MIFIDPRU Disclosures 2023

Credit Suisse Asset Management Limited

Contents

Introduction

This document comprises the Markets in Financial Instruments Directive ('MIFIDPRU') disclosures for Credit Suisse Asset Management Limited ('CSAML' or 'the Firm') as at 31 December 2023. It should be read in conjunction with CSAML 2023 Annual Report, which will be available from Companies House.

CSAML is a private company limited by shares that is domiciled and registered in the United Kingdom ('UK'). CSAML is an asset management entity that forms a part of the Global Asset Management group within Credit Suisse AG ('CS AG') and its subsidiaries (collectively referred to as the 'CS group'). CSAML is authorised and regulated by the Financial Conduct Authority ('FCA') under firm reference number 114627.

On 12 June 2023, UBS Group AG ('UBS group') acquired Credit Suisse Group AG (the former parent company of CS AG), succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG ('Transaction'). Details on CSAML strategy and operating environment can be found in CSAML's 2023 Annual Report. The ultimate parent of the Firm is UBS group which is incorporated in Switzerland and prepares the financial statements under International Financial Reporting Standards ('IFRS'). The financial statements and CSAML MIFIDPRU disclosures are publicly available and can be found at https://www.ubs.com/global/en/investor-relations.html.

CSAML's principal activities are management and advisory services via its investment capabilities. CSAML also has Product, Distribution and Chief Operating Officer ('COO') & Business Risk Management teams that provide support to Credit Suisse Asset Management globally. The investment capability within CSAML is the Credit Investments Group ('CIG').

CSAML is subject to the prudential requirements of the Investment Funds Prudential Regime ('IFPR') and contained in the MIFIDPRU Prudential sourcebook for MiFID Investment Firms of the FCA Handbook. The disclosures are prepared to meet the requirements outlined in Chapter 8 of MIFIDPRU ('MIFIDPRU 8 disclosures') and covering risk management, governance arrangements, own funds, own funds requirements, remuneration, and investment policy.

Basis and Frequency of Disclosures

CSAML, as a solo FCA regulated firm, is required to make disclosure on an individual basis in the manner set out under MIFIDPRU 8. CSAML is classified as a non-small and non-interconnected ('non-SNI') MIFIDPRU investment firm under the IFPR's firm categorisation thresholds. The disclosed information is proportionate to CSAML's size and organisation, and to the nature, scope and complexity of its activities. Where disclosures have been withheld, as permitted, on the basis of confidentiality, materiality, or being proprietary in nature, this is indicated. MIFIDPRU 8 disclosures are published annually and concurrently with the annual report. The annual report is prepared under International Financial Reporting Standards ('IFRS'), and accordingly, certain information in the MIFIDPRU 8 disclosures may not be directly comparable.

This MIFIDPRU 8 disclosures document has been verified and approved in line with internal disclosure policy. It has not been audited by CSAML's external auditors.

Remuneration Disclosures

The remuneration disclosures for CSAML can be found in a separate disclosure on the website at: www.ubs.com.

Subsequent Events

Information on any subsequent events can be found in CSAML 2023 Annual Report.

Risk Management Objectives & Policies (MIFIDPRU 8.2)

CSAML's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an important role in CSAML's business planning process and is strongly supported by its senior management and the Board of Directors. The primary objectives of risk management are to protect CSAML's financial strength and reputation, while ensuring that capital and liquidity is well deployed to support business activities and grow shareholder value.

Risk Management Policies and Governance

The corporate governance policies and procedures in respect of the organisation and management of CSAML are aligned with the CS AG policies. Other relevant corporate governance documents include the Articles of Association, the Organisational Guidelines and Regulations, the Terms of Reference of the Board and of each of its sub-committees, and the CS AG Code of Conduct.

More information on the Board and management governance can be found in the Governance Arrangements section.

Risk Appetite

CSAML bases its business operations on conscious and disciplined risk-taking. The Firm believes that independent risk management, compliance and audit processes with proper management accountability are critical to the interests and concerns of its stakeholders. CSAML's risk culture is supported by the following principles:

- Establish a clear risk appetite that sets out the types and levels of risk the Firm is prepared to take;
- Risk management and compliance policies set out authorities and responsibilities for taking and managing risks;
- Actively monitoring risks and take mitigating actions where they fall outside accepted levels;
- Breaches of risk limits are identified, analysed and escalated, and large, repeated or unauthorised exceptions may lead to terminations, adverse adjustments to compensation or other disciplinary action; and
- Seek to establish resilient risk constraints that promote multiple perspectives on risk and reduce the reliance on single risk measures.

CSAML actively promotes a strong risk culture where employees are encouraged to take accountability for identifying and escalating risks and for challenging inappropriate actions. The businesses are held accountable for managing all of the risks they generate, including those relating to employee behaviour and conduct, in line with our risk appetite. Expectations on risk culture are regularly communicated by senior management, reinforced through policies and training, and considered in the performance assessment and compensation processes and, with respect to employee conduct, assessed by formal disciplinary review committees.

The Firm's risk appetite framework is governed by an overarching global policy that encompasses the suite of specific policies, processes and systems with which the risk constraints are calibrated and the risk profile is managed. The framework is guided by the following strategic risk objectives:

- Maintaining capital adequacy above self-assessed minimums and regulatory requirements;
- Promoting stability of earnings to support performance in line with financial objectives;
- Ensuring sound management of liquidity and funding risk in normal and stressed conditions;
- Proactively controlling concentration risks;
- Managing operational and compliance risk within the Non-Financial Risk Framework to ensure sustainable performance;
- Minimising reputational risk; and
- Managing and mitigating conduct risk.

