

MS Amlin Investment Management Limited (MS Amlin)

MIFIDPRU 8 Disclosure

As at 31 December 2023

Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to MS Amlin Investment Management Limited (“MS Amlin” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

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

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

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and data on the Firm’s own funds and own funds requirements allows potential investors to assess the Firm’s financial strength.

This document has been prepared by MS Amlin in accordance with the requirements of MIFIDPRU 8 and is verified by the Governing Body. Unless otherwise stated, all figures are as at the Firm’s 2023 financial year-end.

Risk Management Objectives and Policies

This section describes MS Amlin’s risk management objectives and policies for the categories of risk addressed by the requirements of the Firm in the following areas:

- Own funds.
- Concentration risk.
- Liquidity.

Business Strategy

MS Amlin is an investment management firm that operates within the public markets and is based in the United Kingdom. As at 31 December 2023 the Firm manages approximately £6,697m assets under management (“AUM”).

MS Amlin primarily seeks to grow its revenues by growing the underlying asset base on which it charges a management. This is achieved by the prudent growth of the Firm’s client’s assets and by seeking additional asset inflows from prospective clients and investors.

Costs are controlled carefully to ensure long-term profitability. The business seeks to make investments to expand its business and product lines and to continuously improve its control environment.

Given the Firm’s business model, controls, and controls assessment, it is the conclusion of the Firm that its overall potential for harm is medium.

Own Funds Requirement

MS Amlin is required to maintain own funds that are at least equal to the Firm’s own funds requirement. The own funds requirement is the higher of the Firm’s:

- **Permanent minimum capital requirement (“PMR”)**: The level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permission to undertake this is set at £75,000;
- **Fixed overhead requirement (“FOR”)**: The minimum amount of capital that MS Amlin would need to have to absorb losses if the Firm has cause to wind down exit the market. This is equal to one quarter of the Firm’s relevant expenditure; and
- **K-factor requirement (“KFR”)**: The KFR is intended to calculate a minimum amount of capital that MS Amlin would need for the ongoing operation of its business. The K-factors that apply to the Firm’s business are K-AUM (calculated on the basis of the Firm’s assets under management (“AUM”)) and K-COH (calculated on the basis of the client orders handled by the Firm).

MS Amlin’s own funds requirement is currently set by its FOR as this is the highest of the three metrics. The potential for harm associated with MS Amlin’s business strategy, based on the Firm’s own funds requirement, is medium. This is due to the fact that the Firm has an appetite for growth as outlined in its business plan.

A method adopted by the Firm to manage the risk of breach of the Firm’s own funds requirement is the maintenance of a healthy own funds surplus above the own funds requirement. In the event that the Firm’s own funds drop to an amount equal to 110% of the Firm’s own funds threshold requirement, the Firm will immediately notify its Governing Body, as well as the regulator. The Governing 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.

Concentration Risk

The potential for harm associated with MS Amlin's business strategy, based on the Firm's concentration risk, is low.

The Firm has multiple clients, which provides for a diverse stream of revenue. Moreover, the investors are typically institutional professional investors that invest for the long term. The Firm, therefore, considers that its asset base is 'sticky' and not prone to substantial fluctuations, including during stressed market conditions. All clients are members of the MS&AD group. The Firm is not permitted to hold client assets.

The Firm deposits its cash with a well-established multinational institution for which regular due diligence and credit reviews are performed to support oversight of this risk area. In addition to cash deposits, the Firm also invests a portion of its assets in a UCITS cash fund managed by the Firm. This fund invests in diversified money market holdings and regular monitoring is performed for credit exposure, amongst other oversight factors.

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 potential for harm associated with MS Amlin's business strategy, based on the Firm's basic liquid assets requirement, is low. As with regard to its own funds requirement, this is due to the e.g., relatively stable and consistent growth in the Firm's revenues and asset base and maintenance of a healthy core liquid assets surplus above the basic liquid assets requirement. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions. MS Amlin has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash by holding funds in a Money Market Fund which is monitored. Additionally, it has historically been the case that all debtors are settled promptly, thus ensuring further liquidity resources are available to the Firm on a timely basis. The cash position of the Firm is monitored by the Head of Business Administration on a regular basis, and the Firm would be able to call on its parent undertaking for further capital as required.

