metis asset management

MIFIDPRU 8 DISCLOSURE

INTRODUCTION

This disclosure is in relation to Metis Asset Management Ltd ("MAM" or "the Firm"). The Firm is incorporated in the United Kingdom ("UK") (Company Number: 11002278) and is authorised and regulated by the Financial Conduct Authority ("FCA") under firm reference number 823998.

This document sets out the public disclosure under MIFIDPRU 8 for the Firm as of 31 December 2023, which represents the end of the Firm's most recent financial accounting period.

MAM provides discretionary investment management services and specialises in managing private client portfolios, as well as multi-asset funds-of-funds and a series of risk-based 'Model Portfolios' for Financial Advisers.

As a UK investment firm undertaking activities within the scope of the UK Markets in Financial Instruments Directive ("MIFID"), MAM is subject to the prudential requirements of the Investment Firms Prudential Regime ("IFPR") contained in the MIFIDPRU Prudential sourcebook for MIFID Investment Firms of the FCA Handbook.

The firm is part of the Hawksmoor Group Limited ("Hawksmoor Group" or "the Group" or "HGL"), which is classified as a MIFIDPRU investment firm group as per MIFIDPRU 2.4.2. HGL is wholly a wholly owned subsidiary of Hurst Point Group Limited. The definition of an investment firm group covers a parent undertaking that is incorporated in the UK or has its principal place of business in the UK, and its subsidiaries, at least one of which must be a MIFIDPRU investment firm. Under the IFPR's categorisation, HGL is categorised as a non-small, non- interconnected ("non-SNI") MIFIDPRU investment firm group. The ICARA process is run on a group basis but with each entity within the Group approving their separate Own Funds and Liquid Asset Threshold Requirement and Wind-Down Planning sections of the group ICARA which will cover their own funds and liquidity and ensure compliance with MIFIDPRU 7.9.5R (3).

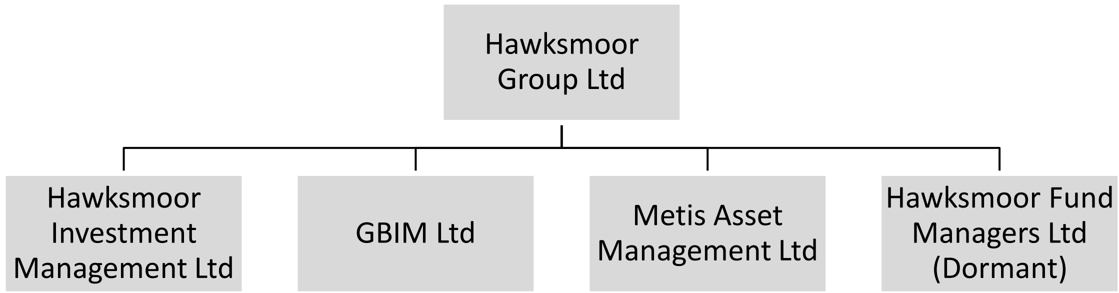
The Firm is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the FCA Handbook. These requirements are supplemented by the guidance also set out in MIFIDPRU 8 published by the FCA. This disclosure is prepared annually on a solo entity (i.e. individual) basis in accordance with MIFIDPRU 8.1.7 R, since the firms in the Group are not exempt under MIFIDPRU 2.3.1 R. We believe the information provided is proportionate to the Firm's size and organisation, and to the nature, scope and complexity of the Firm's activities.

The annual audited accounts of the firm set out further information which complements the information in this disclosure. The audited accounts are freely available from UK Companies House.

GOVERNANCE (MIFIDPRU 8.3)

The Firm is a subsidiary of Hawksmoor Group Limited. Hawksmoor Group Limited has a clear organisational structure with well-defined lines of responsibility; effective processes to identify, manage, monitor and report the risks the Group is or might be exposed to; and appropriate internal control mechanisms, including sound administration and accounting procedures.