The risk appetite is determined in partnership with the financial and capital planning process on an annual basis, based on bottom-up forecasts that reflect planned risk usage by the businesses and top-down, Board-driven strategic risk objectives and risk appetite. Stressing of financial and capital plans is an essential element in the risk appetite calibration process as a key means through which CSAML's strategic risk objectives, financial resources and business plans are aligned. The risk appetite is approved through a number of internal governance forums and subsequently, by the Board.

The Risk Appetite Statement (‘RAS’) is the formal plan, approved by the Board, for CSAML’s risk appetite. The top-down and bottom-up risk appetite calibration process includes the following key steps:

Top-down

- Strategic objectives are agreed by the Board in line with CSAML's financial and capital objectives.
- Top-down risk capacities and risk appetites are determined with reference to available resources and key thresholds, such as minimum regulatory requirements.
- A RAS is determined and approved annually by the Board, and is based on the strategic objectives, the comprehensive stress testing of CSAML's forecasted financial results and capital requirements, and its economic capital framework. The RAS comprises quantitative and qualitative risk measures necessary for adequate control of the risk appetite across the organisation.

Bottom-up

- Planned business levels and related requirements are provided by front office business experts in conjunction with financial and capital plans in order to ensure consistency with the risk strategy. Plans are reviewed by the relevant risk management committees such as Risk Committee, ORCC and FCRC.
- The effectiveness of risk appetite in support of business strategy execution and delivery against financial objectives is assessed and coordinated by CRO. This framework assists senior management and the Board in ensuring that appropriate levels of risk appetite are set and that the subsequent risk constraints are appropriately calibrated.
- Risk, financial and capital plans are reviewed and approved by the Board.

Risk Assessment

The effectiveness of CSAML’s risk management processes are driven by reviewing each of the components that are used in the development of the risk management framework. Examples are included below:

- The effectiveness of the annual RAS setting is determined by how the business performed in relation to the risk thresholds set across multiple risk parameters. Where there were close breaches and/or actual breaches, CSAML investigates the reason and seeks to bring exposures back within risk thresholds. Annually, the RAS is re-calibrated in line with the CSAML business strategy to ensure the RAS is capturing the necessary risks effectively, including adequate risk threshold settings.

- The effectiveness of self-identified risks, and corresponding additional own funds presented in the Internal Capital and Risk Assessment ('ICARA'), is reviewed annually using methodologies to best reflect possible risks the entity may face over a 12-month period. The additional owns fund amounts are reviewed against actual harms to firm, market and client on an annual basis to ensure sufficient capital is available to mitigate possible losses. Methodologies are also reviewed annually to ensure effective calibration of risk identification and measurement.
- Effectiveness of risk processes relating to people, processes, systems and external events are analysed through CSAML's bottom-up Risk Control Self Assessment ('RCSA') process, with remediation plans in place for high and very high residual risks. As part of the RCSA, controls are tested independently on a frequent basis based on the initial inherent risk rating.
- Periodically, Internal Audit independently reviews aspects of the risk management processes and escalates concerns to the required governance committees, based on their findings.

Three Lines of Defence Framework

To further demonstrate risk process effectiveness, CSAML follows the 'Three Lines of Defence' model within the governance and policy framework. The Three Lines of Defence model is designed to provide multiple opportunities to address risks before they become issues or incidents. Although each line is defined separately and has its own responsibilities, in practice they are required to work in co-operation to ensure that risks are addressed at the correct level.

First Line Risk Owner	Responsible for risk identification and management on a front-to-back basis, including design, operation and testing of controls required to comply with risk appetite and policies.
Second Line Independent Risk Control	Responsible for establishing risk management standards and providing advice and independent challenge of activities, processes and controls carried out by the first line.
Third Line Independent Assurance	Responsible for providing independent assurance about the adequacy of the overall risk control framework directly to the Audit Committee.

First Line of Defence ('1LoD'): Embedded Business Level Controls

CSAML's dedicated team of Relationship Managers ('RMs'), Portfolio Managers and Distribution Team are the intermediaries between our clients and the firm, and are integral to the first line of defence.

In addition, CS group conduct and culture initiatives further reinforce the RM's role in establishing a strong risk and control environment through principled behaviour and decision-making.

The businesses are supported by Business Risk Management ('BRM') which helps 1LoD in embedding and maintaining a robust culture as the basis for a sustainable and compliant business. BRM maintains an effective risk governance and control framework in compliance with the Firm policies and standards. The Head of BRM partners with other teams and functions in CSAML to implement and manage the non-financial risk framework in the business day to day.

Core BRM activities include:

- Risk identification - work with other groups and co-ordinate reviews to identify business and non-financial risks
- Manage the RCSA process to identify risks and evaluate controls in place to mitigate those risks
- Perform ad-hoc special risk reviews of any aspect of the business
- Review control incidents and errors and identify solutions to prevent recurrence
- Work closely with the General Counsel and CCRO departments in relation to any client related issues
- Risk Monitoring - establish a process for monitoring reporting operational metrics and management information ('MI') including Key Risk Indicators ('KRIs') and Key Control Indicators ('KCIs')
- Risk solutions - provide proactive advice and solutions to manage risk
- Responsible for ensuring that solutions to enhance existing processes, controls and procedures are implemented
- Working with Credit Suisse's New Business team to identify the risks of any new business initiatives and new products
- Risk reporting - ensure appropriate visibility of issues to senior management
- Prepare KRI report for the ORCC and other stakeholders
- Act as the focal and liaison point for Internal Audit

Second Line of Defence ('2LoD'): Independent Risk and Compliance Functions

The 2LoD consists of independent risk management, compliance and control functions which are responsible for establishing risk management framework and associated control standards, and providing independent challenge over the activities, processes and controls carried out by the first line. It is important to note that the reference to independent risk management in the 2LoD does not mean that it includes only activities carried out by the Risk and Compliance functions. Instead, it comprises all relevant standard setting and independent review and challenge activities over processes and controls carried out by the first line in relation to the risks faced. For example, policy setting and independent validation activities relating to people risks carried out by Human Resources fall within the second line. Second line of defence independent risk oversight responsibilities are aligned with the Non-Financial Risk Taxonomy.

