Pillar 3 Disclosures Document

Introduction:
Charteris Treasury Portfolio Managers Ltd ("CTPM") makes the following annual Pillar 3 Disclosures, in accordance with BIPRU Chapter 11 of the FSA Handbook. It is available on the CTPM website http://www.charteris.co.uk

CTPM is a Discretionary and Advisory Portfolio Management Company (with a small number of legacy Execution-Only clients), and is also the adviser to the Investment Manager of a number of funds. CTPM is a BIPRU Limited Licence £125k Firm.

The following relates to CTPM but not to its client nominee Company (Charteris Treasury Nominees Ltd) nor to its parent Company (Charteris Holdings Ltd).

Risk Management:
The Firm's risk management approach is formulated by the Compliance Officer and by the Board. In general, the strategic approach is set by the Board – with day to day/ tactical management by the Compliance Officer, in conjunction with the Chairman/ Chief Executive. Objectives and policies are dealt with, collectively, as below.

Audit is carried out by: the Firm's Auditors (a Firm of Accountants), by an external third party and through internal checks. This occurs within the overall framework and handbook of the Authoriser and Regulator of the Firm (the Financial Services Authority – the "FSA").

Annual Reports are sent to the Board, by way of the Chairman/ Chief Executive, with ad hoc updates/ memos issued, as applicable, throughout the year. The Firm has prepared an ICAAP (Internal Capital Adequacy Assessment Process) for the FSA.

Credit Risk:
CTPM mainly deals with the following counterparties: Clients, Market Counterparties & Banks/ Custodians.

Private clients (Discretionary, Advisory and legacy Execution-Only) are required to maintain funds in our nominee Company – the accounts of which are segregated, in Trust and held externally – for dealing. No credit is permitted. As a result, private client cash/ dealing accounts are not allowed to borrow. No leverage is permitted by the funds of which we are the adviser to the investment managers.

We currently do not use the DVP (Delivery Versus Payment) system, when dealing with Market Counterparties for Private Clients, and transfer assets based on cash or stock only (with a converse reciprocal from the counterparty). As a result, there is a potential default risk, which could also create a resulting contingent credit risk. We are looking to resolve this shortly/ in the near future. Transactions in the funds, of which we are the adviser to the investment managers, occur between third parties. We do not take counterparty risk for these funds

When dealing with our Bank and Custodian, we do not allow credit against our holdings and conduct daily and monthly cash [bank/ clients/ pooled accounts] and monthly asset [custodian/ clients] reconciliations of Assets, as required by the FSA.

For BIPRU 3 reporting purposes, the standardised approach is adopted, but using the simplified option where applicable.

Market Risk:
Apart from standard risks in the market, applicable to private clients and the funds (of which CTPM is the adviser to the investment managers), CTPM as an entity is not exposed directly to market risk (as it does not hold principal positions). Please see Business Risk below for impacts, on the Firm, of changes in the market conditions.

Liquidity Risk:
CTPM currently has an agreed overdraft in place with our bank. The Firm currently has cash above its Capital Resources Requirement.

Operational Risk:
The Firm has standard risks, as applicable to most operational contexts. Segregation of duties, with regards to (for eg) Dealing and Settlement, occurs in the back office – while the Firm currently has a separate front office (in London) where the Investment Management/ Marketing functions are based. Dealing is generally actioned by the back office on authorised instructions from the front office. Dealing authorisations are currently progressed on a sole instruction (ie. no cross authorisation required). Likewise, with transfer/ payment requests with our Bank. Risks are highlighted in the annual Risk report to the Board.

Insurance Risk:
The Firm maintains PII (Professional Indemnity Insurance) – as required by the FSA – as well as Office Insurance. This is complimented by cash reserves, to cover applicable short term contingency issues (such as continuity).

Concentration Risk:
The Firm has diversified to act as the Adviser to Investment Managers on a number of Funds (which are themselves diversified across a number of Asset classes and sectors), to compliment the Private Client element of the business.

Residual Risk:
The Firm does not lend money. Most debtors, as applicable, are trade debtors

Securitisation Risk:
This is not applicable to the Firm.

Business Risk and Stress Testing:
Risks to the Firm, from its business activities, relate to the impact of: significant falls in the equity and/or gilt and/or gold markets, lack of appropriate conditions for trading activity, change of adviser to fund investment managers, changes to the wealth management sector and the UK/global economy in general & issues relating to damage to the Firm’s reputation, etc. The firm has prepared an ICAAP, as required by the FSA. The Firm’s day-to-day Management are also Shareholders.

Interest Rate Risk:
As the Firm holds some client assets in cash, these assets (and the resultant Annual Management Charge to the firm) should benefit/ decrease with rises/ falls in the base rate, as they are impacted. Naturally, stock & securities would also be directly or indirectly affected by changes to the interest rate. As no credit is provided to clients (see above), this element would not be impacted by interest rate risks. Any borrowings/ overdraft held by the Firm would be impacted by changes to the interest rate.

Pension Obligation Risk:
This risk is not directly relevant to the Firm (barring that share holdings and/ or the Firm itself may be seen as elements of a Pension – as well as salary being used by the recipient for pension contributions and/or a pension itself, where the recipient is retired/ semi-retired). In addition, the Firm manages SIPPs for clients. However, the Firm does not run, per se, a Pension scheme for the benefit of its employees.

Equity/ collective investment schemes (CIS) Risk:
Equities and CIS are used within Funds (of which we are the adviser to the investment managers) & portfolios that CTPM advises on/manages. These are standard risks in the market.

Option Risk:
Options (Covered Calls) are used within the Funds (of which we are the adviser to the investment managers). There are standard risks in the market.

Commodity and foreign currency Risk:
Investments in Commodities & via foreign currencies are made within Funds (of which we are the adviser to the investment managers) & portfolios that CTPM advises on/manages. There are standard risks in the market.

Trading Book Risk:
This is not applicable to the Firm. CTPM does not run its own trading book.

People Risk:
As identified in the ICAAP, People Risk (Key Person Risk) is particularly weighted in a relatively smaller size firm such as CTPM. Cross training and cross cover are ways to address this issue. Such risks have also been identified in the annual reports.

Processes & Systems Risks:
These risks have also been identified in the annual reports.

External events Risks:
The risks here have been identified in the annual reports. Exogenous (ie. external) events – such as theft, fire, flooding, terrorist attacks, etc – can be, at least partially, mitigated with a BCP [Business Continuity Plan].

Regulatory Capital Resources -

As at: 30 September 2009 (unaudited –audit in progress)

(£ '000s)

TIER ONE CAPITAL

Permanent Share Capital……………………….…595

Share Premium……………………………………0

Profit and Loss Account…………………………..-398

Total Tier One Capital…………………………….197

Total Tier One Capital after any applicable Deductions
(listed above)………………………………………197

Total Tier Two Capital……………………………..0

Total Tier Three Capital……………………………0

CREDIT RISK
The total of the 8% risk weighted exposure amounts for all credit risk exposure classes was £13k. The principal component was Corporate representing £8k of the total.

CTPM Do not Use the VaR model for calculation of market risk capital requirement as this requirement is not applicable to CTPM.

CTPM does not have the following:

- Non-trading book exposures in equities
- Material Interest rate risk in the non-trading book

CTPM Does not Use Securitisation

FIRM REGULATORY CAPITAL RESOURCES