Ravenscroft

Investment Firm Prudential Regime - Public Disclosures 2022

Ravenscroft

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1. Introduction

A new regulatory regime for MiFID investment firms came into effect 1 January 2022. This new regime – Investment Firm Prudential Regime ("IFPR") requires firms to publicly disclose information on the firm's:

- Governance
- Risk Management Framework and Risk Appetite
- Own Funds (financial strength)
- Investment Policy
- Diversity and Equality
- Remuneration

This document will set out that information and provide clarity and transparency on how the firm is run and how we conduct our business.

2. Group Overview

Ravenscroft Group (the "Group") is an independently owned investment services group with offices in Guernsey, Jersey, Isle of Man and the UK. Over 130 people are employed with circa £8.6 billion in funds under management.

The UK-regulated business Ravenscroft Investment UK Limited ("RIL-UK") is owned 75% by Ravenscroft Holdings Limited and 25% by Andrew Vartan. For the purposes of this document all disclosures are made in relation to the UK part of the group.

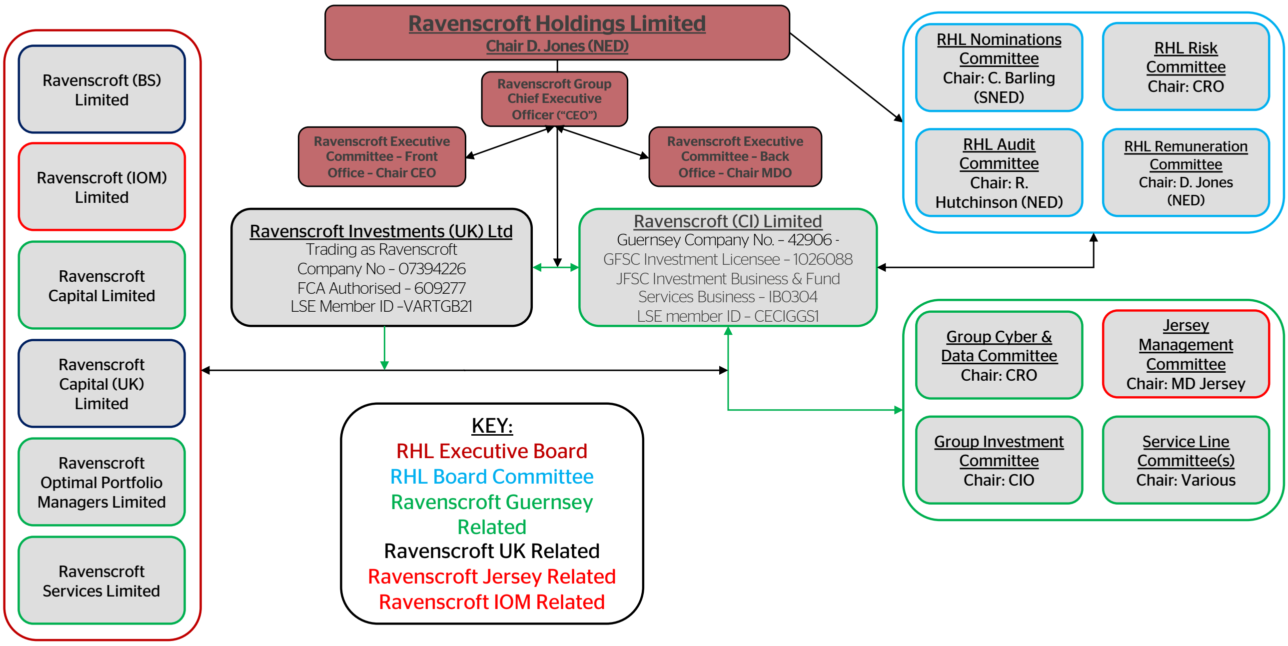
RIL-UK is a small non-interconnected firm (non-SNI) authorised and regulated by the Financial Conduct Authority with a Permanent Minimum Requirement (PMR) of £75,000.

RIL-UK has offices in Peterborough and Bishop Stortford. Each office offers Discretionary and Advisory services for retail clients on a bespoke or model basis.

3. Governance

The Board of RIL-UK (the “Board”) is responsible for upholding the highest standards of corporate governance. The Board understands and acknowledges the wider regulatory requirements across all areas of the business and wider Group. While RIL-UK itself does not follow the FRC’s UK Corporate Governance Code, its parent company adopts the Finance Sector Code of Corporate Governance (the “Code”), which is issued by the Guernsey Financial Services Commission (“GFSC”); it has elected to follow the Code by way of best practice. By promoting a culture of transparency and effective stewardship, the Board is fully aligned with the UK business and understands the responsibilities by which RIL-UK is governed. It is the Board’s opinion that RIL-UK fully complies with the principles set out within the Code.

The Board has elected to outsource a number of key functions to the Group, including but not limited to; risk management, finance, company secretarial, information systems, cyber security, data protection and legal support, whilst maintaining overall responsibility for each of these functions.



