

**Alchemy**

**MIFIDPRU 8 Disclosures**

**FYE 30 June 2024**

## Contents

1. Introduction .....	3
1.1 Scope .....	3
1.2 Business Strategy .....	3
2. Risk Management Objectives and Policies .....	3
2.1 Statement of risk appetite .....	3
2.2 Risk Management .....	4
2.3 Risk categories and analysis.....	4
2.3.1 Own Funds Requirement .....	4
2.3.2 Concentration Risk.....	5
2.3.3 Liquidity.....	6
3. Governance Arrangements .....	6
3.1 Overview .....	6
3.2 Directorships .....	7
3.3 Diversity.....	7
3.4 Risk Committee .....	7
4. Own Funds .....	8
4.1 Composition of Regulatory Own Funds .....	8
4.2..... Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements .....	9
4.3 Main Features of Own Instruments Issued by ASO .....	9
5. Own Funds Requirements.....	9
5.1 OFR .....	9
5.2 OFAR .....	10
6. Remuneration Policy and Practices .....	11
6.1 Overview .....	11
6.2 Characteristics of the Firm's Remuneration Policy and Practices .....	11
6.3 Material Risk Takers.....	12
6.4 Risk Adjustment, Malus and Clawback.....	12
6.5 Guaranteed Variable Remuneration for MRTs .....	13
6.6 Severance Pay .....	13
6.7 Pay Ratios .....	13
6.8 Governance and Oversight .....	13
6.9 Quantitative Remuneration Disclosure.....	13

## 1. Introduction

### 1.1 Scope

Alchemy Special Opportunities LLP (“**ASO**” or the “**Firm**”) (FRN 452050) is authorised and regulated by the Financial Conduct Authority (“**FCA**”) and as such is subject to the prudential requirements under the Investment Firms Prudential Regime (“**IFPR**”) set out in (and applicable in accordance with) the FCA’s Prudential sourcebook for MiFID investment firms in the FCA Handbook (“**MIFIDPRU**”).

ASO is classified under MIFIDPRU as a non-small and non-interconnected MIFIDPRU investment firm (“**Non-SNI MIFIDPRU Investment Firm**”). As such, ASO is required by Chapter 8 of MIFIPRU (“**MIFIDPRU 8**”) to disclose certain information on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements; and
- Remuneration policy and practices.

This document contains ASO’s MIFIDPRU 8 disclosures in relation to the financial year ending 30 June 2024, which have been approved by the Firm’s management body.

The purpose of these disclosures is to give stakeholders and market participants an insight into ASO’s culture, with data on the Firm’s own funds and own funds requirements additionally allowing potential investors in the Alchemy Funds (as defined below) to assess the Firm’s financial strength.

These disclosures relate only to ASO and not to any other related or group entity.

### 1.2 Business Strategy

ASO is an investment advisory firm, established in 2006, specialising in debt and equity special situations across Europe. It operates from a single office location in London and has one client: Alchemy Special Opportunities (Guernsey) Limited, the investment manager of various closed-ended alternative investment funds and co-investment funds, referred to throughout this document as the “**Investment Manager**” and the “**Alchemy Funds**” respectively. The Investment Manager is a related party, within the same ownership group as ASO. ASO has no other clients.

The Investment Manager’s only clients are the general partners of the Alchemy Funds and the investors within those funds are predominantly institutional investors, such as pension funds, funds of funds and insurance companies. The Investment Manager and the Alchemy Funds (including the co-investment vehicles) are all based in Guernsey.

ASO charges an advisory fee to its client for the provision of its services. As at 30 June 2024 ASO advised c.£2.5bn of assets under management.

## 2. Risk Management Objectives and Policies

### 2.1 Statement of risk appetite

ASO has a conservative risk appetite; its management body seeks to maintain a strong capital position and balance sheet throughout all market cycles with strong liquidity and a robust capital structure.

ASO is committed to (i) ensuring all business activities are conducted with a clear understanding of the risks, (ii) maintaining a robust risk management framework, ensuring transparent disclosure and treating its client fairly and (iii) meeting the expectations of major stakeholders, including its client (and the funds it advises and the underlying investors in such funds), members, employees and regulators.