Risk Management Structure

MS Amlin has established a risk management framework 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 overseen by the Chief Risk Officer with the Governing Body taking overall responsibility for this process and the fundamental risk appetite of the Firm. The Chief Risk Officer has responsibility for the implementation and enforcement of the Firm's risk principles.

The risk management framework includes a suite of policies and procedures with regard to the relevant laws, standards, principles, and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

Annually, the Firm formally reviews its overall risk appetite. This is supported by the periodic review of risks, controls, and other risk mitigation arrangements and assesses their effectiveness; the conclusions to these reviews inform the overall risk appetite of the Firm.

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

The Governing Body meets on a regular basis and discusses current projections for profitability, cash flow, regulatory capital management, business planning and risk management. A formal update on operational matters is provided to the Governing Body on a regular basis. Management accounts demonstrating the continued adequacy of MS Amlin's regulatory capital are reviewed on a regular basis.

Governance Arrangements

Overview

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

The Governing Body has overall responsibility for MS Amlin and is therefore responsible for defining and overseeing the governance arrangements at the Firm.

In order to fulfil its responsibilities, the Governing Body meets on a quarterly basis. Amongst other things, the Governing 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, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

A key document that is reviewed, discussed, and ratified by the Governing Body at least annually is the Senior Management Systems and Controls Document ("SYSC Document"), as this demonstrates how the Firm has met its obligations with regard to its governance arrangements. The SYSC Document provides the Governing 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 that they are fit and proper persons;
- Policies, procedures, and controls for meeting its compliance and financial crime requirements;
- Internal capital adequacy and risk assessment 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.

The Management Body

Anna Troup

Anna Troup gained her first degree in PPE at Christ Church, Oxford University and then qualified as a solicitor at Slaughter and May. She is a Chartered Governance professional (ACIS) and a member of the Chartered Institute of Arbitrators.

She has extensive financial services experience in both executive and non-executive roles. Her executive career included 10 years at Goldman Sachs, and she was a partner at BlueBay Asset Management and Head of UK Bespoke Solutions at Legal & General Investment Management.

She is currently a non-executive director on the board of AustralianSuper (UK) Ltd and a non-executive director on the board of Marathon Asset Management Ltd.

Laura Worboyes

Laura Worboyes, MS Amlin's Chief Executive Officer, is a Fellow of the Chartered Association of Corporate Treasurers and holds a Diploma in Business and Finance.

Mrs Worboyes has extensive experience in the investment management industry. Her previous roles include Chief Investment Business Officer, Head of Investment Operations, Group Treasurer, Group Investments Operations Controller, and Group Investments Advisor at MS Amlin, and Deputy Group Treasury at Camelot plc. Moreover, Mrs Worboyes has been working in MS Amlin's Investments Department since 2005 during which time she has demonstrated an in-depth knowledge of the business generally and of MS Amlin's investment related activities.

Paul Amer

Paul Amer is MS Amlin's Chief Investment Officer, a Chartered Financial Analyst charter holder and holds the Investment Management Certificate. He also has a BSocSc Economics and Statistics from the University of Birmingham.

Mr Amer has extensive experience in the investment management industry. His previous roles include Investment Manager at Insight Investment 2005-2015. Moreover, Mr Amer has been working in MS Amlin's Investments Department since June 2015 and has demonstrated an in-depth knowledge of the business generally and of MS Amlin's investment related activities.

Chris Place

Chris Place is MS Amlin's Chief Risk Officer, he joined the MS Amlin Corporate Risk function in 2014 – Prior experience includes both actuarial and investment consulting, working with a variety of clients predominantly focused on Defined Benefit pension schemes and multi-asset portfolios. He graduated from the University of Birmingham with a degree in mathematics and is a CFA Charter holder.

MS Amlin's management body is the Governing Body. The below table provides the number of directorships held by each member of the management body:

Management Body Member	Position at MS Amlin	Number of Directorships Held	
		Executive	Non-Executive
Anna Troup	Independent Non-Executive Director	0	3
Laura Worboyes	Chief Executive Officer	2	
Paul Amer	Chief Investment Officer	1	
Chris Place	Chief Risk Officer	1	

Diversity of the Management Body

The Firm has a Nomination Committee which has responsibility for promoting diversity in the management body. The Terms of reference covering this include that the committee:

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, and make recommendations to the Board with regard to any changes.
- Ensure that adequate succession planning is undertaken and maintained for all directors and senior management including all Senior Management Function ('SMF') and Control Function ('CF') positions.
- Prior to appointment, consider all nominations of candidates for positions on the Board, for SMFs and CFs and make recommendations in respect of such nominations to the Board.