Hawksmoor Group Limited Structure



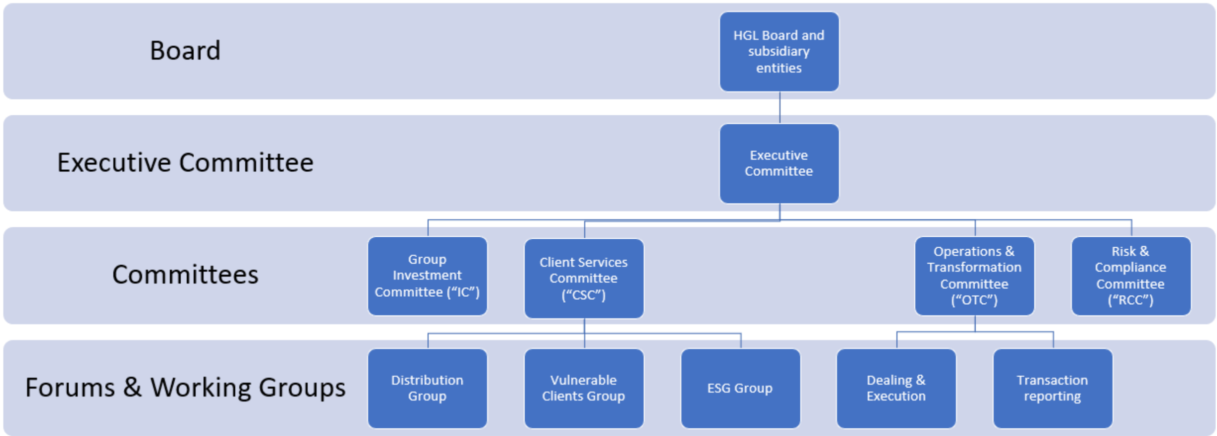
Governance is the ultimate responsibility of the Board of Directors of each MIFIDPRU entity. The Board is responsible for the ongoing success and development of the business as well as setting the risk appetite as part of the risk framework. The Board is also responsible for the firm's strategy, long-term objectives and financial performance and ensuring the maintenance of a sound system of internal controls and risk management.

The Board is supported by other senior members of staff, who collectively form the Hawksmoor Group Limited's Executive Committee (ExCo). The ExCo involves the Board of the Group entities (which includes the Chief Executive Officer and Chief Financial Officer), the head of each investment management division (Head of Investment Management, Head of Fund Management and Head of Investment Solutions), the Chief Operating Officer, the Head of Compliance and Risk, and the Head of HR.

Committee Structure

The ExCo and the various committees that in turn report to the ExCo support the regulated entity's Board.

Committees Structure



With this in mind, Hawksmoor Group maintains a Risk and Compliance Committee (RCC) at Hawksmoor Investment Management Limited which has delegated authority from the ExCo. The RCC conducts review and challenge to the Group's risk framework and reviews the group ICARA.

MIFIDPRU 7.9.5R (5) to (7) also permits the approval of the group ICARA to one of the subsidiary MIFIDPRU investments firms within an investment firm group, when the management of any risks on a group basis takes place within one of the entities. Considering the Hawksmoor Group maintains the Risk and Compliance Committee at Hawksmoor Investment Management Limited, it is deemed appropriate that Hawksmoor Investment Management Limited approves the group ICARA.

The RCC is a key element of the governance structure and is responsible for ensuring that business management maintain a proportionate system of risk management and internal control, overseeing the management of risk events and deficiencies. Due to the size of the Group, Hawksmoor Group is not required to have its own independent risk management function. Enterprise risk management is covered by the wider Risk and Compliance Team at the RCC. The risk governance also looks at the wider scope of client outcomes and foreseeable harms. In addition to the RCC, there are further committees and working groups that report to the Executive Committee and have responsibility for the oversight of specific risk areas.

As an additional level of governance and risk management, Hawksmoor Group is subject to the Audit, Risk and Compliance Committee ("the ARC") of Hurst Point Group Limited. The ARC reviews the overall current and future risk appetite and strategy and assists the governing body in overseeing the implementation of that strategy by senior management. Notwithstanding the role of the ARC, the Hawksmoor Group entities' governing bodies have overall responsibility for the risk strategies and policies.

The Client Services Committee ("CSC") sits to manage the risk associated with delivering good client outcomes and is being developed to review appropriate construction of new services, ensuring compliance with the Group product governance framework.

