional clients. An Investment Management Agreement is put in place with each new client of CAMIL. Client specific instructions (including investment objectives, restrictions and reporting) are identified and summarised by the Risk Department in separate documents called Fact Sheets. The Fact Sheets are used by the Risk Manager for the set-up of the internal compliance systems and on-going reviews, including eligibility checks for new instruments.

Prior to a Portfolio Manager introducing a security into a portfolio, the Risk Manager completes a detailed checklist to ensure that it is a permissible security for the portfolio in question and that the necessary compliance controls are in place for monitoring the security.

All funds/mandates are monitored on a pre-trade and post-trade basis. Pre-trade controls in the system prevent the processing of orders that would result in a breach of investment guidelines or restrictions. Post-trade control reports are reviewed daily by the Risk Manager to detect and resolve any breaches that may occur due to market movements.

K-COH – client order handling

All orders are handled in accordance with the firm's Best Execution and Order Handling Policy. Post trade monitoring of execution results is undertaken by the first and second line of control and overseen by the Group Broker Committee.

Liquidity Risk

The current or prospective risk to earnings and capital arising from an institution's inability to meet its liabilities when they come due.

The Company's policy is to ensure that sufficient resources are available from cash balances and cash flows to ensure all obligations can be met when they fall due. A significant portion of the Company's obligations pertain to trailer fees which are linked to the receipt of management fee and performance fee income from the underlying clients. In addition, the Company maintains its assets in cash with high credit quality counterparties and manages the maturity of on demand and fixed term deposits and debt instruments (if any) held.

In line with IFR, investment firms should hold a minimum of one third of their fixed overheads requirement in liquid assets at all times. This obligation is at all times met by the Company.

4. CAPITAL REQUIREMENTS

As a Class 2 firm in accordance with the Investment Firm Regulation meaning that CAMIL is required to hold minimum Own Funds of the higher of its:

| No. | Category | Calculation |
|-----|---------------------------------------|---|
| 1 | Permanent Minimum Capital Requirement | This minimum capital requirement is a set amount depending on the MiFID services that CAMIL is authorised to or plans to offer. For CAMIL the amount is €75,000. |
| 2 | Fixed Overhead Requirement | An amount equal to at least one quarter of CAMIL's fixed overheads for the preceding year. The Company's fixed overhead requirement is €9,467,213. |
| 3 | K-Factor Own Funds Requirement | K-Factors are quantitative indicators which look to identify risk that an investment firm may pose to clients, markets or liquidity. The K-Factor Calculation is available in appendix 1 of this document. |

For CAMIL the "fixed overhead" requirement continues to be the higher of the above three categories.

A reconciliation of Own Funds, Restrictions, and deductions to the audited year end 30 September 2023 financial statement balance sheet of the firm is available in appendix 2 of this document.

The Company is required to have processes in place to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that it considers adequate to cover the nature and level of risks which it may pose to others and to which the Company is or might be exposed. This is undertaken through the ICAAP process.

Internal Capital Adequacy Assessment Process ("ICAAP")

The ICAAP is a firm's own process for ensuring adequate levels of internal capital and liquidity. The objective of the ICAAP is to assess the risks to which the Company is exposed and to determine whether capital needs to be allocated to cover the potential risk event producing a loss for the Company. In analysing the risks and capital requirements, the Company looks at risk mitigation (insurance, controls, processes) as a tool for reducing the risk including both the occurrence and the potential financial loss.

The ICAAP is intended to be forward looking and, therefore, takes into consideration strategic plans/projects anticipated over a 1-3 year period. When considering the scope of the ICAAP, the Board of Directors also takes into account the size of the Company, its limited focus on long term equity portfolio management, the fact that the Company does not trade on its own account and the fact that the Company trades on a limited basis in complex instruments on behalf of its clients.

The methodology applied by the ICAAP takes into account external factors including macro and micro economic factors and changes to regulations and legislation. The need for capital allocation against identified risks is determined through the risk assessment process and the relevant allocations are aggregated to produce an overall figure which used in the Company's regulatory reporting.

The ICAAP is reviewed on an annual basis by the Board Level Risk Committee and submitted for approval to the Board of Directors.

5. GOVERNANCE

5.1 Board of Directors

The Board of Directors of CAMIL has overall responsibility for the integrity of the financial information and reporting of the Company together with the internal control and risk management frameworks. The Board is responsible for the risk appetite framework and ensure that risks to the business are monitored and controlled effectively.

| | |
|---|----|
| Number of Directors on the Board of CAMIL | 8 |
| Number of Directorships held by Board members | 42 |

Data in table is as of 30 September 2023

The Board has Diversity Policy in place for the Management Body³. The Company recognises that a more diverse Management Body fosters constructive challenge and discussion based on different points of view. The aim of this Diversity Policy is to engage a broad set of qualities and competencies when recruiting members to the Management Body, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making.

5.2 Risk Committee

The Risk Committee is a sub-committee of the Board of CAMIL and is comprised of Non-Executive Directors.