## 2.2 Risk Management

ASO has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. Risk management is the responsibility of the management body, which takes overall responsibility for this process and the risk appetite of the Firm. Risk is a standing agenda item for quarterly meetings of the management body and any material risk matters arising are dealt with on an as-arising basis.

The Compliance Officer has responsibility for the implementation and enforcement of the Firm's risk principles; he reports to the management body, which meets on a regular basis and discusses current projections for profitability, cash flow, regulatory capital management, business planning and risk management.

The management body engages with ASO's risks through a framework of policies and procedures having regard to the relevant laws, standards, principles, rules (including FCA principles and rules) and regulations with the aim of operating a defined and transparent risk management framework. These policies and procedures are updated as required.

Appropriate action is taken where risks that fall outside of ASO's risk tolerance levels are identified or where the need for remedial action is required in respect of identified weaknesses in the Firm's mitigating controls.

Due to the nature, size and complexity of the Firm, ASO does not have an independent risk management function.

## 2.3 Risk categories and analysis

The rest of this section describes ASO's risk management objectives and policies for the categories of risk addressed by:

- own funds requirements;
- concentration risk;
- liquidity.

### 2.3.1 Own Funds Requirement

ASO is required to maintain own funds that are at least equal to its own funds requirement. Subject to the transitional provisions referred to below\*, the own funds requirement is the higher of ASO's:

- Permanent minimum capital requirement: based on the MiFID investment services and activities that ASO currently has permission to undertake, this is set at £75,000 (MIFIDPRU 4.4.4R) ("**PMR**");
- Fixed overheads requirement: an amount equal to one quarter of ASO's relevant expenditure during the preceding financial year ((MIFIDPRU 4.5.1R) ("**FOR**")); and

- K-factor requirement: the only K-factor that applies to ASO's business is K-AUM (calculated on the basis of the Alchemy Funds' assets under management, in relation to which ASO provides investment advice) ("KFR").

\*Because ASO was categorised as an exempt CAD firm under the relevant rules in force on 31 December 2021, the transitional provisions set out in MIFIDPRU TP2 apply to the calculation of its own funds requirement, as follows:

PMR (TP2.12R)	(a)	from 1 January 2022 to 31 December 2022: £50,000;
	(b)	from 1 January 2023 to 31 December 2023: £55,000;
	(c)	from 1 January 2024 to 31 December 2024: £60,000;
	(d)	from 1 January 2025 to 31 December 2025: £65,000; and
	(e)	from 1 January 2026 to 31 December 2026: £70,000.
FOR & KFR (TP2.10R)	(a)	from 1 January 2022 to 31 December 2022, an amount equal to ASO's PMR as set out above; and
	(b)	from 1 January 2023 to 31 December 2026, the relevant percentage specified below of ASO's FOR and KFR respectively: <ul style="list-style-type: none"> <li>• from 1 January 2023 to 31 December 2023: 10%;</li> <li>• from 1 January 2024 to 31 December 2024: 25%;</li> <li>• from 1 January 2025 to 31 December 2025: 45%; and</li> <li>• from 1 January 2026 to 31 December 2026: 70%.</li> </ul>

ASO's own funds requirement is currently set by its FOR, as this is the highest of the three metrics.

ASO considers that the potential for harm associated with its business strategy based on the Firm's own funds requirement is low. To determine its own funds threshold requirement, ASO identifies and measures the risk of harm applicable to it and its business strategy and considers these risks in light of its ongoing operations and from a wind down perspective. ASO then determines the degree to which systems and controls alone mitigate risk of harm and the risk of disorderly wind down and thereby determines the additional own funds (if any) that need to be held in relation to ASO's ongoing operations to cover any residual risks.

One of the methods adopted by ASO to manage the risk of breach of its own funds requirement is to maintain a strong capital position and balance sheet throughout all market cycles with strong liquidity and a robust capital structure. In the event that ASO's own funds fall below 110% of its own funds threshold requirement (known as an "early warning indicator"), it will notify its management body and the FCA that it is at risk of breaching its own funds threshold requirement and the management body will consider the necessary steps required in order to increase the own funds buffer; this may include injecting more own funds into the Firm.