Operational activity is overseen through the Operations and Transformation Committee ("OTC"). The OTC reviews and monitors the day-to-day operational activities and the implementation of changes to the business functions. The OTC reviews and analyses key functions and any incidents that may arise to track their risk and remedial actions.

Hawksmoor Group's process and style of investment management are well established, documented and supported by daily informal discussion and by the documented Investment and Fund Management meetings. The performance of the different propositions across the Hawksmoor Group are reviewed at the Investment Committee ("IC"). The committee plays a crucial role in the governance and oversight of the delivery of the different investment strategies. Comprising the Head of Divisions, some of the fund managers and Compliance. The committee. reviews the performance of the strategies and assesses market conditions.

Directorships

The below table provides the number of directorships (both executive and non- executive) held by each member of the Board as at 31 December 2023.

Board Member	Directorships Held
Sarah Soar	6
Leighton Dunkley	6

Diversity

We have implemented a number of initiatives and programs to foster a diverse and inclusive workplace environment for all employees. Our 'Inclusive Workspace Group' meets regularly to advance employee wellbeing, belonging, growth opportunities, and support for those with disabilities. This group serves as a forum to discuss challenges, share ideas, promote awareness and take actionable steps.

Additionally, we provided access to tools and resource around mental health, leadership, and DEI for all staff. We also have trained Mental Health Champions that can support those struggling with mental and emotional issues.

These efforts aim to cultivate an inclusive culture where individuals of all backgrounds feel welcomed, valued, and empowered to advance.

RISK MANAGEMENT OBJECTIVES AND POLICIES (MIFIDPRU 8.2)

Hawksmoor Group is not of a size that requires it to have its own independent risk management function. Enterprise risk management is covered by the wider Risk and Compliance Team at the RCC. The governing body is responsible for the management of risk within the Group and their individual responsibilities of the members are clearly defined. Senior management report to the Group's governing body on a frequent basis regarding the Group's risks. Hawksmoor Group has clearly documented policies and procedures, which are designed to minimise risks to the Group and, where deemed appropriate, all staff are required to confirm that they have read and understood them. The risk governance also looks at the wider scope of client outcomes and foreseeable harms.

Statement of risk appetite

Hawksmoor Group seeks to proactively manage risk and embrace appropriate opportunities that ensure long-term profitable growth and client harm is minimised. There is no risk appetite for any activity, event or conduct that is detrimental to, or leads to poor outcomes for, or to customers, shareholders, communities and their experiences. The Risk Appetite Statement sets the Risk Appetite of the business i.e. the risk tolerance and risk capacity Hawksmoor Group is prepared to accept in the achievement of its strategic objectives.

The Risk Appetite is aligned with Hawksmoor Strategy, business objectives and stakeholder expectations. It acknowledges the willingness and capacity to take on risk and is reflective of all aspects of the business. It also considers the skills, resources and technology required to manage and monitor risk exposures in the context of Risk Appetite. The Risk Appetite is inclusive of a tolerance or loss from negative events that can be reasonably quantified.

The Group's governing body has adopted a conservative risk appetite to maintain a strong capital position and balance sheet throughout all market cycles with strong liquidity and a robust capital structure to protect the continuity and quality of the level of service that we provide our clients.

As an investment management group, risk is a fundamental characteristic of the Group's business and is inherent in every transaction undertaken. As such, the Group's approach to risk taking and how it considers risk relative to reward directly impacts its success. Therefore, the Group has established limits on the level and nature of the risk that it is willing and able to assume in achieving its strategic objectives and business plans.

A key risk the Group faces and must counter is avoiding causing harm to its clients. Additionally, strategic risk may arise from the failure to remain relevant and competitive, and some credit and market risk may arise from exposure to capital investments. The Hawksmoor Group governing body recognises that reputational risk could arise from shortcomings in any of these areas or from the wider Hurst Point Group.

Hawksmoor Group is committed to ensuring all business activities are conducted with a clear understanding of the risks, to maintaining a robust risk management framework, ensuring transparent disclosure, and treating its clients fairly, to avoid any foreseeable harm to clients, to meet the expectations of major stakeholders, including clints, shareholders, employees and regulators.