Governance Responsibilities:

- Establish a strong tone from the top that reinforces the Firm's desired risk culture
- Establish enterprise-wide governance arrangements to ensure appropriate senior management oversight and effective challenge over risk-taking activities
- Define, in consultation with the first line, a risk management and control activities framework that provides an integrated approach to risk management and control activities across the Firm
- Provide a risk-based viewpoint where appropriate and enable decision-making for Senior Management and the Board in their risk management responsibilities

Risk Appetite Responsibilities:

- Establish an enterprise-wide risk appetite framework that covers all financial and non-financial risks
- Translate the Board's overall risk appetite into a series of appropriate limits and constraints

- Provide independent review and challenge of business strategies in light of the Board's risk appetite
- Monitor compliance with risk limits, challenge remediation activities, and escalate instances of non-compliance to appropriate governance bodies

Risk & Control Responsibilities:

- Establish a comprehensive risk taxonomy to ensure risks are categorised in a consistent fashion under the Group Risk Taxonomy
- Provide executive management and the Board with an independent view of risks on an enterprise-wide basis
- Provide independent review and challenge of risk management activities undertaken by the first line, including undertaking deep dives where appropriate
- Design, operate and ensure performance and effectiveness of independent controls over first line activities where the Firm believes that these are necessary
- Remediate deficiencies in second line controls identified through assessment activities

Policy Framework:

- Introduce comprehensive policies that set out required risk management standards for all of the Firm's financial and non-financial risks Introduce comprehensive policies that set out required standards relating to controls
- Provide independent review and challenge of the first line assessment of compliance with policy requirements
- Understand policy requirements which apply to their activities periodically assess compliance with current policy requirements that apply to second line functions

Third Line of Defence ('3LoD'): Group Internal Audit Function

The 3LoD for the entire UBS group is provided by Group Internal Audit ('GIA'). GIA is an independent and objective function that supports the business in achieving its defined strategic, operational, and financial and compliance objectives, and the Board of Directors and its committees, namely the Risk Committee and the Audit Committee in discharging their governance responsibilities by systematically assessing:

- The effectiveness of processes to define strategy and risk appetite, as well as the overall adherence to the approved strategy
- The effectiveness of governance processes
- The effectiveness of risk management, including whether risks are appropriately identified and managed
- The effectiveness of internal controls, and whether they are commensurate with the risks taken
- The soundness of the risk and control culture
- The effectiveness and sustainability of remediation activities
- The reliability and integrity of financial and operational information, i.e. whether activities are properly, accurately and completely recorded, and the quality of underlying data and models
- The effectiveness of processes to comply with legal, regulatory and statutory requirements, internal policies and contracts

Further, GIA assesses the adherence to approved strategy as well as the processes for strategy development, setting risk appetite and business planning. All reports with key issues are provided to the UBS group CEO, the Group Executive Board ('GEB') members responsible for the business divisions and other responsible management, including relevant legal entity management. In addition, the Chair of the Board of Directors, the Risk Committee and the Audit Committee are regularly informed about relevant findings in reports issued that apply to CSAML. GIA closely cooperates with internal and external legal advisors and risk control units on investigations into major control issues.

Effective risk management, control and governance processes are the responsibility of the respective management and control functions. GIA independently assess design and operating effectiveness of governance at group, divisional and regional levels. It also evaluates the independence of risk control functions.

Remediating issues is the responsibility of management. GIA ensures that management has sustainably addressed relevant issues raised from all sources (i.e. issues rated 3 as moderate and above from GIA, external audit, regulators, or self-identified by management). The existence of internal audit does not relieve management of its responsibility regarding the risk management and control process.

GIA are permanent guests at the CSAML Audit Committee and present the findings from audits where they are relevant to the CSAML legal entity. The audit plan will also be presented to the CSAML Audit Committee on an annual basis.

Own Funds Requirements

CSAML closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring also takes account of the requirements of the current regulatory regime and any forthcoming changes. On a monthly basis, the firm assesses the adequacy of its capital against the own funds requirements and the ICARA assessment. The Chief Financial Officer ('CFO') organisation actively manages the firm's capital, funding, liquidity and expenses to ensure it is well-capitalised and has a strong enough balance sheet to withstand adversity and uncertainty.

MIFIDPRU 7.4.7 requires CSAML, at all times to hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- CSAML is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- CSAML's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

CSAML's own funds comprise Common Equity Tier 1 ('CET1') capital and is adequate to cover the own funds requirements under MIFIDPRU 4.3. Additional details on the Firm's own funds and own funds requirements are disclosed separately in this document.

Concentration risk

Concentration risk is managed by an array of CS group policies, including the CS AG Concentration Risk Framework (GP-00106), to which CSAML adheres to when taking exposure to counterparties.

Concentration risk for CSAML is mainly driven by:

- Credit risk to the underlying risk retention positions taken when issuing a Collateralised Loan Obligation ('CLO'), via its Credit Investments Group ('CIG') business.
- Credit risk concentration taken when CSAML places its cash balances with financial institutions, including CS group entities.

Both instances of concentration risk are within CSAML's Risk Appetite, and processes are in place to mitigate some of this risk.