Boards & Committees

RIL-UK Board

The Board holds quarterly meetings scheduled throughout the year and follows an annual corporate governance timetable. At these meetings the Board’s primary focus is on business performance, strategic considerations and encouraging good corporate culture. Ad hoc meetings are held as and when required.

The Board is responsible for maintaining oversight of any outsourced arrangements, the operational strategy of the Company and the Company’s core values & standards, risk appetite, internal controls, management structure and key policies, as well as assessing and considering the delivery of good outcomes for its clients in line with the FCA’s Consumer Duty Framework.

The Board regularly considers and reflects the demands and complexities of the Company’s internal requirements and external and regulatory landscape. The Board also reviews financial performance and regulatory compliance; it monitors key performance indicators and risk management processes, including, but not limited to, all corporate activity.

Each Director brings a broad range of relevant business experience to the Board, which is considered essential for the effective management of the Company.

Group Audit Committee ("Audit-Co")

The main role and responsibilities of the Audit-Co is to monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements relating to its financial performance. It reviews and reports to the Board on significant financial reporting issues and judgements that those statements contain having regard to matters communicated to it by the Auditor.

The Audit-Co assesses whether suitable accounting policies have been adopted and whether the management team has made appropriate estimates and judgements and considered all internal and external factors before providing adequate management information to the Audit-Co when considering these matters. The Audit-Co will consider any issues in respect of the work undertaken on the audit when looking at various risks and uncertainties faced by the Group, accounting papers from the management team that provide details on the main financial reporting judgements.

Group Risk Committee ("Risk-Co")

The Risk-Co is concerned with all businesses of the Group and is responsible for overseeing the day-to-day risk management of these businesses.

The Risk-Co is chaired by the Group Head of Risk. The Risk-Co meets quarterly in order to monitor and measure the Group's risk management controls and the regulatory compliance requirements of the business. Ad hoc meetings are also held, as and when required, in order to address current and significant matters that would have an impact on the Group. The Group Head of Risk reports directly to the Audit-Co Chairman and highlights any Group-wide risk management and control issues that have been identified by the Risk-Co. It reports to the RIL-UK Board via the Head of UK Compliance, the compliance monitoring programme or through an Internal Audit review. The Audit-Co may escalate to the Board or seek to address directly through the Risk-Co. The Head of UK Compliance attends and participates in each Risk-Co meeting.

Group Remuneration Committee ("Rem-Co")

The Rem-Co's overall purpose is to ensure that the levels of remuneration are sufficient to attract, retain and motivate individuals of the quality required to manage and run the Company successfully. It independently approves and monitors remuneration and the award of incentives under the Company's incentive schemes.

Membership of the Rem-Co is limited to Non-Executive Directors and meets at least twice a year in order to ensure that it discharges its duties in determining the remuneration policy for the Group.

As well as oversight and consideration of the Executive Directors' remuneration, the Rem-Co's activity extends to the review of the Group's senior management.

Group Nominations Committee ("Nom-Co")

The Nom-Co is concerned with the business of the Ravenscroft Group and its subsidiaries.

Membership of the Nom-Co is limited to the Non-Executive Directors of the Group and meets at least twice a year. The Nom-Co is responsible for leading the process of all board appointments and providing oversight and support in respect of all other director appointments within the Group, notwithstanding that the RIL-UK board is responsible for its own appointments.

4. Risk Management Framework & Internal Controls

The Board is responsible for identifying, evaluating and managing significant risks faced by the Company. It acknowledges that it is responsible for the systems of internal controls and for setting the control framework including financial, operational, contingency, compliance controls and risk management systems.

The Board reviews the 'Risk Appetite Statement' annually and has appointed the Group Risk-Co to manage risk for the Company. A dynamic tool is used to manage all identified risks: the RMF identifies risks and assesses the effectiveness of their associated controls. The Risk-Co discusses the Group's top 20 risks looking at highest risk/weakest control combination in order to decide what action could or should be taken to reduce risk to an acceptable level.

The Head of Risk for the Group reports to the RIL-UK Board at each quarterly meeting to provide a report on the effectiveness of the Company's systems and controls, in line with the Group's RMF. Emerging risks, updates to operating systems and principal risks are presented to the Board for their analysis. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives – as such, it can only provide reasonable and not absolute assurances against material misstatement or loss.

5. Risk Appetite Statement

Our primary objective is to ensure that our clients' wealth is preserved and developed in a sustainable manner. We also aim to minimise both our client and stakeholder risks to the greatest extent possible and strive to achieve this by adopting a prudent and conservative approach to risk-taking. This approach allows us to minimise our exposure to reputational, compliance and financial risks, whilst accepting a degree of other risks in the pursuit of our objectives.