As part of the risk management process Hawksmoor Group will:

- Ensure that risk management is incorporated within processes and procedures and identify the main risks facing the Group and ways to mitigate them.
- Assess the risks to the business model and strategy, and look at the risks the Group is willing to take – the risk appetite.
- Ensure risk culture is embedded throughout the Group and that adequate risk management is discussed by the governing body.
- Ensure that the Group's risk profile is kept under review and that measures to manage or mitigate the principle risks are taken.
- Monitor and review on an on-going basis.
- Ensure risk information is communicated to and from the governing body and internally and externally as required.
- Identity conduct risk and cultural issues to ensure good client outcomes.

OWN FUNDS (MIFIDPRU 8.4)

Table 1 shows a break-down of the Metis Asset Management Limited's regulatory Own Funds at 31 December 2023 and confirms there are no regulatory deductions.

The Firm's Own Funds are made up entirely of Tier 1 capital resources.

Table 1. Composition of regulatory own funds			
	Item	**Amount (GBP thousands)**	**Source based on reference of the balance sheet in audited financial statements**
1	**OWN FUNDS**	339	
2	**TIER 1 CAPITAL**	339	
3	**COMMON EQUITY TIER 1 CAPITAL**		
4	Fully paid-up capital instruments	75	10
5	Share premium		
6	Retained earnings	264	
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**		
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	**TIER 2 CAPITAL**		
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		

Table 2 shows a reconciliation of Metis Asset Management's regulatory Own Funds with its balance sheet from the audited accounts at 31 December 2023.

Table 2. Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		A	c
		Balance sheet as in published/audited financial statements	**Cross-reference to Table 1**
		As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial Statements*			
1	Trade and other receivables	139	7
2	Cash and other equivalents	216	
	Total Assets	355	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial Statements*			
1	Currant liabilities	(16)	8
	Total Liabilities	(16)	
Shareholders' Equity			
1	Called up share capital	75	10
2	Retained earnings	264	
	Total Shareholders' equity	339	

OWN FUNDS REQUIREMENT (MIFIDPRU 8.5)

The Firm's Own Funds Requirements are determined as the highest of the following three requirements under MIFIDPRU 4.3.2 R:

1. Permanent Minimum Capital Requirement (PMR) – £75k (MIFIDPRU 4.4.4R)
2. Fixed Overheads Requirement (FOR) – £14k one quarter of the Firm's annual fixed overheads (MIFIDPRU 4.5.1.R), unless there is a material change expected to projected expenses during the year (MIFIDPRU 4.5.7R)
3. K-factor requirements – (k-AUM) £56k a breakdown of which is provided below.

   The Firm's Own Funds Requirements are therefore determined by the PMR, i.e. £75k which is the highest of these three.

The 'K-factor' approach was introduced by the IFPR to determine the minimum own funds requirements of an investment firm that is not an SNI. The aim of the K-factors is to provide a tailored and more appropriate method for setting a risk- based minimum own funds requirement for all types of investment firms.

The K-factors relevant to the Firm include the following:

- K-factor requirement calculated on the basis of Assets under Management (k-AUM).
- K-factor requirement calculated on the basis of the Daily Trading Flow (k-DTF). DTF is measured as a rolling average over the previous 9 months but excluding the 3 most recent months.

K-factor requirement: (Sum of)	**Amount (£000's)**
k-AuM	56
k-CoH	0
Additional capital from Ongoing Operations	0
Total K factor assessment	**56**

The Firm utilises a number of approaches to ensure that it remains compliant with the overall financial adequacy rule under MIFIDPRU7.4.7R, both in terms of own funds and liquidity resources.

Foremost is the annual assessment of own funds and liquidity adequacy conducted during the ICARA process, which considers the Firm's resource requirements under 'business as usual' and a variety of severe yet plausible stress tests.

In the case of our Own Funds, these requirements are forecast over a three-year time horizon and test the key sensitivities of the Firm's business. The Firm then ensures that its current level of financial resources is adequate to remain a going concern during this period under all scenarios considered.