### 2.3.2 Concentration Risk

ASO recognises the concentration risks associated with having a single client; however, the Firm considers that its concentration risk is acceptable given the stability of its fee income from the Investment Manager relating to the services that it provides. ASO's revenue is derived from advisory agreements with the Investment Manager in relation to each Alchemy Fund; the advisory agreements are long-term (fund lifespans vary but tend to be 9+ years) and relate to multiple alternative investment funds with different investor bases. The Investment Manager is a well-established regulated financial services company that has managed multiple successive alternative investment funds since 2014. ASO therefore

considers that it has a safe and predictable revenue stream, including during stressed market conditions. ASO's CFO/Compliance Officer monitors and manages ASO's concentration risk on an ongoing basis, including through visibility of the fund-raising cycle and through stress testing, to ensure that it has an appropriate operating model for the provision of its services.

### 2.3.3 Liquidity

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate (liquid) resources in the event of a stress scenario.

The Firm retains an amount that it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions and has developed systems and controls to manage the risk that the Firm cannot meet its liabilities as they fall due. The management body has allocated responsibilities to certain individuals to ensure the effective on-going monitoring and management of liquidity risk. The COO & CFO has been allocated overall responsibility for the management of liquidity risk; he is part of, and reports to, the management body on a frequent basis. The management body formally review and sign-off the liquidity assessment at least annually. The liquidity risk outlined in that assessment will be examined throughout the year. The management body understands that changes in the business might trigger the liquidity assessment to be revised and updated.

Taking into account the simple business model operated by the Firm the management body considers that the potential for harm associated with its business strategy based on ASO's basic liquid assets requirement is low and believes that the strategies, policies, processes and systems that have been implemented are robust and appropriate to enable ASO to identify, measure, manage and monitor liquidity risk.

## 3. Governance Arrangements

### 3.1 Overview

ASO believes that effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to ASO, its stakeholders, and the wider market are identified, managed, and mitigated.

The partners of ASO, all of whom are experienced private equity professionals, make up its management body. The management body has overall responsibility for the Firm and is therefore responsible for defining and overseeing the governance arrangements at the Firm.

In order to fulfil its responsibilities, the management body meets weekly and holds formal meetings monthly and quarterly. Amongst other things, the management body approves and oversees the implementation of the Firm's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system and assesses the adequacy of policies relating to the provision of services to its client.

A key document that is reviewed, discussed, and ratified by the management body at least annually is the Senior Management Systems and Controls Document ("**SYSC Document**"), as this demonstrates how ASO has met its obligations with regard to its governance arrangements. The SYSC Document provides the management body with information on the functioning and performance of all aspects of the Firm, including the following areas:

- general organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies;

- employees, including steps taken by the Firm to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure as appropriate that they are fit and proper persons;
- policies, procedures, and controls for meeting the Firm’s compliance and financial crime requirements;
- the Firm’s internal capital adequacy and risk assessment (ICARA) process;
- outsourcing of critical or material operating functions or activities;
- record-keeping controls and arrangements;
- conflicts of interest management;
- remuneration policies and practices; and
- whistleblowing controls.

## 3.2 Directorships

The table below sets out the number of directorships (executive and non-executive) held by each member of the management body (such directorships and members of the management body as at the date of publication of this document). The table details their position at the Firm, SMF function and number of external directorships held (excluding directorships that are (i) held in organisations which do not pursue predominantly commercial objectives; or (ii) of entities within the Alchemy group or of entities in which the Alchemy Funds hold interests).

Name	Position at ASO	SMF	No. of external directorships held
Thomas Boszko	Member of ASO	SMF27 Partner	0
Ian Cash	Member of ASO	SMF27 Partner	0
Alex Dupee	Member of ASO	SMF27 Partner	0
Alex Leicester	Member of ASO	SMF27 Partner	0
John Rowland	Member of ASO; CFO & COO	SMF27 Partner SMF16 Compliance Oversight	1
Dominic Slade	Member of ASO; Managing Partner	SMF27 Partner SMF1 Chief Executive	3
Toby Westcott	Member of ASO	SMF27 Partner	1

## 3.3 Diversity

ASO’s approach to diversity is in line with its Diversity, Equity and Inclusion policy and it is committed to promoting a culture of inclusion.