We recognise that our appetite for risk varies according to the business activity undertaken and that our acceptance of risk is subject always to ensuring that potential benefits are fully understood before any new services or products are made available. At the same time, we seek to implement sensible measures to mitigate the associated risks of such services and products.

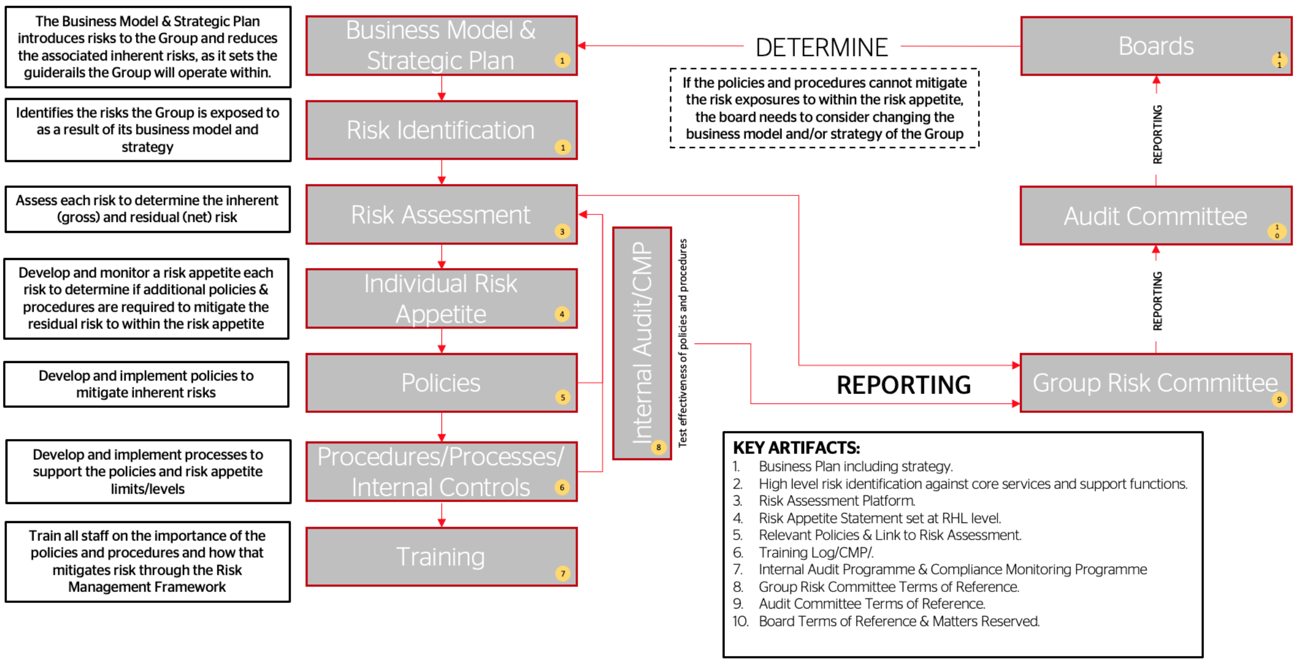
Our Group risk appetite is guided by the following principles:

- We have a lower appetite for investments in high-risk jurisdictions. Our focus is to invest in jurisdictions that have a stable political and economic environment, transparent legal systems, and robust regulatory frameworks. Our investment strategies follow robust processes with clear parameters and strong governance-led oversight. We note that while certain opportunities in high-risk jurisdictions may offer higher returns, they also pose a greater risk to our clients' wealth and businesses reputation.
- We take a conservative and practical approach to risk management. We believe that risk should be managed in a proactive and systematic manner. We use a combination of real-time qualitative and quantitative analysis to identify and manage all areas of our business's risks via a Group Risk-Co. Our RMF is designed to ensure that risks are easily and quickly identified, assessed, mitigated and monitored in a timely and effective manner.
- We prioritise the safety and security of our clients' assets. We only work with trusted and recognised third-party banks, custodians and service providers in order to ensure that our clients' assets are held securely and are protected against fraud, theft and other material risks.
- We strive to maintain a strong financial position within our business and believe that a robust and transparent capital and liquidity policy is essential for maintaining our clients' trust and confidence. We will always maintain sufficient regulatory capital and liquidity to ensure that we can meet our financial obligations, even in times of economic stress.
- We have zero-risk appetite for cryptocurrencies. While we recognise that these assets may offer potential for higher rates of return, we believe that the risks associated with them are too great for our clients. As such, we do not recommend, or invest, in these assets on behalf of our clients.

Ravenscroft manages its business operations on a reasoned risk and return basis, which serves as a guideline for acceptable credit, market and liquidity risks. We also consider risks related to cyber, climate, regulatory and operational matters in order to provide our clients with the highest levels of service and security, also ensuring that remuneration does not encourage unnecessary risk-taking. Our approach to risk is clearly defined and considered within our Strategic Business Plan and key risk documents, including: Business Risk Assessment ("BRA"), RMF Assessment, the Compliance Monitoring Plan ("CMP") and Internal Audit Programme.

