

MIFIDPRU 8 Disclosures

Background

From 1 January 2022, the UK financial services regulator, the Financial Conduct Authority (FCA) introduced the Investment Firms Prudential Regime (IFPR), which is the regulatory framework for governing the amount and nature of capital that investment firms must hold. The new prudential requirements for investment firms are now set out in the FCA Prudential sourcebook for MIFID investment firms (MIFIDPRU). Under MIFIDPRU, a new framework for regulatory disclosures was introduced. These disclosures cover:

- Risk management objectives and policies (MIFIDPRU 8.2);
- Governance arrangements (MIFIDPRU 8.3);
- Own funds (MIFIDPRU 8.4);
- Own funds requirements (MIFIDPRU 8.5); and
- Remuneration policy and practices (MIFIDPRU 8.6).

This disclosure is in relation to Hymans Robertson Investment Services LLP (“HRIS” or the “Firm”), a limited liability partnership, incorporated in the United Kingdom, authorised and regulated by the FCA. Under the IFPR’s firm categorisation, the firm is categorised as a non-small non-interconnected (non-SNI) MIFIDPRU investment firm. The Firm’s reference number is 927111.

HRIS is a wholly owned subsidiary of Hymans Robertson LLP. Hymans Robertson LLP are defined as “HRLLP” or the “Group”. HRIS is a discretionary fund manager providing a range of on-platform model portfolios to the clients of IFAs.

The Firm’s disclosure under MIFIDPRU is made annually following the publication of its financial statements. Additional disclosure may be made where appropriate, for example, in the event of a major change in business model

Governance arrangements

The HRIS Management Board is the governing body of HRIS and has overall responsibility for the firm. The HRIS Management Board approves and oversees implementation of the firm’s strategic objectives, risk strategy and internal governance arrangements including, but not limited to, segregation of duties in the organisation and the prevention and management of conflicts of interest in a manner that promotes integrity of the markets and the interests of clients.

The table below outlines the composition of the HRIS Management Board, including the number of directorships held by each member in external organisations that pursue predominantly commercial objectives (executive and non-executive), as at 10 July 2025

Name	Position	Number of external directorships held
John Wright	Chair of the Management Board	0
Stephen Birch	Managing Partner	0

William Marshall	Chief Investment Officer	0
John Pyburn	Head of Sales & Distribution	0
Neal Cherrie	Head of Investment Operations	0
George Leach	Head of Compliance	0

HRIS is not required by MIFIDPRU 7.3.1R to establish a risk committee.

Diversity, Equity & Inclusion

The objective of our DEI Policy is to encourage, develop, and respect diversity, equity, and inclusion throughout the firm. The policy aims to attract and retain diverse talent, ensure everyone's needs are met to enable equality of opportunity, and create an inclusive culture where everyone feels welcomed and valued. Providing a nurturing environment where everyone feels safe and that they belong, providing career progression opportunities free from unconscious bias, and actively monitoring and reporting on the firm's performance in implementing the policy are all key aspects. The policy also emphasises the importance of DEI as a social and ethical responsibility grounded in the firm's core values.

We aim to be representative of UK society in the diversity of colleagues across the firm's four geographic locations. Key reasons for this importance include the positive impact of diverse teams on decision-making and business performance, increased focus on DEI by clients, being representative of society to serve our clients well, and to attract, develop, and retain the best talent from all sections of the community. Currently, we're realigning our DEI ambitions to reflect the most recent Census data whilst also receiving guidance from professional DEI bodies. This will mean our ambitions from 2025 will stretch us further in this area, with an initial timeline to 2029.

Risk management objectives and policies

The FCA requires that a regulated business takes reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems. To do this, the firm has implemented a "three lines of defence" governance model as described below. This ensures clarity over responsibility for risk management, risk oversight and risk assurance. It ensures segregation of duties between those who take on risk, those who oversee risk and those who provide assurance.

First line of defence

The heads of each department or function have day-to-day ownership and responsibility for the identification and management of risks and controls across the processes they operate. Staff responsibilities are clearly set with appropriate segregation of duties between Investment Management, Investment Operations and Sales & Distribution. The firm seeks to employ experienced, skilled and knowledgeable staff, and fosters a culture of continuing professional development.

Second line of defence

The Compliance team provides advice, support, oversight and independent assurance that risk management policies and procedures are operating effectively and efficiently. The team ensures that risk exposures are managed within the risk appetite set by the HRIS Management Board and that they meet the requirements of applicable laws, regulations, guidance and good practice statements.

Third line of defence

The Internal Audit function is responsible for the independent verification of the design and operation of the controls established by the first and second lines of defence. The firm's model for internal audit assurance is delivered through an outsourced model where all internal audit services are provided by a third-party provider.