Informal approvals via email may be obtained, followed by formal ratification at the next Committee meeting.

In considering such nominations, the factors the Nomination Committee must consider shall include (but not be limited to):

- the balance of skills, knowledge, experience and diversity on the Board;
- the need for diversity of background, skills and gender on the Board;
- the relevant company's requirements and expectations (including time commitment required) of any nominee;
- the nominee's fit and proper assessment;
- references from the proposed appointees' current and previous employers; and
- any other business interests of any nominee that may result in a conflict of interest.

Risk Committee

Due to the nature, size, and complexity of the Firm, MS Amlin does not have a Risk Committee. The Governing Body is responsible for the management of risk within the Firm and the individual responsibilities of the Governing Body members are clearly defined. Senior management reports to the Firm's Governing Body on a frequent basis regarding the Firm's risks. MS Amlin 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. MS Amlin is not required by MIFIDPRU to establish a risk committee.

Own Funds

As at 31 December 2023, MS Amlin maintained own funds of £9,060. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

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	8,414	
2	TIER 1 CAPITAL	8,414	
3	COMMON EQUITY TIER 1 CAPITAL	8,414	
4	Fully paid up capital instruments	625	
5	Share premium	3,500	
6	Retained earnings	4,935	
7	Accumulated other comprehensive income		
8	Other reserves		
9	Accumulated other comprehensive income		
10	Accumulated other comprehensive income		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	645	
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		

		Balance Sheet as in Published/Audited Financial Statements	Cross-Reference to Above Template
		As at 31 December 2023	
1	Cash at bank	1,701	Forms part of items 1-3
2	Financial assets	8,565	Forms part of items 1-3
3	Other debtors	4,188	Forms part of items 1-3
	Total Assets	14,454	Forms part of items 1-3
1	Current tax liabilities	661	Forms part of items 1-3
2	Other creditors	4,734	Forms part of items 1-3
	Total Liabilities	5,395	Forms part of items 1-3
1	Called up share capital	625	Item 4
2	Share premium	3,500	Item 5
3	Retained earnings	4,935	Item 6
	Total Shareholders' Equity	9,060	Items 4-6

Own Funds: Main Features of Own Instruments Issued by the Firm

MS Amlin's own funds consist of common equity tier 1 capital, which is made of issued share capital.

Own Funds Requirements

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

The below illustrates the core components of MS Amlin's own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	4,044
(C) K-Factor Requirements ("KFR")	1,336
- K-AUM – <i>Risk arising from managing and advising on investments</i>	1,336
- K-COH – <i>Risk arising from order execution and reception and transmission of orders</i>	
(D) Own Funds Requirement (Max. [A, B, C])	4,044

MS Amlin is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on MS Amlin 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 other market participants.

Where MS Amlin determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm 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 the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations', above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm's own funds threshold requirement is the higher of:

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

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

To determine the Firm's own funds threshold requirement, MS Amlin identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm 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 required to cover the residual risk.

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

Remuneration Policy and Practices

Overview

As a Non-SNI MIFIDPRU Investment Firm, MS Amlin 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 the Firm and its 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 MS Amlin'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 clients.

In addition, MS Amlin 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, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

MS Amlin is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. 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.

Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at MS Amlin is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance as well as the financial performance of each business unit, and the financial and non-financial performance of the individual in contributing to the Firm's success. All staff members are eligible to receive variable remuneration.

The below table summarises the financial and non-financial criteria of performance used across the Firm in assessing the level of variable remuneration to be paid:

	Financial Performance Criteria	Non-Financial Performance Criteria
Firm	Performance against the Sharpe Ratio relative to peer group	Strategic objectives on track/met.
	Liquidity of the Firm	Customer satisfaction and service KPIs achieved.
		Adherence to regulations, tolerances & client mandates
Individual	N/A	Successful completion of personal Objectives.
		Demonstration of conduct in accordance with Firm's expectations of behaviour. No misconduct or "red conduct" flags

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

In order to identify current and future risks, on at least a quarterly basis the KPIs, financial position, forecasts, commitments and liquidity of the Firm is assessed and reviewed by the Board with any variance is explained and remediated if necessary.