Credit Concentration Risk in CLOs

While the Herfindahl-Hirschman Index may be used to calculate single name issuer, geography and sectoral concentration, CSAML performs a look-through of the CLOs to better analyse the diversification of single name issuer, geography and sectoral concentration of the underlying economic exposures.

Under single name issuer concentration, the top ten issuers each hold a small portion (around 1.5% of each counterparty name) of the total Assets under Management ('AUM') across the CLOs managed by CSAML. Therefore there is a large degree of diversification within each of the CLOs.

Under sectoral concentration, the top ten sectors account for over 70% for the credit exposure, thus creating a diversified portfolio by industry sector too.

The investment mandate for CLOs have very specific tests and scores to maintain external ratings and existing structures. CSAML ensures all tests are met at adequate levels to ensure prudent credit risk measurement and to prevent harms to the Firm and client. These tests include:

Coverage Tests
- Par Value Test
- Interest Coverage Test

Collateral Quality Tests
- Weighted Average Rating Factor (rating agency)
- Minimum Diversity Tests (rating agency)
- Minimum Weighted Average Recovery Rate Test (rating agency)
- Weighted Average Coupon Test
- Weighted Average Life Test
- Weighted Average Spread Test

Portfolio Profile – Concentration/Diversification Tests
- Security Type Concentration (Senior Leveraged Loans, High yield bonds, etc.)
- Highest Single Obligors
- Industry Concentrations
- CCC rated (or equivalent) Obligations

Cash Balance Concentration Risk

As part of the group-wide treasury and liquidity management, CSAML up-streams a portion of its cash balance to CS AG and the remaining portion to external financial institution, namely HSBC. CSAML can draw on the cash as and when needed. Unlike in the previous years, there is no single credit concentration risk of CSAML's cash balance with CS AG, as cash balances are distributed across external financial institutions.

Key control activities that monitor and mitigate the consequences of concentration risk and harm to firm and market, associated with cash deposits are:

- CFO monitoring the cash position as part of its monthly ledger control activities, with each bank statement entry reviewed to ensure correct accounting, but also to identify any unusual transactions for escalation. Movements in cash are reported as part of the financial position and performance reporting to the Board Audit Committee (‘BAC’) and Board.
- Credit Suisse International (‘CSi’) operating as the paying agent for CSAML’s payroll and accounts payable, with CSAML reimbursing CSi as part of a periodic inter-company settlement process. This mitigates somewhat the risk of a loss of access to funding impacting CSAML’s ability to pay suppliers and employees.
- CSAML being excluded from any group-wide liquidity scheme, other than receiving funding from CS AG upon request to fund its activities. CSAML does not provide liquidity to the CS group other than holding its cash in bank accounts.

The CSAML Board are comfortable with the levels of concentration risk, including mitigants and confirm this as part of the review and approval of the CSAML ICARA (Section 5.2.5.2).

Liquidity

From a liquidity perspective, CSAML is focused on having sufficient cash to operate its business and investment decisions that are under its control without the need to take into account unexpected cashflow demands from third parties other than CS group entities. As part of the overall financial adequacy rule, CSAML is required to hold adequate liquid assets to ensure that the Firm is able to remain financially viable throughout the economic cycle, with the ability to address any potential harm that may result from its ongoing activities and business can be wound down in an orderly manner.

CSAML regularly analyses its liquidity position in respect to the Basic Liquid Assets Requirement ('BLAR') and the Liquid Asset Threshold Requirement (‘LATR’). CSAML is required by the FCA to ensure it can cover its LATR with liquid (both core and non-core) assets. There is a requirement to cover its BLAR by core liquid assets. The remainder of the LATR can be covered by the remaining core liquid assets or non-core liquid assets.

For purpose of the BLAR, CSAML has a requirement to hold core liquid assets equal to the sum of
- one third of the amount of its fixed overhead requirement; and
- 1.6% of the total amount of guarantees provided to clients.

As CSAML does not hold any guarantees provided to clients, CSAML's BLAR includes just one third of the fixed overhead requirement.

To comply with the overall financial adequacy rule, CSAML is required to hold the sum of the BLAR and the higher of:
- the amount of liquid assets that CSAML requires to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; or
- the additional amount of liquid assets that CSAML would need to hold when commencing its wind-down process to ensure that CSAML could be wound down in an orderly manner.

The wind down assessment in the ICARA was larger than the ongoing business operations which resulted in this being used for the calculation of the LATR plus CSAML's BLAR. CSAML's Board of Directors and management have applied an internal buffer calculated as 10% of the LATR in order to actively manage the liquidity position.

Governance Arrangements (MIFIDPRU 8.3)

Board Responsibility

The Board is responsible for governance arrangements that ensure effective and prudent management of CSAML, including the segregation of duties and the prevention and/or management of conflicts of interest. The Board oversees the implementation of strategic objectives, risk strategy and internal governance; ensures the integrity of the accounting and financial reporting systems; oversees disclosure and communications processes; provides effective oversight of senior management; and assesses the effectiveness of governance arrangements.

The Board's duties involve setting the strategy and overseeing management; ensuring a strong 'tone from the top' in relation to conduct, ethics and culture; ensuring its risk management and financial reporting and internal control frameworks are appropriate, in line with the Board Terms of Reference.

The directors are ultimately responsible for the effectiveness of internal controls at CSAML. Policies and procedures have been designed for safeguarding assets, for maintaining proper accounting records, and for assuring the reliability of financial information used within the business and for that provided to regulators and external users. Such policies and procedures are designed to mitigate and manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. Procedures are also in place to ensure internal controls remain effective, and have been in place throughout the year and up to the date of approval of the Annual Report and Financial Statements.

