Oldfield Partners LLP

MIFIDPRU 8 DISCLOSURE

December 2023

TABLE OF CONTENTS

1. MIFIDPRU 8 DISCLOSURE

The Firm is authorised as a Full-Scope UK Alternative Investment Manager (“AIFM”) that can manage Alternative Investment Funds (“AIFs”) and also conduct certain other activities as detailed in Article 6(4) of the Alternative Investment Fund Managers Directive (“AIFMD”) including management of portfolios of investments in accordance with mandates given by investors on a client-by-client basis. As a result, the Firm is categorised as a Collective Portfolio Management Investment Firm (“CPMI”).

The Firm acts as a discretionary portfolio manager to a number of funds and managed accounts, employing global equity and emerging market equity strategies.

The Firm is categorised as a “Non-SNI MIFIDPRU investment firm” by the FCA for capital purposes. The Firm reports on a solo basis. The Firm’s MIFIDPRU 8 disclosure fulfils the Firm’s obligation to disclose to market participants’ key information on a firm’s:

- Risk management objectives and policies
- Governance arrangements
- Own funds
- Own funds requirement
- Remuneration policies and practices

In making the qualitative elements of this disclosure, the Firm is required to provide a level of detail that is appropriate to the Firm’s size and internal organisation, and to the nature, scope and complexity of its activities.

This disclosure is made annually on the date the Firm publishes its annual financial statements. As appropriate, this disclosure is made more frequently, for example if there is a major change to the Firm’s business model.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

At this time, the Firm is not required to make a disclosure with respect to risk management objectives and policies with respect to the financial period to which this disclosure relates.

3. GOVERNANCE ARRANGEMENTS

3.1 OVERVIEW

The Firm’s management committee is responsible for the day-to-day management of the Firm and its business operations, as well as making recommendations to the Firm’s Partners. Members of the Management Committee include:

- Nigel Waller, CEO/CIO
- Edward Troughton
- John McEwing, CFO
- Chris Driver, COO

Each Partner, as a Senior Manager of the Firm, has a Statement of Responsibilities setting out the areas of the business for which they are responsible. Oversight and challenge of the Management Committee is provided by the external Advisory Board. Together the management committee and the Advisory Board make up the overall management body of the Firm.

The Firm’s governance arrangements ensure that the effective and prudent management of the Firm is prioritised. This is both with respect to the composition of the governing body itself and with respect to the Firm’s overall structure, including the segregation of duties within the wider organisation.

The Firm maintains conflicts of interest procedures and processes. This includes the identification, managing and monitoring of potential or actual conflicts under the overall supervision of the governing body. The Firm emphasises the need to prioritise the interests of its clients and to resolve potential or actual conflicts between clients.

The Firm's Internal Capital Adequacy and Risk Assessment ("ICARA") process assists the Firm in determining its material harms, including those affecting its clients and the integrity of the market. The Firm's governing body reviews the ICARA at least annually.

3.2 External Directorships

The number of external directorships held by the members of the Firm's management committee are as follows[1]:

Management body member	Executive directorships	Non-executive directorships
Nigel Waller	0	1
Edward Troughton	0	1
John McEwing	0	0
Chris Driver	2	0

3.3 Diversity

The Firm's diversity policy aims to reflect the Firm's values and inclusivity at all levels within the organisation, including the management body.

When appointing members of the management body, the Firm adopts the following guidelines:

- The appointment process is based on the principles of fairness, respect and inclusion
- Appointments are made on the basis of individual competence, skills and expertise
- The selection process gives due consideration to candidate suitability without bias with respect to personal factors such as education, professional background, ethnicity, age, disability, sexual orientation, socio-economic status or geographic location.

As a small organisation with a small number of individuals comprising the management body, the Firm does not have any diversity 'targets' as such. However, the Firm is satisfied that its practices with respect to management appointments are consistent with the objectives stated above.

3.4 Risk Committee

The Firm is not subject to a mandatory requirement to put in place a risk committee, per MIFIDPRU 7.3.1.

Notwithstanding this, the Firm ensures that risk management is embedded into its culture and its overall systems and controls framework.

4. OWN FUNDS

The Firm is a Limited Liability Partnership. Its capital comprises members' capital in accordance with the LLP Agreement.

[1] This excludes: (a) executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and (b) executive and non-executive directorships held within the same group or within an undertaking (including a *non-financial sector entity*) in which the *firm* holds a *qualifying holding*.

Table A

As at the date of the Firm's last financial year end the Firm's regulatory capital position was:

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 FUNDS**	1,713	
2	**TIER 1 CAPITAL**	1,713	
3	**COMMON EQUITY TIER 1 CAPITAL**	1,713	
4	Fully paid up capital instruments	1,713	
5	Share premium		
6	Retained earnings		
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**	0	
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**	0	
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 B

The following table sets out a reconciliation of the Firm's own funds to the balance sheet in the Firm's audited financial statements:

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial Statements				
		A	B	C
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross- reference to Table A**
		As at period end	**As at period end**	
Assets – *Breakdown by asset classes according to the balance sheet in the audited financial Statements*				
1	Net current assets	7,137	N/A	7,137
	Total Assets	7,254	N/A	7,254
Liabilities – *Breakdown by liability classes according to the balance sheet in the audited financial Statements*				
1	Members other interest	5,542	N/A	5,542
	Total Liabilities	7,254	N/A	7,254
Shareholders' Equity				
1	Loans and other debts due to members	1,713	N/A	1,713
	Total Shareholders' equity	1,713	N/A	1,713

5. OWN FUNDS REQUIREMENT

For the calculation of the Firm's ICARA, the Firm's own funds requirement includes the following components:

K-factor requirement:	**GBP**
Sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement:	£262,000
Sum of the K-COH requirement and the K-DTF requirement:	£6,000
Sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement:	0
TOTAL K-factor requirement:	£268,000
Fixed overheads requirement	£1,361,250

The Firm is required to assess the adequacy of its own funds in accordance with the overall financial adequacy rule. This requires the Firm to hold financial resources that are adequate for the business it undertakes. This is designed to achieve two key outcomes for the Firm:

1. To enable it to remain **financially viable** throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities (including both regulated activities and unregulated activities); and
2. To enable it to conduct an **orderly wind-down** while minimising harm to consumers or to other market participants, and without threatening the integrity of the wider UK financial system.