The management body believes that diverse teams perform better and is committed to fostering a working environment within which its staff are treated with dignity and respect, ensuring that individuals are treated fairly and that all decisions, including in relation to recruitment, training, terms of employment, access to benefits and services, conditions of work, promotion, discipline, and termination, are taken in accordance with its DE&I policy and objectives.

## 3.4 Risk Committee

Due to the nature, size, and complexity of the Firm, ASO does not have an independent risk management function. The management body is responsible for the management of risk within the Firm and the individual responsibilities of the management body members are clearly defined. Senior management reports to ASO’s management body on a frequent basis regarding ASO’s risks. ASO has clearly documented policies and procedures, which are designed to minimise risks to the Firm and all staff members are required to confirm that they have read and understood these. The Firm is not required by MIFIDPRU to establish a risk committee.

## 4. Own Funds

### 4.1 Composition of Regulatory Own Funds

The Firm's own funds requirement is met with Common Equity Tier 1 (CET1).] Throughout FY'24 and as at 30 June 2024, the Firm maintained sufficient own funds to cover its capital requirements under IFPR. The regulator-prescribed tables below provide a breakdown of the Firm's own funds.

Composition of regulatory own funds as at 30 June 2024			
	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	<b>OWN FUNDS</b>	<b>858</b>	Pages 8 & 9
2	<b>TIER 1 CAPITAL</b>	<b>858</b>	
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>858</b>	
4	Fully paid up capital instruments		
5	Share premium		
6	Retained earnings		
7	Accumulated other comprehensive income		
8	Other reserves	858	Pages 8 & 9
9	Accumulated other comprehensive income		
10	Accumulated other comprehensive income		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	<b>ADDITIONAL TIER 1 CAPITAL</b>		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	<b>TIER 2 CAPITAL</b>		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

## 4.2 Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

Reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		a	b
		Balance sheet as in published/ audited financial statements	Cross-reference to above template
		As at 30 June 24	
Assets - breakdown by asset classes according to the balance sheet in the audited financial statements (in £'000)			
1	Tangible Fixed Assets	191	n/a
2	Intangible Assets	796	n/a
3	Debtors due < 1 year	1,231	n/a
4	Cash at bank	4,266	n/a
5	Total Assets	6,484	n/a
Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)			
1	Creditors < 1 year	(3,305)	n/a
2	Provisions for liabilities and charges	(412)	n/a
3	Total Liabilities	(3,717)	n/a
Shareholders' Equity (in £'000)			
1	Loans & other debts due to members within 1 year	1,906	n/a
2	Regulatory capital	858	Item 8 in table under Point 4.1
3	Members' Capital	3	n/a
4	Total Shareholders' Equity	2,767	

## 4.3 Main Features of Own Instruments Issued by ASO

The CET1 capital is wholly comprised of members' capital classified as equity and cannot be repaid whilst required to satisfy the Firm's regulatory capital requirements.

## 5. Own Funds Requirements

### 5.1 OFR

ASO is required at all times to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the minimum capital the Firm is required to hold, calculated as the higher of the PMR, FOR and KFR.

The table below illustrates the core components of the Firm's own funds requirement as at 30 June 2024 and its actual own funds requirement under the transitional provisions set out in MIFIDPRU TP2:

Requirement	£'000
(A) Permanent Minimum Capital Requirement (PMR)	75
(A*) TP (year 3)	60
(B) Fixed Overhead Requirement (FOR)	1,650
(B*) TP (year 3)	413
(C) K-Factor Requirement (KFR)	275
(C*) TP (year 3)	69
<b>(D) Own Funds Requirement (Max. A*, B*, C*)</b>	<b>413</b>

*\*Because ASO was categorised as an exempt CAD firm under the relevant rules in force on 31 December 2021, the transitional provisions set out in MIFIDPRU TP2 apply to the calculation of its own funds requirement.*

## 5.2 OFAR

ASO is also required to comply with the overall financial adequacy rule (“**OFAR**”). This is an obligation on the Firm to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- the Firm 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
- the Firm's business can be wound down in an orderly manner, minimising harm to consumers or to markets.

Where ASO determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, it must maintain ‘additional own funds required for winding down’, above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where ASO determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, it must maintain an amount of ‘own funds required for ongoing operations’, above the KFR, that is deemed sufficient to ensure the viability of ASO through the economic cycle.