The Group reviews its risk appetite annually, adjusting it by type of risk and, if appropriate, setting target values for risk-specific indicators, all in light of the then-prevailing economic cycle and market prospects. The Group's Board of Directors and its Risk-Co review the top five net risks and their associated controls, as well as any emerging risks, on a quarterly basis to align strategy, process, technology and people in order to improve efficiency and effectiveness.

RISK MANAGEMENT FRAMEWORK



6. Key Current & Emerging Risks

Risk	Definition	Individual Risks Reviewed as part of RMF
Capital Risk	The risk that arises mainly as a result of the quality or quantity of capital available, the sensitivity of Ravenscroft's exposures to external shocks and/or the level or cost of capital planning and management process.	• To ensure adequate capital is maintained to run the business (working capital) on a day-to-day basis. • To ensure adequate capital is maintained to fund any strategic initiatives in line with Group strategy. • Maintain adequate capital to meet the capital requirements of the relevant legislation and/or regulations.
Conduct Risk	The risk the firm poses to its clients from its direct interaction with them. Ravenscroft should always observe the highest standards of integrity and fair dealing in the conduct of its business. In assessing conduct risk, consideration is given to the level of risk attached to the products offered to the client by the firm and the ease in which the product can be explained to the client.	• Staff must conduct themselves in an appropriate manner or fail to maintain professional standards with skill and diligence. • Communications to clients are not clear/accurate which could lead to misrepresentation or be considered misleading (including in relation to products and services). • Products or services may be developed in a way that might make them over-complicated or unsuitable for certain clients.
Credit Risk / Counterparty Risk	The risk of financial loss arising from an obligor, borrower, issuer, surety, guarantor or counterparty that fails to meet its obligations with Ravenscroft as they fall due, in accordance with agreed terms.	• Custodian-related credit risk. • Cash deposits with banks. • Client credit risk. • Counterparty credit risk (e.g. broker-to-broker).

Risk	Definition	Individual Risks Reviewed as part of RMF
Cyber & Data Risk	The risk of financial loss, operational disruption, or damage, from the failure of the digital technologies employed for informational and/or operational functions introduced to a manufacturing system via electronic means from the unauthorized access, use, disclosure, disruption, modification, or destruction of the manufacturing system.	• Ensure compliance with all relevant cyber & data protection laws. • Ensure compliance with relevant cyber security & data protection regulations. • To maintain and review effective policies and procedures to comply with relevant laws and regulations. • To manage the cyber and data risks within the company's risk appetite and RMF. • To maintain an up-to-date asset register and risk assessment of cyber vulnerabilities. • To maintain a Crisis Management Response Plan. • Ensure all the relevant staff are trained on an ongoing basis so they understand their responsibilities.
Environmental, Jurisdictional and Geo-Political Risk	The macro-economic risk factors faced by Ravenscroft, which make themselves felt through domestic and international developments. Sector-specific considerations must also be individually assessed, as different industries and subsets of firms face a similar macro environment but different industry dynamics.	• Operations may be adversely impacted in the event of facing a physical disaster e.g. war, terrorism, natural disaster, etc. • Political changes might adversely impact markets and economies. • Environmental changes impact on markets, economies and/or tax laws resulting in the alteration/termination of a material product/service. • Regulation that disrupts the business by not adapting to new responsibilities or distracting from existing business caused by new processes and control measures.
Liquidity and Financial Resources Risk	Is the risk that Ravenscroft will not be able to fund its cash outflows as they fall due or that the Group fails to meet its regulatory obligations with respect to the requisite liquidity calculations. Ravenscroft notes that a firm can be illiquid even if it is solvent.	• That adequate liquidity is not maintained, resulting in the business being unable to meet legal and regulatory requirements. • To maintain sufficient liquidity to pay obligations as they contractually fall due. • To maintain effective daily, monthly and quarterly controls over accounts receivable and group principal positions to ensure cash management is not adversely impacted.
Legal Risk	Legal Risk is the risk of losses arising from an unintentional or negligent failure to meet a professional (legal) obligation to specific clients or from the nature or design of a product.	• Consider any events that may impact the reputational standing of Ravenscroft. • Review any potential financial crime events. • Ensure all regulatory, tax and corporate returns are reviewed/completed. • To maintain and update all corporate and legal documents (e.g. terms and conditions, fact sheets, product/service summaries, etc.). • Ensure all third-party contracts and agreements are reviewed by an appropriately qualified person/firm in-line within a set period.
Market Risk	The risk which reflects the uncertainty of an assets future price and includes both direct and indirect factors. Such factors include the health of the balance sheet, strength of the management team, stock prices, interest rates, foreign exchange rates, commodity prices, and changes in real or implied volatility.	• Counterparty volatility. • Failed trades. • Volatility of markets (stock, interest rates, foreign exchange, commodities) adversely impacting on financial performance. • Volatility of markets (stock, interest rates, foreign exchange, commodities) adversely impacting client portfolios resulting in client complaints.