Risk appetite

HRIS' overall risk appetite is low, and its business strategy has focused on sustainable growth over the longer term while seeking operational efficiencies to control costs. The firm has defined a series of risk appetite statements which are reviewed and approved by the HRIS Management Board on an annual basis. These risk appetite statements are set by reference to the strategic and tactical objectives of the firm, and any operational constraints it may face in achieving those objectives. Risk appetite statements are further supported by underlying Key Risk Indicators ("KRIs") which have defined limits and triggers.

Risk exposure

The material risks to which HRIS is exposed, and on which the firm's resources and risk management capabilities are focussed on assessing and managing, are set out below in line with MIFIDPRU 8.2. Given the firm's business strategy, operational model and control environment, the HRIS Management Board concludes that the overall potential for harm to clients and/or markets is low.

Concentration risk

Concentration risk may arise where the firm's earnings are overly reliant one or more large client relationships or the ongoing success of particular investment strategies. The firm manages a varied range of model portfolios and has a diversified client base by type, size and geography which means that it is not overly dependent on a single client or small group of clients. Management has concluded that the level of diversification of earnings does not represent an unacceptably high level of concentration risk.

Liquidity risk

Liquidity risk could arise from the firm being unable to settle financial obligations when they fall due. HRIS has a very low appetite for liquidity risk. HRIS' business model is not complex in relation to liquidity risk. In particular, the income and expenditure from the firm's investment management activities is generally consistent from month-to-month and can be forecast with reasonable accuracy. The firm monitors liquidity risk through ongoing oversight of cash positions and cash flow forecasting. In addition, stressed scenarios are periodically reviewed to ensure that sufficient resources are always maintained.

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	£2,961	
2	TIER 1 CAPITAL	£2,961	
3	COMMON EQUITY TIER 1 CAPITAL	£2,961	
4	Fully paid up capital instruments	£13,000	

5	Share premium		
6	Retained earnings	£(10,149)	
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		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm.

Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only.

Figures should be given in GBP thousands unless noted otherwise.

		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Debtors: due within one year	£458		
2	Cash	£2,623		
3				
4				
5				

xxx	Total Assets	£3,081		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: due within one year	£(120)		
2				
3				
4				
xxx	Total Liabilities	£(120)		
Shareholders' Equity				
1	Members' capital	£13,000		
2	Other reserves	£(10,149)		
3				
xxx	Total Shareholders' equity	£2,961		

Own Funds Requirement

At all times, HRIS must maintain own funds that are at least equal to its own funds requirement. In accordance with MIFIDPRU 4.3, the own funds requirement is the highest of the following:

- 1) Permanent minimum capital requirement ("PMR"): The PMR is the minimum level of own funds required to operate at all times and, based on the MiFID investment services and activities that the firm currently has permission to undertake, is set at £75,000.
- 2) Fixed overheads requirement ("FOR"): The FOR is intended to calculate a minimum amount of capital that HRIS would need available to absorb losses if it has cause to wind-down or exit the market, and is equal to one quarter of the firm's relevant annual expenditure.
- 3) K-factor requirement ("KFR"): The KFR is intended to calculate a minimum amount of capital that AIM would need available for the ongoing operations of its business. The K-factor that applies to the HRIS is K-AUM.

HRIS' current position is shown in the table below.

Permanent Minimum Requirement	£75,000
Fixed Overheads Requirement	£1,080,118
K-Factor Requirement	£267,052
Own Funds Requirement	£1,080,118

Overall financial adequacy rule

HRIS must also meet the 'overall financial adequacy rule' as set out in MIFIPDRU 7.4.7R. This rule states that a firm must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- a) 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
- b) the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

On an ongoing basis, HRIS uses the Internal Capital Adequacy and Risk Assessment ("ICARA") process to identify whether it complies with the overall financial adequacy rule.

The overall purpose of the ICARA is to ensure that the firm:

- a) has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operation of its business or winding down its business; and
- b) holds financial resources that are adequate for the business it undertakes. Potential material harms may have an impact on the firm, its clients, or the markets in which it operates.

The ICARA process clearly sets out HRIS' assessment of risks and harms arising from ongoing business operations and in a wind down scenario. A key output of this assessment is the calculation of the firm's own funds threshold requirement and liquid assets threshold requirement. These are the amounts of own funds, and liquid assets, the firm needs to hold to comply with the overall financial adequacy rule. The outcome of the ICARA is formally approved by the HRIS Management Board on at least an annual basis, or more frequently in the event of material changes to the business or operating environment.

Remuneration policy and practices

All our remuneration packages and incentive schemes are designed to ensure that our clients are treated fairly and their interests are not impaired.

HRIS is currently in the growth phase of its plan and therefore has design a remuneration scheme with the intent of driving more clients, and in turn AUM, into the business to accelerate reaching profitability. However, HRIS seeks to balance this objective against good and sustainable business practices.

The development and implementation of remuneration policies and practices within HRIS, and in line with the MIFIDPRU Remuneration Code, are undertaken by the HRIS Managing Partner and Head of Compliance. The policy is provided to the HRLLP Group Remuneration Committee for approval.