Key risks are formally reviewed and assessed on a quarterly basis by the Board and the Risk Committee. In addition, key business risks are identified, evaluated and managed by management on an ongoing basis by means of policies and processes, such as credit and market risk limits and other operational metrics, including authorisation limits, and segregation of duties. The Board receives regular reports on any risk matters that need to be brought to its attention, with additional reporting provided to the Board when required. Significant risks identified in connection with the development of new activities are subject to consideration by the Board.

There are well-established business planning procedures in place with reports presented regularly to the Board detailing the performance of CSAML and variances against budget, prior year and other performance data.

During 2023, the Board has taken decisions in line with its duties and the Board and its Board Committees. These include reviewing and approving Board appointments and resignations, the Board and Board Committee Objectives, the Strategy and Financial Plan, the ICARA, Risk Appetite Statement, the Authorised Signature List, the Annual Report and Financial Statements and the MIFIDPRU Disclosures, and the Modern Slavery Statement.

Members of the Board and Board Committees

There have been a number of changes to the Board composition during 2023, with further changes anticipated as it integrates with UBS AM. Board composition changes during 2023 were:

- Jo McCaffrey was appointed as CSAML Chief Executive Officer ('CEO') and Executive Director on 23 January 2023 but resigned on 14 July 2023.

- Marc Berryman was appointed as CSAML CEO as of 31 August 2023.
- Justin Gillott was appointed as a CSAML CFO and Executive Director on 19 January 2023.
- Michael Murphy resigned as an Executive Director on 28 March 2023.
- Gavin Byrnes was appointed as Non-Executive Director on 20 September 2023.

Board and Board Committee Composition

Name	Title	Appointment	Resignation	Audit Committee	Risk Committee	Advisory Remuneration Committee	Nominations Committee
Ian Hale	Board Chair / NED	2022	–	Member	Chair	–	Chair
Gavin Byrnes	NED	2023	–	–	–	Member	–
Nicole Coll	iNED	2022	–	Chair	Member	Chair	Member
Jo McCaffrey	CEO / Executive Director	2023	2023	–	–	Member	–
Marc Berryman	CEO / Executive Director	2020	–	–	–	–	–
Michael Murphy	Executive Director	2014	2023	–	–	–	–
Justin Gillott	CFO / Executive Director	2023	–	–	–	–	–

CSAML continues to comply with the FCA's Senior Managers and Certification Regime ('SMCR'). SMCR aims to reduce potential harm to clients and to strengthen market integrity by making individuals more accountable for their conduct and competence.

Board and Board Committee Meetings

Nine Board meetings were held in 2023, five of which were ad hoc meetings. The Audit Committee, Risk Committee and Advisory Remuneration Committee met quarterly, and there was also an ad hoc Audit Committee and Risk Committee Meeting, along with one Nominations Committee meeting during 2023.

Board members also attended briefing sessions to prepare for technical Board discussions.

All members of the Board are expected to spend the necessary time outside of these meetings needed to discharge their responsibilities appropriately. The Chair calls the meetings with sufficient notice and prepares an agenda for each meeting. The Chair has the discretion to invite management or others to attend the meetings. Minutes are kept of the Board meetings.

Board Committees

Board Audit Committee ('BAC')

The BAC provides oversight of the integrity and adequacy of the financial reporting process, the audit process, accounting and internal controls, as defined by applicable law and regulations, articles of association and internal regulations. The BAC is authorised to have direct access to, and receive regular reports from, the external and internal auditors as well as CSAML's management and employees. In reviewing CSAML's Annual Report and Financial Statements, the BAC reviews and approves the critical accounting estimates and judgements including going concern. The BAC also considered the projected capital requirements in the next twelve months and, in this context, the continued access to appropriate funding to maintain adequate capital and liquidity positions.

Board Risk Committee ('BRC')

The BRC advises the Board on CSAML's risk appetite and provides oversight of the integrity and adequacy of risk management responsibilities including processes and organisational frameworks, as defined by applicable law and regulation, articles of association and internal regulations. In particular, the BRC reviews and assesses the identification, measurement and management of the various risks within the entity, as presented in the the ICARA. The BRC meets at least quarterly with the relevant delegates from Risk, Business Risk Management, Compliance and Legal.

Board Advisory Remuneration Committee ('RemCo')

The RemCo advises and makes recommendations to the CS AG Compensation Committee on matters relating to remuneration for CSAML employees, including members of the CSAML Executive Committee and Material Risk Takers, as well as on the compliance of the CS group Compensation Policy with all relevant UK compensation regulations.

Board Nominations Committee ('Nom Com')

The Nom Com is responsible for the identification and recommendation for approval by CS AG of candidates to fill vacancies on the CSAML Board, making recommendations to the Board concerning the role of the Chair and membership of the Board and Board Committees.

Each Board Committee has terms of reference, recording the scope of delegated authority and the committee's responsibilities.

As CSAML integrates with UBS AM in 2024, the Board will continue to delegate the relevant responsibilities to its BRC, RemCo and Nom Com, but will delegate its audit-related responsibilities to the UBS AM UK Audit Committee.

Management Overview

Executive Committees

Management Committees support the Chief Executive Officer ('CEO') and Executive Directors in the implementation of strategy as set by the Board. The principal management committee is the Executive Committee, chaired by the CEO of CSAML, and is ultimately responsible for the management of the CSAML business and the execution of the strategy set by the Board. As a decision-making forum, it may receive proposals escalated from other executive committees or from business unit managers.

Management has designed and implemented an effective supervisory structure and related risk and control functions to manage and mitigate risk by the following committees:

- **Fiduciary and Credit Risk Committee ('FCRC')**: Oversees the assessment and management of all market, liquidity, fiduciary and credit risks taken by the Company. The committee specifically discusses risks associated with the management of CLOs and other investment funds by the Company.

