STRATEGIC REPORT

For the year ended 31 December 2019

PRINCIPAL OBJECTIVES

Going Concern

As a result of a strategic review of the UK operations of Deutsche Alternative Asset Management (UK) Limited, the board has transferred majority of the entity's business to DWS Alternatives Global Limited and expects the remaining business to be transferred by 31 December 2020. As a result, the Company's activities as an investment management and advisory Company, will cease, and the directors intend to wind down the Company. However, the directors have not yet decided when the Company would be liquidated.

Accordingly, the financial statements of the Company have not been prepared on a going concern basis.

RISK AND UNCERTAINTIES

The Company is a wholly owned by DWS Group GmbH & Co. KGaA following the IPO which was completed in March 2018, and therefore the risks it is subject to are managed within the risk and control functions of this Group.

The key risks facing the firm include operational and business risks.

Operational Risk

The Company's key operational risks include potential suitability and advisory process deficiencies and dependence on key personnel and service providers to support its operating model.

Due to the nature of the Company's businesses as well as the services and products it provides, operational risk (including Conduct risk) and Reputational risks are the main risks it is exposed to, which are monitored, together with all other risks, on an ongoing basis in the Business Risk Committee and reported to the Company's Board of Directors.

Business Risk

The business revenues are based on management fees, driven by AUM and performance fees driven by funds performance against an agreed benchmark. The valuation of the AUM, which impacts both management and performance fees, can be impacted by the underlying performance of the funds and also by external market risk conditions and factors, such as prevailing economic conditions, investor sentiment, foreign exchange rates and funds / products investment illiquidity. Finally, the Company primarily manages close ended funds only, limiting the risk of capital outflow during the life of the fund.

The Board of Directors is generally risk averse and oversees the mitigation of key risks through the Board Risk Committee.

BREXIT

In 2017, DWS Group GmbH & Co. KGaA and its direct and indirect subsidiaries ("DWS"), including Deutsche Alternative Asset Management UK Limited, established a comprehensive, dedicated Brexit program focused on the planning and implementation of our Brexit contingency plans, with the objective of ensuring that DWS is able to continue to conduct its business and service clients, compliant with a post-Brexit regulatory environment, irrespective of the outcome of the Brexit process.

As part of this program, extensive analysis of DWS's business operations, and how they may be impacted by Brexit, and a 'No-Deal' scenario in particular, was carried out, and measures were implemented to ensure DWS is ready, whatever the eventuality. As part of its preparations, DWS took steps to ensure that it can continue to leverage the capabilities of its geographical hubs and centres of excellence in the event that passport rights were lost following the UK's withdrawal from the European Union (EU) in a No-Deal scenario, or are lost at the end of the transition period. Likewise, DWS took appropriate mitigation measures with respect to internal and external data flows to ensure that the flow of information between the EEA and the UK can continue uninterrupted after Brexit, whatever the final outcome

While the remaining funds managed by Deutsche Alternative Asset Management UK Limited do not require any changes to their management arrangements in relation to Brexit, it is anticipated that a new AIFM will shortly be appointed by the respective fund boards

DWS maintains a strong risk management and governance framework covering all material investment risk factors (e.g. market risk, liquidity risk, counterparty & credit risk). Within this context, several Brexit-related risk profiling, market risk, liquidity risk, credit risk and counterparty risk analyses have been performed and are being updated as required.

COVID-19

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has caused disruptions to businesses and economic activity. The entity considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, it is not practicable to provide a quantitative estimate of the potential impact of this outbreak on the entity.

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For the year ended 31 December 2019

KEY PERFORMANCE INDICATORS

The Company's Risk Appetite Statement ("RAS") is articulated taking into account both the strategy, the risk profile and the top-down integration of business planning and governance processes as well as the bottom-up risk assessment, risk monitoring and escalation processes applied in day-to-day management of business activities.

The overarching objective of the Company's risk appetite framework is to ensure it remains well capitalised and funded, operates in compliance with regulatory requirements, fulfils its obligations (in particular fiduciary obligations) and is able to meet the expectations of key stakeholders including clients, shareholders and employees. This involves balancing risk and return considerations effectively. The degree and types of risk the firm is willing to take in pursuit of its objectives are calibrated on this basis.

Risk appetite is monitored against red-amber-green 'traffic lights', an actual breach of the red threshold represents a breach of risk appetite. The amber threshold acts as an early warning. Green represents 'normal', at or above regulatory or local entity specific targets.

KPI Measure	Description	Green	Amber	Red	Actual KPI
Common Equity Tier 1 ratio	In line with the local regulatory definition. Buffer of 20% aligned with Group requirement.	>11.25 %	Between 7.75% - 11.25%	<7.75%	120%
Total capital requirement assessment	Aligned with Group risk appetitle tolerances. Set up well above the regulatory minimum of 100% and include impact of orderly wind down.	>140%	Between 120% - 140%	<120%	1504%
Liquidity surplus	Short term liquidity tolerance enabling application of preventive measures and management tools within relevant time frame	>GBP 10m	Between GBP 0m - GBP 10m	<GBP 0m	47.1m

Common Equity Tier 1 ratio is a measure of Core Equity capital compared to total Risk Weighted Assets (RWA). The purpose is to ensure sufficient high quality capital to cover potential future exposure.

The Company's KPIs are green for all the 3 measures.

CURRENT PERIOD PERFORMANCE

GBP'000	2019	2018
Revenue	3,370	21,221
Expenses	181	16,277
Profit (loss) before tax	3,189	4,944
GBP (million)		
Surplus Capital	44.5 M	38.8 M
Liquidity	47.1 M	34.9 M
AUM	26.7 M	130.3 M

Revenues - Decrease in revenues is primarily due to transfer of the majority of its business to DWS Alternatives Global Limited.

Expenses - Decrease primarily due to the transfer of employees and its cost to DWS Alternatives Global Limited.

AUM - The fall in AUM was driven by investor distributions and negative performance from the Aggregator funds.

GBP'000	2019	2018
Assets	70,892	87,964
Liabilities	(21,002)	(36,528)
Equity	49,890	51,436

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Section 172 (1) Statement

Section 172 (1) of the Companies Act 2006 requires each director of a company to act in the way that they consider in good faith that would most likely promote the success for the benefit of its members as a whole and in to have regard to:

- the likely consequences of any decision in the long term;
- the need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company

To discharge their section 172 duties for this financial year, the directors had regard to the factors set out above in making principle decisions taken by the Company whilst maintaining high standards of business conduct to the benefit of all stakeholders.

Examples of this include approval of the Company's Modern Slavery Statement and the transfer of the Company's business to DWS Alternatives Global Limited with the ultimate aim of winding up the Company by the end of 2020 to benefit a Group entity rationalisation project.

The responsibility for managing macro financial risk, impact on climate change and corporate responsibility arising from climate and environment-related factors is set out at DWS Group level.

The DWS Group carefully manages its policies on business travel, leased assets, waste generated and purchased services. Unavoidable carbon emissions are offset by the purchase and retirement of high quality emission reduction certificates as part of the carbon neutrality activities undertaken by the Group.

The importance of ESG products are also recognised and a dedicated framework is in place to classify dedicated ESG funds.

By order of the Board of Directors this 12th day of May 2020

A. Bartlett

A. Bartlett
Secretary

Registered office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

Company number: 2478500