The Risk Committee is responsible for:

- Assisting the Board in its oversight of risks relevant to CAMIL and the definition of the Company's risk appetite, strategy and Internal Capital Adequacy Assessment Process (ICAAP)
- Providing support to Executive Management in its supervisory role with regard to the Company's overall risk appetite and strategy in order to ensure compliance with the business objectives and values of the Company
- Keeping CAMIL's strategies for managing risk under review including in relation to:
 - Risk management framework
 - Risk culture
 - Sustainability and ESG
 - Remuneration

The Risk Committee met 4 times in 2023.

³ The Board, Risk, Audit and Remuneration Committees and the Executive Management Team

6. INVESTMENT POLICY DISCLOSURE

Where the proportion of voting rights that an investment firm directly or indirectly holds exceeds a threshold of 5 % of all voting rights attached to shares issued by a company, the investment firm must disclose:

- (a) the proportion of voting rights attached to the shares broken down by Member State and sector.
- (b) a complete description of voting behaviour in the general meetings of companies the shares, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved.
- (c) an explanation of the use of proxy advisor firms.
- (d) the voting guidelines.

There is a specific template to facilitate disclosure for this item.

CAMIL has no disclosure to make for the year 2023 in relation to this item on an individual or consolidated basis.

APPENDIX 1

I 04.00 K-Factor requirement calculations

| Rows | Item | Factor amount | K-factor requirement |
|------|--|---------------|----------------------|
| | | 0010 | 0020 |
| | | € | € |
| 0010 | Total K-Factor requirement | - | 578,742 |
| 0020 | Risk to client | - | 578,742 |
| 0030 | Assets under management | 2,531,704,217 | 521,218 |
| 0040 | Client money held - Segregated | - | - |
| 0050 | Client money held - Non-segregated | - | - |
| 0060 | Assets safeguarded and administered | - | - |
| 0070 | Client orders handled - Cash trades | 54,185,854 | 54,186 |
| 0080 | Client orders handled - Derivatives trades | 33,381,419 | 3,338 |
| 0090 | Risk to market | - | - |
| 0100 | K-Net positions risk requirement | - | - |
| 0110 | Clearing margin given | - | - |
| 0120 | Risk to firm | - | - |
| 0130 | Trading counterparty default | - | - |
| 0140 | Daily trading flow - Cash trades | - | - |
| 0150 | Daily trading flow - Derivative trades | - | - |
| 0160 | K-Concentration risk requirement | - | - |

APPENDIX 2

Template EU IF CC1.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected)

| | | (a) | (b) |
|--|---|-------------|--|
| | | Amounts | Source based on reference numbers/letters of the balance sheet in the audited financial statements |
| Common Equity Tier 1 (CET1) capital: instruments and reserves | | | |
| 1 | OWN FUNDS | €30,486,579 | Template EU IF CC1, "shareholders equity", "total shareholders equity" line, column "a" |
| 2 | TIER 1 CAPITAL | €30,486,579 | Template EU IF CC1, "shareholders equity", "total shareholders equity" line, column "a" |
| 3 | COMMON EQUITY TIER 1 CAPITAL | €30,486,579 | Template EU IF CC1, "shareholders equity", "total shareholders equity" line, column "a" |
| 4 | Fully paid up capital instruments | €125,383 | Template EU IF CC1, "shareholders equity", row 1, column "a" |
| 5 | Share premium | | |
| 6 | Retained earnings | €30,361,196 | Template EU IF CC1, "shareholders equity", net of row rows 2 & 3, column "a" |
| 7 | Accumulated other comprehensive income | | |
| 8 | Other reserves | | |
| 9 | Minority interest given recognition in CET1 capital | | |
| 10 | Adjustments to CET1 due to prudential filters | | |
| 11 | Other funds | | |
| 12 | (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1 | | |
| 13 | (-) Own CET1 instruments | | |
| 14 | (-) Direct holdings of CET1 instruments | | |
| 15 | (-) Indirect holdings of CET1 instruments | | |
| 16 | (-) Synthetic holdings of CET1 instruments | | |
| 17 | (-) Losses for the current financial year | | |
| 18 | (-) Goodwill | | |
| 19 | (-) Other intangible assets | | |
| 20 | (-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities | | |
| 21 | (-) Qualifying holding outside the financial sector which exceeds 15% of own funds | | |
| 22 | (-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds | | |
| 23 | (-) CET1 instruments of financial sector entities where the institution does not have a significant investment | | |
| 24 | (-) CET1 instruments of financial sector entities where the institution has a significant investment | | |
| 25 | (-) Defined benefit pension fund assets | | |
| 26 | (-) Other deductions | | |
| 27 | CET1: Other capital elements, deductions and adjustments | | |
| 28 | ADDITIONAL TIER 1 CAPITAL | | |
| 29 | Fully paid up, directly issued capital instruments | | |
| 30 | Share premium | | |