- **Operational Risk and Compliance Committee ('ORCC')**: Primary function is to investigate risks relating to operational, compliance, financial crime, legal, personnel, conduct, reputational and regulatory risk domains, incorporating all outsourcing activities undertaken for the entity. Furthermore, the committee reviews the entity's annual Risk and Control Self-Assessment ('RCSA').

- **Scenario Analysis Committee ('SAC')**: Oversees the scenario analysis framework, including oversight of scenarios relating to economic and liquidity stresses, that captures credit, liquidity, market and fiduciary risks.

In 2024, in order to streamline and align governance with UBS, the above three risk committees were merged into the **Executive Risk Committee ('ERC')**. The ERC is chaired by the CRO and is responsible for maintaining sound and robust oversight of all financial and non-financial risks. The committee is responsible for identifying, measuring, understanding and where necessary, escalating, risk topics impacting the legal entity.

- **CSAML Financial Crime ('FCC') Governance Forum**: Chaired by the UK Money Laundering Reporting Officer ('MLRO'), this monthly forum provides for FCC and CSAML senior management to effectively manage the financial crime risks to which CSAML is exposed. This forum is a sub-committee of the CSAML ORCC. Certain responsibilities are delegated by the Board to the Board Committees to help the Board in carrying out its functions and maintain independent oversight of internal control and risk management. Each Board Committee has its own Terms of Reference, which records the scope of delegated authority and the Committee's responsibilities. The Chair of each Board Committee reports to the Board on the matters discussed at Committee Meetings.

CSAML's executive and risk management governance arrangements are expected to align with UBS AM during 2024.

Additional Governance Arrangements - Skills of Members

Board Evaluation

The Board undertakes a periodic evaluation of the performance and effectiveness of the Board and Board Committees to decide on future objectives and focus topics and to identify internal briefings and training required by individual directors. The Board Evaluation also assists the Board in assessing the structure, size and composition of the Board, including the knowledge, skills, experience and diversity of Board Members and assists with Board succession planning.

Given the Board changes in 2023, the 2023 Board Evaluation was deferred. However, the Board has conducted a Board Evaluation in March 2024, concluding that the Board and its Board Committees continue to operate effectively. The Board also reviews and approves the Board and Board Committee Objectives each year.

Board Training

Directors undertake internal briefings and training on matters which align with the Board's objectives or legal/regulatory developments. Topics in 2023 included Directors Duties, the ICARA, the Risk Appetite, the Duty and the Integration with UBS AM. All new directors are offered a full induction programme. Directors also undertake other external courses for professional development, as required.

Directorships

CSAML's Board Members hold the following number of directorships as at 19 April 2024:

CSAML Directorships

Name	Gender	Independent	Appointment Date*	Total Number of Directorships
Marc Berryman	M	—	23/09/2020	1
Gavin Byrnes	M	—	20/09/2023	1
Nicole Coll	F	Independent	17/10/2022	5
Justin Gillott	M	—	19/01/2023	1
Ian Hale	M	—	10/10/2023	1

*Notes:
- Jo McCaffrey was appointed on 23 January 2023 but resigned on 14 July 2023.
- Michael Murphy resigned from the Board on 28 March 2023.

Diversity

CSAML recognises and embraces the benefits of building a diverse and inclusive culture and having a diverse Board. A diverse Board will include and make good use of differences in the skills, regional and industry experience, independence and knowledge, background, race, gender and other distinctions between directors. The Board via the CSAML Nominations Committee, considers these attributes in determining the optimum composition of the Board and when possible will be balanced appropriately.

The Board in 2023 originally exceeded its target of at least 25 percent female representation, but this dropped to 20% female representation. The Board will continue to monitor its diversity (in all forms) through periodic reviews of its structure, size, composition and performance.

Own Funds (MIFIDPRU 8.4)

CSAML's Tier 1 capital consisted of fully issued ordinary shares, satisfying all the criteria for a Tier 1 instrument as outlined in IFPR. CSAML does not have any Additional Tier 1 ('AT1') or Tier 2 capital instruments. The CET1 capital comprises ordinary shares. These shares carry voting rights and the right to receive dividends. As at the year end 31 December 2023, CSAML complied with the relevant capital regulatory obligations as outlined in the IFPR.

Under MIFIDPRU 8.4, CSAML is required to disclose information on calculation of own funds, its reconciliation with the capital in the audited financial statements; and a description of its main features. These are presented in the three tables below and are based on audited figures as at 31 December 2023.

The table below provides a reconciliation of common equity tier 1 items and the applicable filters and deductions applied in order to calculate the own funds of the firm.

Table OF1: Composition of regulatory own funds

	Item	**Amount (GBP thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUND**	198,745	Note 14
2	**TIER 1 CAPITAL**	198,745	Note 14
3	**COMMON EQUITY TIER 1 CAPITAL**	198,745	Note 12
4	Fully paid up capital instruments	45,020	Note 12
5	Share premium	20,989	page 32
6	Retained earnings	137,909	page 32
7	Accumulated other comprehensive income	—	
8	Other reserve	—	
9	Adjustments to CET1 due to prudential filters	(5,173)	Note 14
10	Other funds	—	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(5,173)	Note 14
12	CET1: Other capital elements, deductions and adjustments	—	
13	**ADDITIONAL TIER 1 CAPITAL**	—	
14	Fully paid up, directly issued capital instruments	—	
15	Share premium	—	
16	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	—	
17	Additional Tier 1: Other capital elements, deductions and adjustments	—	
18	**TIER 2 CAPITAL**	—	
19	Fully paid up, directly issued capital instruments	—	
20	(-) TOTAL DEDUCTIONS FROM TIER 2	—	
21	Tier 2: Other capital elements, deductions and adjustments	—	

The table below details the reconciliation with own funds in the balance sheet, in the audited financial statements, as at 31 Dec 2023.