Risk	Definition	Individual Risks Reviewed as part of RMF
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people/personnel and systems or from external events. Operational risk can stem from the nature of the Ravenscroft's business, the appropriateness and effectiveness of the control framework put in place by the board to minimise the risk.	• Effective change management is in place to ensure that any proposed changes are sufficiently considered, documented, adapted, implemented and embedded. • Ensure that technology development/ change supports the businesses objectives or strategies. • Ensure robust controls are in place and tested for an effective cyber/data framework. • Maintain systems to ensure that the systems are "fit for purpose" or meet client/user needs. • Maintain and test the BCP and CIP. • Maintain processes and procedures to support adherence to company policies. • Maintain effective internal systems, controls, policies and procedures in-line with the Group's RMF.
Outsourcing Risk	Outsourcing risk is the risk that engaging a third party and internal Group companies to provide services may adversely impact Ravenscroft's performance and risk management.	• Maintain oversight of outsourcing service providers to ensure that all outsourced services are performed to standards expected by the Group and to ensure that the highest core services are delivered to clients. • Ensure third-party contracts and Service Level Agreements ("SLAs") are reviewed with the outsourced provider on a regular basis.
Regulatory Risk	Is the risk that Ravenscroft faces for any failure to adhere to any existing or updated regulations or legislation, which may affect Ravenscroft and/or Ravenscroft's clients by way of reputational damage, financial penalties, or material loss.	• Ensure effective controls and oversight to recognise and adapt to changes or the emergence of new laws or regulations. • Maintain effective controls and systems to ensure adherence to relevant laws or regulations. • Ensure that products/services adhere to the relevant laws or regulations. • Maintain relevant resources to ensure an effective second line of defence as part of the RMF and CMP.
Strategy/Business Model Risk	The risk faced by businesses if they cannot compete effectively with a robust business plan. For example, in market economies other firms may offer better products or substitute products at better prices and the firm may underperform due to not being able to compete.	• Develop, update and implement strategy across the Group. • Develop, update and maintain a business plan to support the strategy of the Group. • Ensured that targets/ budgets/ forecasts and any acquisitions are equally aligned with the business plan and strategy. • Ensure that the strategy and business plan is align with the Group's risk appetite statement and is suitable for Group resources.

Emerging Risk	Definition	Individual Rationale Identified as part of RMF
Insurance Risk	Insurance risk applies as a non-insurance firm, whereby reliance is placed on the Group with respect of insurance costs, market conditions, regulatory restrictions and insurance contracts. For example, in order to mitigate our business exposure to certain catastrophe, public liability, fiduciary, professional indemnity, key man, property and other generally insurable risks.	• Maintain adequate PII, cyber and D&O cover in accordance with business activities and regulatory obligations during challenging market conditions. • Maintain adequate business insurances (e.g. key man, public liability, business and buildings and contents insurance) during challenging market conditions.

Emerging Risk	Definition	Individual Rationale Identified as part of RMF
Climate Risk	The risks that may arise from climate change, or from efforts to mitigate climate change, their related impacts and their economic and financial consequences on the Group's business or our clients, e.g. portfolio and investment exposures.	• Ensure that there is a continuous review of the environmental impact of the Company's operations and investment decisions.
Employee Risk / People Risk	People risk, in the Ravenscroft context, is the risk that Ravenscroft cannot attract and/or retain the talent with the experience, skills and knowledge to grow and maintain Ravenscroft's clients, services and products.	• Promotion of a positive and constructive working environment for all staff members. • Ensure compliance with the relevant employment laws or regulations. • Maintain sufficient staffing and resources to service existing clients and wider business. • Promote an environment of development and inclusivity to ensure existing clients, and the take on new clients, experience the highest standards of client services. • Ensure appropriate remuneration policies are in place to attract and retain people with the appropriate skills, knowledge and experience.

7. Own Funds

The below table sets out the Common Equity Ter 1 ("CET 1") of RIL-UK. This consists of share capital, share premium and retained earnings following deductions of any intangible assets. Only audited profits are included in the value of retained earnings. The following figures are stated as at 31 December 2022, being the most recently available audited results for RIL-UK.

Own funds	£'000
Equity per Statement of Financial Position	
Share capital	269
Share premium	5,287
Retained earnings	2,908
Total equity	**8,465**
Regulatory adjustments	
Intangible assets	(7,045)
Total regulatory adjustments	**(7,045)**
Total regulatory own funds	**1,419**

The following tables detail the composition of regulatory own funds, as well as a reconciliation to the Audited Financial Statements ("AFS").

RIL-UK takes a consolidation exemption for its AFS due to having a parent which publishes its own AFS. The "Under regulatory scope of consolidation" column shows the amounts that would be stated if this exemption had not been taken, including the entries from consolidation of Ravenscroft Bishops Stortford Limited, which undertakes regulated activities under the license of its immediate parent RIL-UK.