| | | | |
|----|---|--|--|
| 31 | (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1 | | |
| 32 | (-) Own AT1 instruments | | |
| 33 | (-) Direct holdings of AT1 instruments | | |
| 34 | (-) Indirect holdings of AT1 instruments | | |
| 35 | (-) Synthetic holdings of AT1 instruments | | |
| 36 | (-) AT1 instruments of financial sector entities where the institution does not have a significant investment | | |
| 37 | (-) AT1 instruments of financial sector entities where the institution has a significant investment | | |
| 38 | (-) Other deductions | | |
| 39 | Additional Tier 1: Other capital elements, deductions and adjustments | | |
| 40 | TIER 2 CAPITAL | | |
| 41 | Fully paid up, directly issued capital instruments | | |
| 42 | Share premium | | |
| 43 | (-) TOTAL DEDUCTIONS FROM TIER 2 | | |
| 44 | (-) Own T2 instruments | | |
| 45 | (-) Direct holdings of T2 instruments | | |
| 46 | (-) Indirect holdings of T2 instruments | | |
| 47 | (-) Synthetic holdings of T2 instruments | | |
| 48 | (-) T2 instruments of financial sector entities where the institution does not have a significant investment | | |
| 49 | (-) T2 instruments of financial sector entities where the institution has a significant investment | | |
| 50 | Tier 2: Other capital elements, deductions and adjustments | | |

Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

| | | a | b | c |
|--|---|--|--|--------------------------------------|
| | | Balance sheet as in published/audited financial statements | Under regulatory scope of consolidation | Cross reference to EU IF CC1 |
| | | As at period end | As at period end | |
| Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements | | | | |
| 1 | Tangible Assets | €186,104 | No difference in accounting or regulatory scope. | |
| 2 | Lease Assets | €2,000,938 | As above | |
| 3 | Debtors | €19,711,862 | As above | |
| 4 | Prepaid expenses and other receivables | €4,304,000 | As above | |
| 5 | Cash | €58,231,775 | As above | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | Total Assets | €84,434,679 | As above | |
| Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements | | | | |
| 1 | Creditors (amounts falling due within one year) | €38,039,321 | As above | |
| 2 | Lease Liability | €2,120,397 | As above | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | Total Liabilities | €40,159,718 | As above | |
| Shareholders' Equity | | | | |
| 1 | Called-up Share Capital | €125,383 | As above | Row 4, column "a" |
| 2 | Capital Redemption Reserve Fund | (€293,620) | As above | Row 6, column "a" |
| 3 | Profit and Loss account | €44,443,198 | As above | Row 6, column "a" |
| | | | | |
| | Total Shareholders' equity | 44,274,961 | As above | Rows 1, 2 & 3, column "a" |

Template EU IF CCA: Own funds: main features of own instruments issued by the firm

| | | |
|----|---|--|
| 1 | Issuer | Comgest Asset Management International Limited |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | 635400IFPTXRPJVEVJ24 |
| 3 | Public or private placement | Private |
| 4 | Governing law(s) of the instrument | Ireland |
| 5 | Instrument type (types to be specified by each jurisdiction) | "A" Ordinary Shares |
| 6 | Amount recognised in regulatory capital (Currency in million, as of most recent reporting date) | €125,383 |
| 7 | Nominal amount of instrument | €3,000,000 |
| 8 | Issue price | €0.60 per share |
| 9 | Redemption price | €0.60 per share |
| 10 | Accounting classification | Shareholders Equity |
| 11 | Original date of issuance | 14/12/2004 |
| 12 | Perpetual or dated | N/A |
| 13 | Original maturity date | N/A |
| 14 | Issuer call subject to prior supervisory approval | N/A |
| 15 | Optional call date, contingent call dates and redemption amount | N/A |
| 16 | Subsequent call dates, if applicable | N/A |
| | <i>Coupons / dividends</i> | N/A |
| 17 | Fixed or floating dividend/coupon | N/A |
| 18 | Coupon rate and any related index | N/A |
| 19 | Existence of a dividend stopper | N/A |
| 20 | Fully discretionary, partially discretionary or mandatory (in terms of timing) | N/A |
| 21 | Fully discretionary, partially discretionary or mandatory (in terms of amount) | N/A |
| 22 | Existence of step up or other incentive to redeem | N/A |
| 23 | Noncumulative or cumulative | N/A |
| 24 | Convertible or non-convertible | N/A |
| 25 | If convertible, conversion trigger(s) | N/A |
| 26 | If convertible, fully or partially | N/A |
| 27 | If convertible, conversion rate | N/A |
| 28 | If convertible, mandatory or optional conversion | N/A |
| 29 | If convertible, specify instrument type convertible into | N/A |
| 30 | If convertible, specify issuer of instrument it converts into | N/A |

| | | |
|--------|--|-----|
| 3 1 | Write-down features | N/A |
| 3 2 | If write-down, write-down trigger(s) | N/A |
| 3 3 | If write-down, full or partial | N/A |
| 3 4 | If write-down, permanent or temporary | N/A |
| 3 5 | If temporary write-down, description of write-up mechanism | N/A |
| 3 6 | Non-compliant transitioned features | N/A |
| 3 7 | If yes, specify non-compliant features | N/A |
| 3 8 | Link to the full term and conditions of the instrument (signposting) | N/A |