Table OF2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		Balance sheet as in published/audited financial statements	**Cross- reference to template OF1**
As at period ended (GBP thousands)		**2023**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial*			
	Current assets:		
1	Cash and due from banks	223,387	
2	Amounts owed by UBS group companies	2,864	
3	Fees and other receivables	15,997	
	Non-current assets:		
5	Fees and other receivables	1,095	
6	Deferred tax assets	3,807	
7	Non-trading financial assets:		
	- mandatorily at fair value through profit or loss	271,433	
	Total assets	**518,583**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial*			
	Current liabilities:		
1	Due to banks	—	
2	Current tax liability	—	
3	Amounts owed to UBS group companies	18,954	
4	Other liabilities	18,174	
5	Short-term borrowings	270,543	
	Non current liabilities:		
6	Amounts owed to CS group companies	—	
7	Other liabilities	6,994	
	Total liabilities	**314,665**	
Shareholders' Equity			
1	Called up share capital	45,020	Item 4 in OF1
2	Capital contribution reserve	57,243	Item 6 in OF1
3	Share premium account	20,989	Item 5 in OF1
4	Retained earnings	80,666	Item 6 in OF1
	Total shareholders’ equity	**203,918**	
	Total liabilities and shareholders’ equity	**518,583**	

Note: There is no difference between accounting and regulatory scope of consolidation. For this reason, only balances under financial statements are disclosed.

The table below provides information on the CET1 Instruments issued by CSAML.

Table OF3: Main features of own instruments issued by the firm	
Issuer	CSAML
Public or private placement	Private
Instrument type	Ordinary share
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	45,020
Issue price (GBP whole number)	0.1
Redemption price	N/A
Accounting classification	Called up shared capital
Original date of issuance	N/A
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	N/A
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

Own Funds Requirement (MIFIDPRU 8.5)

As a non-SNI firm, CSAML is required to calculate its own funds requirement as the highest of:

- its permanent minimum capital requirement under MIFIDPRU 4.4;
- its fixed overheads requirement under MIFIDPRU 4.5; or
- its K-factor requirement under MIFIDPRU 4.6.

The K-factor requirement, broken down as follows:

- the sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement;
- the sum of the K-COH requirement and the K-DTF requirement; and
- the sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement.

There are two K-Factors that apply to CSAML:

- K-AUM: (Client AUM and ongoing advice), which captures the risk of harm to clients from the poor management or execution of client portfolios. By defining a need to hold capital against this risk, it provides support and client benefits in terms of the continuity of service.
- K-COH: (Client Orders Handled), which captures the risk to clients of an investment firm that executes orders in the names of clients, and not in the firm's name, say in providing execution-only services or when a firm is part of a chain of client orders.

As at 31 December 2023, the FOR is the highest of the three components and drives the own funds requirement for CSAML.

Table OF4: Own Funds Requirement	**GBP thousands**
Fixed Overheads Requirement (FOR)[(1)]	8,036
Permanent Minimum Requirement (PMR)	75
K-Factors	
K-AUM	*1,592*
K-COH	*3*
Total K-Factor Requirement (KFR)	1,595
Own Funds Requirement (higher of FOR, PMR and KFR)	**8,036**

(1) FOR calculation is based on CSAML's audited financial statement for year ended 2023.

Approach to assess overall financial adequacy

CSAML carries out an annual ICARA exercise in accordance with the FCA rules and the guidance in MIFIDPRU 7.4. The purpose of the ICARA is to assess if CSAML has appropriate resources in relation to the regulated activities that it carries out and to demonstrate that it is able to maintain these adequate financial resources. In particular, the ICARA helps to determine if CSAML is financially viable throughout its economic cycle, with the ability to address any potential material harms that may result from its ongoing activities, and to identify an orderly wind-down plan while minimising harm to consumers or to other market participants, and without threatening the integrity of the wider UK financial system. The ICARA takes into account CSAML's business strategies, as well as the overall RAS embedded within the entity to ensure that risks are identified, measured, managed and monitored in a robust and transparent manner to meet the business strategy.

The ICARA contains a point-in-time assessment of all risks to which the firm is exposed (31 December 2022 for the risks that CSAML is exposed to and the harms it can create for clients, markets and itself as a firm, and whether these are adequately mitigated) and a forward looking base and stressed plan over a 3 year period. Risks identified and assessed include: credit, fiduciary, market, liquidity, operational, financial crime, conduct, reputational, regulatory, shared services, strategic, pension and tax risk. The approach to assessing each risk is a composite of CS group and CSAML-specific applicable frameworks. Capital sufficiency is based on the aggregate outcome of each risk assessment, assuming no diversification effects. The next set of ICARA for 31 December 2023 is due to be completed in June 2024.

Own Funds Threshold Requirement ('OFTR')

The OFTR is the amount of own funds that a firm is required at any given time in order to comply with the overall financial adequacy rule. The overall financial adequacy rule requires a firm to hold adequate own funds to ensure that:

- CSAML is able to remain viable throughout the economic cycle, with the ability to address any potential harm that may result from its ongoing activities; and
- CSAML's business can be wound down in an orderly manner.

The OFTR is the higher of the following components:

- the K-Factors requirement and any additional own funds that CSAML deems are required for it ongoing activities; or
- the FOR and any additional own funds that CSAML requires for an orderly wind-down; or
- CSAML's PMR.

The ongoing operations assessment was larger than the wind down which resulted in this being used for the calculation of OFTR in addition to CSAML's K-Factors requirement. The Early Warning Indicator ('EWI') is calculated as 110% of the OFTR.