Composition of regulatory own funds		£'000
1	OWN FUNDS	1,419
2	TIER 1 CAPITAL	1,419
3	COMMON EQUITY TIER 1 CAPITAL	1,419
4	Fully paid up capital instruments	269
5	Share premium	5,287
6	Retained earnings	2,908
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	(7,045)
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	-

Reconciliation of regulatory own funds to balance sheet in audited financial statements				£'000
Assets		***Balance sheet as in audited financial statements 31 December 2022***	***Under regulatory scope of consolidation 31 December 2022***	***Cross-reference to template***
1	Tangible fixed assets	27	66	
2	Intangible fixed assets	7,045	7,045	Item 11
3	Debtors - due within one year	928	1,194	
4	Cash	321	911	
5	**Total assets**	**8,321**	**9,216**	
Liabilities				
1	Creditors - due within one year	551	744	
2	Creditors - due in more than one year	-	5	
3	Provisions	2	2	
4	**Total liabilities**	**553**	**751**	
Shareholders' Equity				
1	Called up share capital	269	269	Item 4
2	Share premium	5,288	5,288	Item 5
3	Retained earnings	2,211	2,908	Item 6
4	**Total shareholders' equity**	**7,768**	**8,465**	Item 1, 11

K-Factor Requirements and Fixed Overhead Requirement

RIL-UK qualifies as a non-SNI (non-small and non-interconnected) investment firm; accordingly, the own funds requirement is the higher of the Permanent Minimum Requirement ("PMR"), the Fixed Overhead Requirement ("FOR") and the K-Factor Requirement ("KFR").

Fixed Overhead Requirement

The FOR is defined by the FCA, but essentially represents three months' fixed costs of the previous financial year. The FOR of RIL-UK is £693k and is based upon the AFS as at 31 December 2022.

Permanent Minimum Requirement

The PMR is the minimum level of own funds that an investment firm must always hold based on the MiFID activities it has the permission to undertake. The three levels of PMR are £750k, £150k, and £75k. RIL-UK does not hold permission to deal on own account, perform underwriting on a firm commitment basis, operate an organised trading facility or hold client money and assets in the course of MiFID business. Therefore its PMR is £75k.

K-Factors

K-Factors have been introduced by the FCA on the back of the UK Investment Firms Prudential Regime. They aim to reflect a variety of business risk areas and are detailed below:

- Client assets under management and ongoing advice ("K-AUM")
- Client assets safeguarded and administered ("K-ASA")
- Client money held ("K-CMH")
- Client order handled ("K-COH")

Own Funds Requirement

The table below details the PMR, FOR and KFR in full:

Item		£'000
PMR		75
K-Factor	K-AUM, K-CMH and K-ASA	499
	K-COH and K-DTF	2
	K-NPR, K-CMG, K-TCD and K-CON	-
	Total K Factor Requirement	501
Fixed Overhead Requirement		693

As at 31 December 2022, RIL-UK's FOR of £693k establishes its Own Funds Requirement, being higher than the PMR and KFR.

Assessing the adequacy of own funds

RIL-UK assesses the adequacy of its own funds in accordance with aforementioned requirements. In addition, RIL-UK undertakes an assessment of Own Funds Requirements through its internal processes. These identify the required own funds of RIL-UK resulting from either the material risks associated with its ongoing business operations or the orderly wind-down of the business. The own funds requirement is formally reviewed, challenged and approved by the Board. RIL-UK assesses its additional Own Funds Requirements using the Internal Capital Adequacy and Risk Assessment process ("ICARA"). RIL-UK has at all times met its Own Fund Requirements.

8. Investment Policy

The Group Investment Committee ("IC") comprises members of the UK, CI & IOM investment management teams, the Group CIO and the Group's Head of Fund Research.

The UK IC comprises members of the UK investment management teams, the Group's CIO and other appropriate Group investment managers, meets monthly and considers the following for all UK portfolios.

- The current positioning of the models.
- The performance of the models over various periods.
- The performance of the underlying investments (mainly funds and ITs) over various periods.
- A performance attribution for various periods.
- Any suggested changes to the models.
- Any relevant fund/thematic/stock issues.

The Discretionary Team (and other appropriate group employees) also participate in a monthly CIO Macro overview to discuss the global economic, political and market background together with a monthly fund strategy meeting, where the approved stock list is discussed and any changes agreed.

Finally, a Group Discretionary IC is responsible for oversight of the Centralised Investment Proposition ("CIP"), demonstrating appropriate governance, monitoring performance and setting investment philosophy and strategy.

The IC has aligned the investment process for the UK business with that of the wider Group whilst allowing for the differences in client investment objectives, risk profiling and client expectations. Ravenscroft Bishop's Stortford have historically used the PIMFA benchmarks for their clients, but have recently switched to the ARC PCI indices in line with the wider Group. Ravenscroft Peterborough have also aligned their models with the wider Group.

