MIFIDPRU 8 Disclosure

Financial year ended 31 December 2023

Version 1.2

CONTENTS

1 Introduction and Context....1

2 Remuneration....1

2.1 Introduction....1

2.2 Remuneration Policy Framework....1

2.3 Remuneration Policy....2

1 INTRODUCTION AND CONTEXT

The Investment Firms Prudential Regime (IFPR) is the FCA's prudential regime for MiFID investment firms which aims to streamline and simply the prudential requirements for UK investment firms. IFPR came into effect on 1st January 2022, and its provisions apply to PortfolioMetrix Asset Management (or the Firm) as an FCA authorized and regulated firm.

The public disclosure requirements of IFPR are set out in MIFIDPRU 8, replacing the previous Pillar 3 requirements.

The Firm can be classified as a SNI firm given it does not breach any requirements set out in MIFIDPRU 1.2.1 R for the financial year ended **31 December 2023**.

The Firm is required to disclose the following information:

- Remuneration Policy and practices (MIFIDPRU 8.6)
    - Provision of quantitative and qualitative disclosures in respect of the firm's remuneration arrangements

2 REMUNERATION

2.1 Introduction

In accordance with its obligations under the Regulations, including the ESMA Guidelines the Company is required to have remuneration policies and practices for certain categories of staff, that are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of Portfolios or Funds managed by the company and rules or instruments of incorporation of the Company.

PortfolioMetrix's remuneration policy considers in full the requirements of and our obligations to the FCA's revised Remuneration Code and the Capital Requirements Directive (Directives 2006/48/EC and 2006/49/EC) as amended by CRD III. The application of proportionality is reviewed annually by the board of directors of PortfolioMetrix, to determine its scope and continued application.

2.2 Remuneration Policy Framework

The purpose of the Company's remuneration policy is to seek to ensure that the remuneration arrangements of identified staff:

- is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Company; and
- is consistent with the Company's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The Company complies with those objectives by having a business model which by its nature does not promote excessive risk taking; by defining performance goals and objectives for employees of the Company's delegates which are aligned with the business; and by ensuring that the fixed salary element of those involved in relevant functions reflects the market rate.

2.2.1 CATEGORIES OF STAFF OF THE COMPANY TO WHICH THE GUIDELINES APPLY

The ESMA Guidelines relating to governance, the remuneration committee and transparency, and certain of the risk-alignment guidelines, apply to the Company as a whole.

The risk alignment guidelines apply only to Identified Staff. It is primarily the responsibility of the Company to decide the categories of staff whose professional activities have a material impact on the Company's or a Portfolio or Fund's risk profile.

2.2.2 TYPE OF REMUNERATION THAT IS SUBJECT TO THE REGULATIONS AND THE ESMA GUIDELINES

The principles set out in this policy apply to remuneration of any type paid by the Company including carried interest, and to any transfer of units or shares of the Company, in certain circumstances.

Under the Regulations and the ESMA Guidelines, fund remuneration consists of all forms of payments or benefits paid by the Company in exchange for professional services rendered by "Identified Staff" to a Portfolio or Fund, including:

- Any amount paid by a Portfolio or Fund itself, including carried interest[1] but excluding payments made by a Fund to the benefit of Identified Staff to the extent the amount represents a pro rata return on any investment made by those staff members into a Portfolio or Fund,
- Any transfer of units or shares of a Portfolio or Fund, and
- Other compensation for services, including forgivable loans, pension contributions and nonmonetary payments.

Dividends or similar distributions to the owner of the Company are not categorised as remuneration for these purposes unless the material outcome of such dividends results in a circumvention of the relevant remuneration rules.

The "investment" in a Portfolio or Fund of any staff members referred to above must be represented by an actual cash disbursement; any loans granted by the Company to the staff member and then "invested" in a Portfolio or Fund does not qualify as an investment and any related profit is considered compensation under the Regulations.

2.3 Remuneration Policy

Benefits are extended to employees at the discretion of PortfolioMetrix. In some cases, the benefits are linked to length of service (e.g. holiday entitlement) or corporate title (e.g. pension) but no benefit is dependent on individual performance (other than variable compensation or commission detailed below).

The Company does not impose a limit with regard to variable compensation versus fixed compensation. However, the Company's policy is to pay all staff a fixed component representing a sufficiently high proportion of the total remuneration of the individual to allow the Company to operate a fully flexible policy, with the possibility of not paying any variable component.

Where the Company pays its staff performance related pay, the following requirements will be applied:

- Fair market remuneration for the roles being performed.
- Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual, the business unit and of the overall results of the Company, and when assessing individual performance, financial as well as non-financial criteria are taken into account. The performance of the individual is assessed, in part, by means of a peer review system. Performance related pay will not be based on the performance of any Fund.
- The assessment of performance is set in a multi-year framework in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over an appropriate period;
- Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;
- The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;
- The variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the Company and the individual concerned. The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Company occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;
- The Company's policy is in line with the business strategy, objectives, values and long-term interests of the Company;

[1] Carried interest is defined as a share in the Fund's profits accrued to the Manager as compensation for the management of the Fund.

- Staff are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
- Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the Regulation's requirements.

2.3.1 PORTFOLIO/RISK MANAGEMENT STAFF

The Company requires when delegating portfolio management (or any part thereof) and/or risk management activities, that:

- the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines/Annex II of the Directive; or
- appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines/Annex II of the Directive.

The remuneration of those engaged in the performance of the risk management function reflects the achievement of the objectives linked to the risk management function, independently of the performance of the business areas in which they are engaged.

2.3.2 OTHER IDENTIFIED STAFF

The method of determining the remuneration of the Head of Operations, Compliance Officer and other persons in the compliance function does not affect their objectivity and is not likely to do so as their remuneration is not linked in any way to a Portfolio or Fund's performance.

2.3.3 NON-EXECUTIVE DIRECTORS

Non-Executive Board Members does not receive fixed or performance-based remuneration, therefore avoiding a potential conflict of interest. No pension contributions will be payable on Non-Executive Board members' fees.

Taking the nature, scale and complexity of the Company into consideration, the Board of Directors believes that the approach to performance-based pay as outlined above is appropriate and reflects the risk profile, appetite and strategy of the Company.

Total amount of remuneration awarded to all staff, split by fixed and variable

	Fixed remuneration	Variable remuneration
All Staff	£496 260	£31 273