Under IFPR, CSAML is required by the FCA to manage its own funds in relation to its EWI. In line with CSAML's risk appetite, CSAML is required to hold both an economic stress buffer and an internal management buffer to ensure it can manage effectively in periods of stress.

Liquid Asset Threshold Requirement (‘LATR’)

The overall financial adequacy rule requires a firm to hold adequate liquid assets to ensure that:

- CSAML is able to remain financially viable throughout the economic cycle, with the ability to address any potential harm that may result from its ongoing activities; and
- CSAML business can be wound down in an orderly manner.

To comply with the overall financial adequacy rule, CSAML must therefore hold the sum of the BLAR and the higher of:

- the amount of liquid assets that CSAML requires to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; or
- the additional amount of liquid assets that CSAML would need to hold when commencing its wind-down process to ensure that CSAML could be wound down in an orderly manner.

The wind down assessment was larger than the ongoing operations that resulted in this being used for the calculation of LATR in addition to CSAML's BLAR.

CSAML's management have applied an internal buffer calculated as 10% of the LATR in order to actively manage the liquidity position. CSAML is required by the FCA to ensure it can cover its LATR with liquid (both core and non-core) assets. There is a requirement to cover its BLAR by core liquid assets. The remainder of the LATR can be covered by the remaining core liquid assets or non-core liquid assets.

Investment Policy (MIFIDPRU 8.7)

Asset managers, to the extent consistent with their particular investment strategies and in line with contractual obligations, local laws and regulations should engage with, and exercise, their voting rights attached to the shares of the companies in which they invest, where possible or administratively feasible and the investment is material in size, in order to maintain and/or enhance long-term value of their clients' assets.

The Credit Suisse Engagement Policy Statement provides its stakeholders with an overview on how certain CS legal entities that provide asset management services adopt controls and procedures to ensure compliance with Article 3g of the Shareholder Rights Directive II and adherence to the European Fund and Asset Management Association ('EFAMA') Stewardship Code.

Further information can be obtained from https://am.credit-suisse.com/content/dam/csam/docs/publications/regulatory/csam-engagement-policy-en.pdf

CSAML does not invest directly or indirectly in equity listed on regulated markets. It may from time to time hold an equity instrument in one of the funds for which it acts as portfolio manager where such instruments arise from a debt to equity restructuring. During 2023, the Firm did not hold any equity instruments with 5% or more of the voting rights. In accordance with MIFIDPRU 8.7.6, CSAML is not required to make any disclosures on its investment policy.

Appendix: List of Abbreviations and Glossary

AT1	Additional Tier 1 Capital	**K-ASA**	K Factor based on assets safeguarded and administered
AUM	Asset Under Management	**K-AUM**	K Factor required based on assets under management
BLAR	Basic Liquid Assets Requirement	**K-CMG**	K Factor based on Clearing Margin Given
BRC	Board Risk Committee	**K-CMH**	K Factor based on Client Money Held
CCO	Chief Compliance Officer	**K-CON**	K Factor based on Concentration Risk
CET1	Common Equity Tier 1	**K-DTF**	K Factor based on Daily Trading Flow
CEO	Chief Executive Officer	**K-NPR**	K Factor based on Net Position Risk
CFO	Chief Financial Officer	**K-TCD**	K Factor based on Trading Counterparty Default
CCO	Chief Compliance Officer	**LATR**	Liquid Assets Threshold Requirement
CRO	Chief Risk Officer	**MiFID**	Markets in Financial Instruments Directive
CRD	Capital Requirements Directive	**MRT**	Material Risk Taker
CRR	Capital Requirements Regulation	**NED**	Non-Executive Director
EMEA	Europe Middle East and Africa	**Nom Com**	Nomination Committee
EWI	Early Warning Indicator	**Non-SNI**	Non Small and Non Interconnected
ExCo	Executive Committee	**OF**	Own Funds
FCA	Financial Conduct Authority	**OFAR**	Overall Financial Adequacy Rule
FINMA	Financial Market Supervisory Authority	**OFTR**	Own Funds Threshold Requirement
FOR	Fixed Overhead Requirements	**TPRM**	Third Party Risk Management
HHI	Herfindahl-Hirschman Index	**RAS**	Risk Appetite Statement
IFPR	Investment Firms Prudential Regime	**RCSA**	Risk Control Self Assessment
ICAAP	Internal Capital Adequacy Assessment Process	**SYSC**	Senior Management Arrangements, Systems and Controls
ICARA	Internal Capital Adequacy and Risk Assessment	**Tier1**	Tier 1 Capital
PMR	Permanent Minimum Capital Requirement	**Tier2**	Tier 2 Capital
PRA	Prudential Regulatory Authority	**TP**	Transitional Provision
KFR	K Factor Regime	**SMCR**	Senior Managers and Certification Regime

Cautionary Statement regarding Forward-looking Information

This report contains statements that constitute forward-looking statements.
In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies;and
- assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

We do not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.

We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market volatility and interest rate fluctuations and developments affecting interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries or in emerging markets in 2024 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including cost efficiency, net new asset, pre-tax income/(loss), capital ratios and return on regulatory capital, leverage exposure threshold, risk-weighted assets threshold, and other targets and ambitions;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- the risk of cyber-attacks on our business or operations;
- actions taken by regulators with respect to our business and practices and possible resulting changes to our business organisation, practices and policies in countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices in countries in which we conduct our operations;
- the potential effects of proposed changes in our legal entity structure;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation, regulatory proceedings, and other contingencies; and
- other unforeseen or unexpected events and our success at managing these and the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive.
When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in our Annual Report 2023.

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