Components of remuneration

- Our remuneration is divided into two categories; fixed and variable.
 - Fixed remuneration can include (depending on level and whether Associate/Equity Member or employee): salary, notional salary A, notional salary B, profit allocation and/or car allowances.
 - Variable remuneration can include (depending on level and whether Associate/Equity Member or employee): profit allocation, profit share bonus, individual bonus and/or Long Term Incentive Plan.

Our firm's remuneration and incentive schemes

Our incentive schemes are designed to reward in-scope staff who contribute to the overall success of HRLLP and further, targeted incentive schemes, are designed to reward performance above and beyond the standard expectation of a role which drives additional revenue into HRIS in a compatible and sustainable manner.

- Any remuneration package or incentive scheme we have in place, or may introduce in the future, will not:
 - Remunerate or assess performance of our staff in any way that conflicts with our duty to act in the best interest of our clients.
 - Create a conflict of interest that would encourage individuals to act against the interests of any of our clients.
 - Be solely based on quantitative commercial criteria.

And:

- Will ensure the fair treatment and good outcomes of our clients and the quality of service provided.
- Will take appropriate qualitative criteria into account.
- Maintain a balance between fixed and variable remuneration so as not to influence adverse behaviours in favour our firm or staff over those of our clients.

Performance is measured by multiple factors including:

- Financial measures for client work, including new business.
- Feedback from clients and colleagues.
- People development/leadership.
- Internal project work.
- Adherence to internal processes and conduct.
- Approach to work including conduct applied.
- Demonstration of living the firm's values and principles.

Material risk takers

Under the MIFIDPRU Remuneration Code, at least once a year HRIS is required to identify those categories of staff whose professional activities have a material impact on the risk profile of the firm or of the assets that the firm manages, referred to as 'material risk takers'.

The firm has identified the following categories of staff as material risk takers:

- members of the Management Board
- the Money Laundering Reporting Officer

Remuneration policy (incl. link between pay and performance)

Remuneration levels are set to attract, retain and motivate talented partners and employees. The Remuneration Policy aims to ensure both short-term and long-term alignment with client interests, encourage an appropriate

culture and promote the profitability of the business over the longer term. For partners and employees, including those who are material risk takers, the distribution of partnership profits is determined by reference to balanced principles based on the performance of the business as a whole and the individual's contribution to the firm's performance. Partners and employees are also eligible to receive a discretionary bonus (variable remuneration) based on their individual performance, including achievement of control and risk management objectives intrinsic to their role.

Partners receive fixed monthly drawings (akin to salaries) for fulfilling their roles (although if profits were insufficient to cover the fixed monthly drawings paid to partners, these drawings would be repayable by the partners). Partners also receive an annual "profit share" award. The firm retains discretion to vary the profit-sharing arrangements as appropriate. In doing so, the HRLLP Remuneration Committee factors in any risk adjustments it may deem appropriate.

Employees, including those who are material risk takers, receive a salary commensurate with their role and responsibilities and a range of other benefits associated with employment including, but not limited to, death in service, critical illness and medical insurance, pension contributions and paid annual leave.

The remuneration of all material risk takers is overseen by the HRLLP Remuneration Committee, which considers whether remuneration outcomes are appropriate considering risk and compliance performance at an individual, investment strategy and firm level. The firm can reduce all or part of deferred variable remuneration that has been previously allocated to material risk takers, both (a) before the end of the vesting period (for 'malus') and (b) within two years of the payment of any elements of the variable remuneration (known as 'clawback').

Guaranteed variable remuneration may only be awarded in exceptional cases, and only in the context of a new hire, and for a maximum of one year. Guaranteed variable remuneration awarded to material risk takers, or more than £100,000 to non-material risk takers, must be approved by the Remuneration Committee. The Remuneration Committee must be informed of all other guaranteed remuneration awards.

Severance payments will not reward failure and/or misconduct. All settlements greater than £100,000 for material risk takers must be approved by the Remuneration Committee. The Remuneration Committee must be informed of severance payments more than £100,000 for those who are not material risk takers.

Remuneration breakdown from 01/04/2024 to 31/03/2025

	Senior management	Other material risk takers	All other staff	Total
Fixed remuneration	£1,028,114	£0	£2,159,034	£3,187,148
Variable remuneration	£238,620	£0	£464,263	£702,883
Percentage of deferred variable remuneration	41%	0%	0%	N/A
Total	£1,266,734	£0	£2,623,297	£3,890,031

The total number of material risk takers identified by the firm under SYSC 19G.5 was 7.

The following disclosures are made in relation to guaranteed variable remuneration awards and severance payments.

	Senior management	Other material risk takers
Total guaranteed variable remuneration	£0	£0
Total severance payments	£0	£0
Highest severance payment awarded to an individual material risk taker	£0	£0

Investment policy

As a discretionary fund manager utilising only mutual funds, HRIS has no shares held directly or indirectly and therefore no voting rights.