ASO's own funds threshold requirement is the higher of:

- its PMR;
- the sum of its FOR and its additional own funds required for winding down; and
- the sum of its KFR and its additional own funds required for ongoing operations.

This is the amount of own funds that ASO is required to maintain at any given time to comply with the OFAR.

To determine its own funds threshold requirement, ASO identifies and measures the risk of harms faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. ASO then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds (if any) required to cover any residual risk.

This process is documented and presented to, and ratified by, the management body on at least an annual basis.

## 6. Remuneration Policy and Practices

### 6.1 Overview

As a Non-SNI MIFIDPRU Investment Firm, ASO is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior Management Arrangements, Systems and Controls sourcebook in the FCA Handbook (“**SYSC**”)).

The purpose of the remuneration requirements is to:

- promote effective risk management in the long-term interests of firms and their clients;
- ensure alignment between risk and individual reward;
- support positive behaviours and healthy firm cultures; and
- discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of the Firm’s remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its client. In addition, ASO recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, ASO’s remuneration philosophy is also grounded in the belief that its people are its most important asset and provide its greatest competitive advantage.

ASO is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its client. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

### 6.2 Characteristics of the Firm’s Remuneration Policy and Practices

Employees’ remuneration is made up of three components: base salary (and standard benefits, including private medical insurance and a pension contribution as a fixed percentage of base salary), which comprise fixed remuneration, and annual cash bonus and carried interest awards, both of which comprise variable remuneration.

The annual cash bonus is determined based on the individual’s performance in relation to their contribution to ASO in the widest sense (such as investment idea generation and execution, but also collegiate contribution around the office through mentoring and the like). The bonus pool is determined on a bottom-up basis, rewarding staff as appropriate to ensure that top performers are retained, and poor performers are not rewarded for failure. ASO then assesses the aggregate cash bonus pool in the context of the forecast profitability of the business.

Long term incentivisation, linked to realised fund performance, is provided through awards of carried interest. The level of award made to an individual is determined by the Remuneration Committee on their long-term view on the individual’s performance and contribution to the business. Vesting (entitlement to the award) applies over the life of the relevant Alchemy Fund and therefore aligns the recipient’s contribution to the benefit received. E.g. if they leave, then they only receive a proportion of the benefit of the award they would otherwise have received. This further aligns the individual’s compensation with their performance and contribution over the long term.

The carried interest terms have been agreed by investors to align staff with their interests. As the carried interest is paid only on realised gains, the capital base of the relevant Alchemy Fund is also unaffected by payment of carried interest to staff.

Partners’ remuneration comprises an annual profit share and a carried interest award.

Remuneration based on performance is discussed upfront with individuals and is in line with both the investors' requirements and ASO's requirements in terms of both current and potential risks. This aligns the risk profile appropriately.

As noted above, ASO provides services to the investment manager of closed ended alternative investment funds with a private equity return structure. As such, the performance incentive (carried interest) is paid at the end of the period once investments have been sold and the investors have achieved a significant realised return (a performance hurdle in excess of cost invested).

## 6.3 Material Risk Takers

Material Risk Takers ("**MRTs**") are those staff whose professional activities are considered by ASO to have a material impact on its risk profile. ASO has an internal framework of qualitative criteria for identifying MRTs in line with SYSC19G.5. During the year-ending 30 June 2024, 13 individuals (incl. six partners/members) were identified/designated as MRTs of ASO.

## 6.4 Risk Adjustment, Malus and Clawback

ASO's policy includes a framework for assessing the level of remuneration to be paid to staff. The framework applies both ex-ante and ex-post risk adjustment criteria to the level of remuneration paid to staff.

Employee bonuses (variable remuneration) are fully discretionary and when assessing performance and making any award of such variable remuneration ASO takes into account all types of current and future financial (e.g. profit) and non-financial (e.g. conduct, strategy, reputation) risks, retaining the ongoing discretion to reduce (including to nil) the amount of any such variable remuneration (including for MRTs).