The Firm achieves this via its Internal Capital Adequacy and Risk Assessment (“ICARA”) process. The Firm sets out:

- A clear description of the Firm’s business model and strategy and how this aligns with the Firm’s risk appetite
- The activities of the Firm, with a focus on the most material activities
- Whether or not the ICARA process is ‘fit-for-purpose’. Where this is the case the Firm must explain why it has reached this conclusion. Where this is not the case, the Firm must set out the improvements needed, the steps needed to make the improvements and the timescale for making them, and who within the Firm is responsible for taking these steps
- Any other changes to the Firm’s ICARA process that have occurred following the review and the reasons for those changes
- An analysis of the effectiveness of the Firm’s risk management processes during the period covered by the review
- A summary of the material harms identified by the Firm and any steps taken to mitigate them
- An overview of the business model assessment and capital and liquidity planning undertaken by the Firm
- A clear explanation of how the Firm is complying with the overall financial adequacy rule (“OFAR”) (i.e. the obligation to hold adequate own funds and liquid assets) vis-à-vis the Firm’s ongoing business activities and wind-down arrangements
- A summary of any stress testing carried out by the Firm
- The levels of own funds and liquid assets that, if reached, may indicate that there is a credible risk that the Firm will breach its threshold requirements
- The potential recovery actions that the Firm has identified
- An overview of the Firm’s wind-down planning

6. REMUNERATION POLICIES AND PRACTICES

The Firm is required to make certain disclosures concerning its remuneration policies and practices pursuant to the MIFIDPRU Remuneration Code, as set out in SYSC 19G within the FCA Handbook.

This disclosure sets out qualitative and quantitative information on the Firm’s remuneration processes and practices.

A. Qualitative Information

The Firm must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management and do not encourage excessive risk taking.

The Firm ensures that the remuneration policy and its practical application are consistent with the Firm’s business strategy, objectives and long-term interests.

The Firm’s Remuneration Committee is responsible agreeing the framework for variable remuneration plans and approving remuneration packages, including variable remuneration, for staff.

Staff receive a salary which reflects their market value, responsibilities and experience.

Staff may also receive variable remuneration, such as an annual bonus, where the individual operates within the risk appetite of the company and has demonstrated appropriate behaviour.

Variable remuneration is intended to reflect contribution to the Firm’s overall success. Staff are assessed throughout the year and rated based on Firm and individual performance. The performance assessment considers both financial measures and non-financial measures.

The Firm’s linkage between variable remuneration and performance is based upon the following tenets:

I. Ensuring an appropriate balance of financial results between staff and shareholders
II. Attracting and retention of staff members
III. Aligning the interest of senior staff members via long-term incentive awards
IV. Linking a proportion of a staff member’s total compensation to the Firm’s performance

V. Discouraging excessive risk-taking

VI. Ensuring client interests are not negatively impacted

- Material Risk Takers

The Firm is required to disclose the types of staff it has identified as material risk takers: these are individuals whose professional activities have a material impact on the firm's risk profile.

Material risk takers are subject to additional requirements regarding variable remuneration, including provisions related to guaranteed variable remuneration, retention awards, severance pay, buy-out awards, performance adjustment, discretionary pension benefits and personal investment strategies.

Material risk takers for the Firm are primarily comprised of the members of the management body.

- Performance adjustment

Variable remuneration is subject to malus and clawback in various circumstances. Circumstances that the Firm considers in regard to for ex-ante and ex-post risk adjustment of remuneration, include:

  - Acts of gross negligence, fraud, dishonesty or other misconduct by an individual;
  - Material errors that may have occurred in determining whether any corporate or personal performance targets have been met; or
  - Other exceptional circumstances which justify such reduction or reimbursement being imposed.

- Guaranteed Variable Remuneration

It is not the Firm's policy to pay guaranteed variable remuneration.

- Severance Pay

It is not the Firm's policy to pay severance pay.

B. Quantitative Information

The following quantitative information is with respect to the financial year ended March 2023.

Number of material risk takers:	12		
Aggregated remuneration:			3,551,000
The Firm has aggregated the data for senior management and material risk takers for reasons of confidentiality/privacy, including to prevent individual identification of a material risk taker.			
Senior management and other material risk takers	Fixed remuneration	Variable remuneration	Total remuneration
	1,992,000	1,559,000	3,551,000
Other material risk takers	Fixed remuneration	Variable remuneration	Total remuneration
	See above	See above	See above
Other staff	Fixed remuneration	Variable remuneration	Total remuneration
	N/A	N/A	N/A
Guaranteed variable remuneration and severance payments:			0

Guaranteed variable remuneration awards		
	Total amount of awards made during the financial year	Number of material risk takers receiving awards during the financial year
Senior management	N/A	N/A
Other material risk takers	N/A	N/A
Severance payments		
	Total amount of awards made during the financial year	Number of material risk takers receiving awards during the financial year
Senior management	N/A	N/A
Other material risk takers	N/A	N/A
The amount of the highest severance payment awarded to an individual material risk taker		N/A