Risk-based models & Bespoke Portfolios

BS offers 5 risk-based models across a number of platforms, with some differences between the platform models depending on the list of funds available. The risk rating is largely defined by the range of equity exposure, which is broadly in line with the equivalent PIMFA weightings. The maximum equity exposure is as follows.

Strategy	Cautious	Cautious Moderate	Moderate	Moderate Adventurous	Adventurous
Max Equity %	55	65	85	95	100

In addition, BS offers 5 Ethical models that follow similar asset allocation weightings while focusing on funds that satisfy the ethical definition – and particularly sustainable investments.

Ravenscroft Peterborough (Peterborough) offers 3 risk-based strategies across the Pershing platform and, again, the risk rating is defined by the equity exposure, which is in line with the RCIL equivalent weightings. These are as follows.

Strategy	Income	Balanced	Growth
Equity Range %	15-35	40-60	65-85

In addition to these models, both UK offices manage mandates on a bespoke basis for larger clients, which follow similar strategies to the relevant models but with some differences depending on a client's specific objectives, any appropriate restrictions and any CGT or tax-related considerations.

Asset Allocation

Whilst the wider Group's approach is largely based around bottom-up thematic investing, RIL-UK (and the Group generally) operates permitted ranges for various asset classes. This helps us manage and diversify risk in addition to managing our exposure to the various geographies, asset classes, themes, sectors, and currencies, in order to help us deliver our return objectives. This approach provides the IMs with greater flexibility from an asset allocation perspective and enables them to accommodate regional differences or preferences whilst ensuring that there is a consistent approach. There is a permitted tolerance of c1% for each band.

All IMs and research analysts are encouraged to contribute to the debate around both asset allocation and asset selection. The wider Group also subscribes to a number of external and independent research sources, including macro economists, strategists, investment banks, brokers and fund managers, all of which are used to support and challenge the IMs. These bands are considered at each IC and Funds Strategy meeting. Any proposed changes are reviewed to ensure consistency with the limits. These limits are also reviewed from time to time.

Asset Selection & Buy-List

The wider Group discretionary team operates an approved stock list. This includes open-ended funds, investment trusts, ETFs and a relatively small list of direct stocks. The wider Group also operates a central research function.

Portfolio Construction.

The UK IMs are required to follow the Group guidelines in terms of portfolio position sizes, fund or stock concentration limits, cash management, liquidity, hedging and risk analysis. These are explained in the DDQ.

ESG Considerations

The wider Group recognises that it is important to integrate the consideration of Environmental, Social and Governance (ESG) factors into the CIP. Whilst our aim is to help clients achieve the best possible outcomes from their investments, we also recognise that investment does not exist in isolation from the world we live in. Consequently, we aim to pursue our primary investment objectives without damaging either our clients' or our corporate responsibilities in non-financial areas such as ESG.

As stewards of clients' capital, we are committed to being responsible investors and we seek to integrate ESG considerations into our investment management practices. We recognise that relevant and material ESG issues can meaningfully affect investment performance and these factors are critical components of our integrated research analysis, decision-making and ongoing monitoring.

The wider Group is a signatory to the UN Principles for Responsible Investment ("UN-PRI"). Under its reporting principles, our firm is provided with review and assurance that our approach to Stewardship and Engagement continues to service our client needs effectively.

9. Equality and Diversity

Ravenscroft is fully committed to Diversity, Equality and Inclusion; our values are set out in the Group's Equality and Diversity Policy.

We are an equal opportunities employer. We are committed to equality of opportunity and to providing a service and following practices which are free from unfair and unlawful discrimination Selection for employment, promotion, training, or any other benefit will be on the basis of aptitude and ability. All employees will be helped and encouraged to develop their full potential and the talents and resources of the workforce will be fully utilised to maximise the efficiency of the Company.

We currently have a split of 57:43 men/women employees with a consistently rising proportion of women. As at 3 January 2023, the Ravenscroft Group has two women directors at board level and eight women representatives at Executive Committee level.

Numerical constraints implied by its status as a small enterprise notwithstanding, RIL-UK currently has one woman representative at the Executive Committee level and no women directors. Achieving better balance is a close-focus standing agenda item for the Group Nom-Co – both through succession planning and the wider cultivation of rising stars.

Internal and external recruiting is always run gender, race and orientation blind.

10. Remuneration

Remuneration Policy

The remuneration policy for RIL-UK and in particular Material Risk Takers ("MRTs") is determined by the UK board's Rem-Co. This policy helps support the UK and the wider Group in achieving its strategic and business objectives by managing risk and conflicts of interest as well as supporting retention and reward of employees who contribute to those objectives.

This policy also enables RIL-UK to measure and deliver its regulatory and governance obligations.