In addition, ASO may apply performance adjustment to MRTs' variable remuneration in the form of "in-year" and/or "malus" adjustments where certain adverse events, risks or circumstances set out below come to light prior to the payment or award of such variable remuneration. The relevant events, risks or circumstances are:

- the relevant MRT participated in or was responsible for conduct which resulted in significant losses for the Firm or its client/an Alchemy Fund;
- the MRT failed to meet appropriate standards of fitness and propriety;
- there is reasonable evidence of misbehaviour or material error by the MRT;
- the Firm or its client/an Alchemy Fund or a relevant business unit of the foregoing suffers a material downturn in its financial performance; and/or
- the Firm or a relevant business unit suffers a material failure of risk management.

In addition to the above, the Firm may apply "clawback", which refers to the power to recover any variable remuneration which has already been paid or awarded to an MRT, where certain limited adverse events, risks or circumstances come to light, namely:

- the relevant MRT participated in or was responsible for conduct which resulted in significant losses for the Firm or its client/an Alchemy Fund; and/or
- the relevant MRT failed to meet appropriate standards of fitness and propriety.

In particular, clawback is expected to be applied where there have been instances of fraud or other deliberate, intentional misconduct or severe negligence which has resulted in significant losses for the Firm or its client/an Alchemy Fund.

The Firm may apply clawback measures for up to three years following the payment or award of the variable remuneration.

## 6.5 Guaranteed Variable Remuneration for MRTs

ASO will only consider paying guaranteed variable remuneration in the context of hiring a new MRT, where the same is limited to the first year of the MRT’s service and the Firm is satisfied that it has a strong capital base. Any such guaranteed variable remuneration shall be subject to the malus and clawback provisions set out above.

## 6.6 Severance Pay

In determining any early termination payments, ASO will have regard to the performance of the relevant staff member over an appropriate period. Any payments on termination are considered by the management body, which will ensure that the amount of such payment is appropriate and failure or misconduct is not rewarded.

## 6.7 Pay Ratios

ASO sets a ratio between the variable and fixed components of total remuneration to ensure that the components are appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which ASO would do in certain situations, such as where ASO’s profitability performance is particularly constrained, or where there is a risk that the Firm may not be able to meet its regulatory capital or liquidity requirements.

## 6.8 Governance and Oversight

The Remuneration Committee is responsible for setting and overseeing the implementation of ASO’s remuneration policy and practices. In order to fulfil its responsibilities, the Remuneration Committee:

- is appropriately staffed to enable it to exercise competent and independent judgement on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity; and
- ensures that the overall remuneration policy is consistent with (i) the business strategy, objectives, values, and interests of the Firm and of its client and (ii) applicable regulatory rules.

ASO’s remuneration policy and practices are reviewed annually by the management body.

## 6.9 Quantitative Remuneration Disclosure

The tables below quantify the number of MRTs and the remuneration paid to staff in the financial year 1 July 2023 to 30 June 2024. For these purposes, ‘staff’ means employees (including interns and secondees) and partners/members of ASO.

### Number of MRTs

	Total
Number of individuals identified/designated as MRTs during the FYE 30 June 2024 in accordance with SYSC 19G.5	13 (incl. six partners/members)

## Remuneration for the FYE 30 June 2024

		Senior Managers and other MRTs*	Other Staff
Remuneration Awarded	Fixed (£000)	1,282	2,154
	Variable (£000)	5,732	1,131
	Total (£000)	7,014	3,285

## Guaranteed variable remuneration in the FYE 30 June 2024

		Senior Managers and other MRTs*
Guaranteed Variable Remuneration	Amount (£000)	0
	# Staff Awarded	0

## Severance payments in the FYE 30 June 2024

		Senior Managers and other MRTs*
Severance Payments	Amount (£000)	0
	# Staff Awarded	0
Highest Severance Payment Awarded to an Individual (£000)		0

\*MIFIDPRU investment firms are typically required to split the quantitative data in the above tables, where relevant, into categories for senior management and other MRTs. However, the regulator allows firms to aggregate or altogether omit the information to be disclosed for senior management and other MRTs, where splitting the information between these two categories would lead to the disclosure of information about only one or two individuals. ASO has relied upon this exemption and has aggregated the disclosure of fixed/variable/total remuneration awarded in order to prevent the identification of an individual MRT.