The Firm's Remuneration Committee (RemCo) may apply malus or clawback in any of the following circumstances, each as determined by RemCo in its reasonable opinion:

- material misstatement of the audited financial results;
- a calculation error, resulting in a greater payment than would otherwise have been the case but for that error;
- misconduct or a "red conduct rating";
- exposure to current and future risks, such as assessment of conduct risk;
- a breach of stated risk appetite, or breach of any policy or regulation as a result of an individual's actions or omissions;
- an instance of material corporate failure; and
- otherwise where such action would be appropriate having regard to any other circumstances involving the individual or the Firm.

Guaranteed variable remuneration (i.e. variable remuneration which is based on no additional criteria such as performance) is not supported by the firm under normal circumstances. In exceptional circumstances, the Firm may decide, with the express approval of the RemCo, to make a variable remuneration payment to support colleagues such as a "cost of living award" in economically difficult times.

In the event of redundancy, employees are entitled to a statutory redundancy payment, which is calculated based upon the employees age, years of service and weekly pay to arrive at the figure. However, the weekly pay is limited to a maximum of £700 per week (as at 6 April 2024) and the maximum years that will be considered is 20. Years of service also depends upon the age of the employee.

The Firm's current approach is to offer an enhanced redundancy and the calculation is based on 3 weeks' pay for every completed year of service up to a maximum of 52 weeks' salary. It has been and continues to be our intention to offer enhanced redundancy terms. Employees with more than one completed year of service will be eligible. This is not a contractual right. Severance pay is non-standard but is linked to the non-contractual redundancy policy of 3 weeks' pay for every year of service, capped at one year. Additional variable remuneration is negotiated on a case by case basis.

MS Amlin has set a ratio between the variable and fixed components of the total remuneration, by way of ensuring 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 the Firm would do in certain situations, such as where the Firm's profitability performance is

particularly constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

Governance and Oversight

The Remuneration Committee is responsible for setting and overseeing the implementation of MS Amlin'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 judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

MS Amlin's remuneration policy and practices are reviewed annually by the Remuneration Committee.

Material Risk Takers

MS Amlin is required to identify its material risk takers - those members of staff whose professional activities have a material impact on the risk profile of the Firm (and of the assets that the Firm manages). The types of staff that have been identified as material risk takers at MS Amlin are:

- Members of the management body in its management function;
- Members of the senior management team;
- Those with managerial responsibility for a client-facing or client-dealing business unit of the Firm;
- Those with managerial responsibilities for the activities of a control function¹;
- Those with managerial responsibilities for the prevention of money laundering and terrorist financing;
- Those that are responsible for managing a material risk within the Firm;
- Those that are responsible for managing information technology, information security, and/or outsourcing arrangements of critical or important functions; and
- Those with authority to take decisions approving or vetoing the introduction of new products.

¹ A control function is defined as a function (including, but not limited to, a risk management function, compliance function and internal audit function) that is independent from the business units it controls and that is responsible for providing an objective assessment of the Firm's risks, and for reviewing and reporting on those risks.

Quantitative Remuneration Disclosure

The below table quantifies the remuneration paid to staff in the financial year 1 January 2023 to 31 December 2023. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, directors, employees of other entities in the group, employees of joint service companies, and secondees:

Period: 2023				
		Senior Management	Other Material Risk Takers	Other Staff
Total Number of Material Risk Takers		18		
Remuneration Awarded	Fixed (£)	£2,048,451	£558,460	£2,598,520
	Variable (£)	£711,613	£79,618	£232,890
	Total (£)	£2,760,064	£638,078	£2,831,410
Guaranteed Variable Remuneration	Amount (£)	£0	£0	
	# Staff Awarded	0	0	
Severance Payments	Amount (£)	£0	£0	
	# Staff Awarded	0	0	
Highest Severance Payment Awarded to an Individual (£)		N/A		