The implementation of this policy ensures a strong link between pay and performance and that employees are incentivised appropriately, deterring them from adopting poor conduct and behaviours and inappropriate risk practises.

Remuneration for MRTs consists of base salary, discretionary bonus scheme, pension and non-monetary, insured benefits.

Base salaries are set with reference to external market data and with consideration to providing an appropriate balance of fixed and variable pay that supports risk mitigation and business objectives with the remuneration policy.

This policy makes a clear distinction between the components of fixed and variable remuneration. The Rem-Co has set a maximum ratio between fixed and variable remuneration that is appropriate to the size, nature and activities of RIL-UK. The fixed pay element is set at a sufficiently high level to support positive conduct and behaviours and to ensure employees are not inappropriately incentivised.

The variable remuneration element consists of a discretionary bonus scheme determined by the Rem-Co after they have taken into account the performance of the individual, the business unit concerned and the overall results of the firm over the preceding 3 years.

The performance of the individual is determined by a performance appraisal using a scorecard of qualitative and quantitative factors relevant to the individual's role with particular emphasis on the MRT's performance, contribution and behaviours.

RIL-UK's bonus scheme is considered twice per year (payable in April and October). Ravenscroft has determined that a ratio of variable remuneration of no greater than 33% of total remuneration is consistent with its risk appetite and the long-term interests of its stakeholders. A worked example is below:

- Fixed remuneration = £100
- Maximum variable remuneration = £50
- Total remuneration = £150

The aim of the bonus scheme is to align the incentives of individual members of staff eligible for the bonus scheme with the interests of the business, in order to drive long-term sustainable value creation. Bonus awards (or any part thereof) are not subject to any deferral period and vest immediately. Bonuses are cash bonuses and are not paid in financial instruments (or linked to synthetic financial instruments) of Ravenscroft. Accordingly, there is no retention policy.

Bonus awards are subject to a clawback mechanism: should information come to light or risks crystallise in such a way as to cast doubt upon the merit of a bonus award in the three years after the award has been made, the Rem-Co may, in its discretion, claw back up to 100% of that prior variable remuneration award.

Remuneration Committee remit

The main role and responsibilities of the Committee shall be to:

- judge where to position the Company relative to other companies, using such comparisons with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and should avoid paying more than is necessary;
- be sensitive to pay and employment conditions elsewhere in the Group, especially when determining annual salary increases;
- in designing schemes of performance-related remuneration for Executive Directors, be guided by the provisions in Section 5 of the UK Code of Corporate Governance. Schemes should include provisions that would enable the Company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so;
- ensure that notice or contract periods are set at one year or less in respect of Executive Directors and six months or less for Non-Executive Directors and senior management. If it is necessary to offer longer notice or contract periods to new directors recruited externally, such periods should reduce to one year or less after the initial period;
- ensure that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Executive Directors. No Director should be involved in deciding his or her own remuneration;
- recognise and manage conflicts of interest when receiving views from Executive Directors or senior management, or consulting the Group Chief Executive Officer about its proposals;
- be responsible for appointing any consultants in respect of Executive Director remuneration;
- monitor, review and make recommendations to the Board on the Company's broad policy for the remuneration of all Executive Directors, ensuring the ongoing appropriateness and relevancy of the remuneration policy. The remuneration policy should, wherever possible, have regard for Company and individual performance and should avoid creating incentives that encourage excessive risk taking;
- be responsible for setting remuneration for all Executive Directors and the Chairman, including pension rights and any compensation payments;
- monitor the level and structure of remuneration for senior management;
- review all new long-term incentive schemes and significant changes to existing schemes, ensuring that they are presented to shareholders for approval where appropriate;
- in consultation with the Group Chief Executive Officer and Group Finance Director: consider and approve any salary increases and bonus awards for Executive Directors; consider and approve any share option awards to be granted to Executive Directors, senior management and other staff; consider and approve any changes to the percentage split of the potential award due under the Company's share incentive scheme and determine the eligible employees thereunder; and consider and approve any recommendations to the Trustee of the Employee Benefit Trust for awards to be made to Executive Directors, senior management and other staff.

11. Quantitative Remuneration Disclosure

The below table details the remuneration paid to MRTs and all other staff for the year ended 31 December 2022. Remuneration comprised of fixed pay, variable pay, non-contributory pension, and benefits in kind in accordance with the rules.

Quantitative remuneration			£'000
Staff Grouping	**Fixed remuneration**	**Variable remuneration**	**Total remuneration**
MRTs*	615	231	846
Non-MRTs	606	112	718
All staff*	1,221	343	1,564

**Where staff perform a function for the Group, only a proportion of their remuneration has been included. This reflects the remuneration applicable to activities performed in relation to RIL-UK.*

In total RIL-UK has identified 6 MRTs employed within its business.

Due to the limited number of MRTs which are not senior management, RIL-UK considers it appropriate to disclose aggregate remuneration across all MRTs so as not to prejudice individuals with regard to disclosure of personal information.

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