Included within the ICARA is also an assessment of the capital required to affect an orderly wind down of the business. This figure is compared to the Firm's Own Funds requirement as detailed above. As at the time of writing the Firm's OFR is greater than its wind-down capital requirement.

REMUNERATION POLICY AND PRACTICES (MIFIDPRU 8.6)

The long-term success of Hawksmoor Group depends on its ability to attract and retain top talent. The Group's remuneration policy is tailored to assist in achieving that outcome.

The FCA's Investment Firms Prudential Regime ("**IFPR**") took effect on 1 January 2022. The IFPR contains a remuneration code with which the Hawksmoor Group's principal investment management firm, the Group firms, must comply. This includes having a remuneration policy, which must:

- be proportionate to the nature, scale and complexity of the risks inherent in the Group's business model and activities.
- be gender neutral.
- be consistent with, and promote, sound and effective risk management.
- be in line with the Group's business strategy and objectives, and take into account long term effects of investment decisions taken; and
- contain measures to avoid conflicts of interest, encourage responsible business conduct and promote risk awareness and prudent risk taking.

The Group is a non-SNI MIFIDPRU Investment Firm Group for the purposes of the FCA rules in the MIFIDPRU Remuneration Code has implemented in SYSC 19G of the FCA Handbook. It is required to implement the FCA's "standard" approach to remuneration for non-SNI Firms.

This policy applies to employees of the Firm. The Firm is a wholly owned subsidiary of Hawksmoor Group Limited ("**HGL**"), which wishes to adopt a common approach to remuneration for the group of companies of which it is the holding company (comprising HGL, the Firm, and certain other regulated and non-regulated subsidiaries of HGL from time to time (each a "**Group Company**").

Material Risk Taker

FCA rules state that a "Material Risk Taker" (or "**MRT**") is a staff member whose professional activities have a material impact on the risk profile of the Group or the assets that it manages. The Group reviews on an annual basis which staff are Material Risk Takers for these purposes

Gender neutral pay policy

The Group is committed to ensuring that remuneration is based on the principle of equal pay for workers of any sex for equal work, or for work of equal value.

Fixed remuneration

The Group's policy is to ensure that all staff have appropriate basic salaries which represent a sufficiently high proportion of their total remuneration to enable the operation of a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration.

Variable remuneration

The Group operates a discretionary bonus scheme. The amount of bonus awarded is based on the application of a balanced score which takes into account financial and non-financial criteria.

Balance of fixed and variable remuneration

The ratio between fixed and variable remuneration is set at an individual basis and the maximum variable remuneration for any individual is 200% of fixed remuneration. This ratio is subject to annual review.

Performance adjustment

The Group is committed to ensuring that employees approach their roles in a way that reflects the Group's risk appetite, strategy, culture and values. The Group's approach allows it to take appropriate, and proportionate, action if matters come to light which evidence a failure by a Material Risk Taker to meet the standards expected of them. This includes making adjustments to components of variable remuneration to reflect any such failure to meet those standards as follows:

- reducing current year awards (This is known as "In-Year Adjustment");
- the Group may reduce the amount of the unvested award in the circumstances set out in the table below. This is known as "Malus". Malus will normally only be applied where an award has been deferred; and
- the Group may seek recovery of some or all of the variable remuneration in the circumstances set out in the table below. This is known as "Clawback".

The period within which Clawback may be applied is three years from the date of vesting.

Quantitative Remuneration Disclosure:

The total amount of remuneration awarded to senior management and material risk takers, and all other staff, split by fixed and variable remuneration in GBP is as follows:

£m's	Senior Management and other Material Risk Takers	All other staff	Total
Fixed remuneration	0	0	0
Variable remuneration	0	0	0
Total	0	0	0

The total number of material risk takers identified by the Firm under SYSC 19G.5 was 0.

It is important to note that all staff resources I carried out by the wider Hawksmoor Group, therefore, there are no fixed or variable remuneration costs for Metis Asset Management Limited.

The disclosure in the table above has taken advantage of the exemption in MIFIDPRU 8.6.8R (7) (b) and MIFIDPRU 8.6.89R to prevent the individual identification of a material risk taker's remuneration by breaking down further the disclosure for the MRT holders in the table.