MIFIDPRU 8 DISCLOSURES 31 DECEMBER 2023

RATHBONES ASSET MANAGEMENT LIMITED

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Definitions	
Rathbones	the trading name for the group of companies owned by Rathbones Group Plc
RAM	Rathbones Asset Management Limited
RAM board	The board of directors of Rathbones Asset Management Limited
the group	Rathbones Group Plc and all its subsidiaries
group board	the board of directors of Rathbones Group Plc
group executive directors	directors on the group executive committee
ERC	group executive risk committee
GEC	group executive committee
FUMA	funds under management and administration
regulator	Prudential Regulation Authority ('PRA') or Financial Conduct Authority ('FCA') or European Banking Authority ('EBA'), as appropriate
SMCR	Senior Managers and Certification Regime

1 / EXECUTIVE SUMMARY

1.1 OVERVIEW OF THE DOCUMENT

The Financial Conduct Authority '(FCA') in its Prudential sourcebook for MiFID Investment Firms '(MIFIDPRU'), sets out the detailed prudential requirements that apply to Rathbones Asset Management Limited ('RAM'). Chapter 8 of MIFIDPRU ('MIFIDPRU 8') sets out public disclosure rules and guidance with which RAM must comply, further to those prudential requirements.

Rathbones Asset Management Limited is classified under MIFIDPRU as a non-significant non-SNI (small and non-interconnected) firm.

This document has been prepared in accordance with the requirements of MIFIDPRU 8 and is verified by the RAM board of directors. Our MIFIDPRU 8 disclosure document includes details regarding governance arrangements, risk management, own funds and own funds requirements, remuneration policy and practices as well as quantitative disclosures. Unless otherwise stated, all figures are as at the financial year-end, being 31 December 2023 and in £000s.

Throughout this report, references are made to the group annual report and accounts and group Pillar 3 disclosures, which are available in the investor relations section of the Rathbones website:

https://www.rathbones.com/investor-relations/results-and-presentations.

1.2 BASIS OF PREPARATION

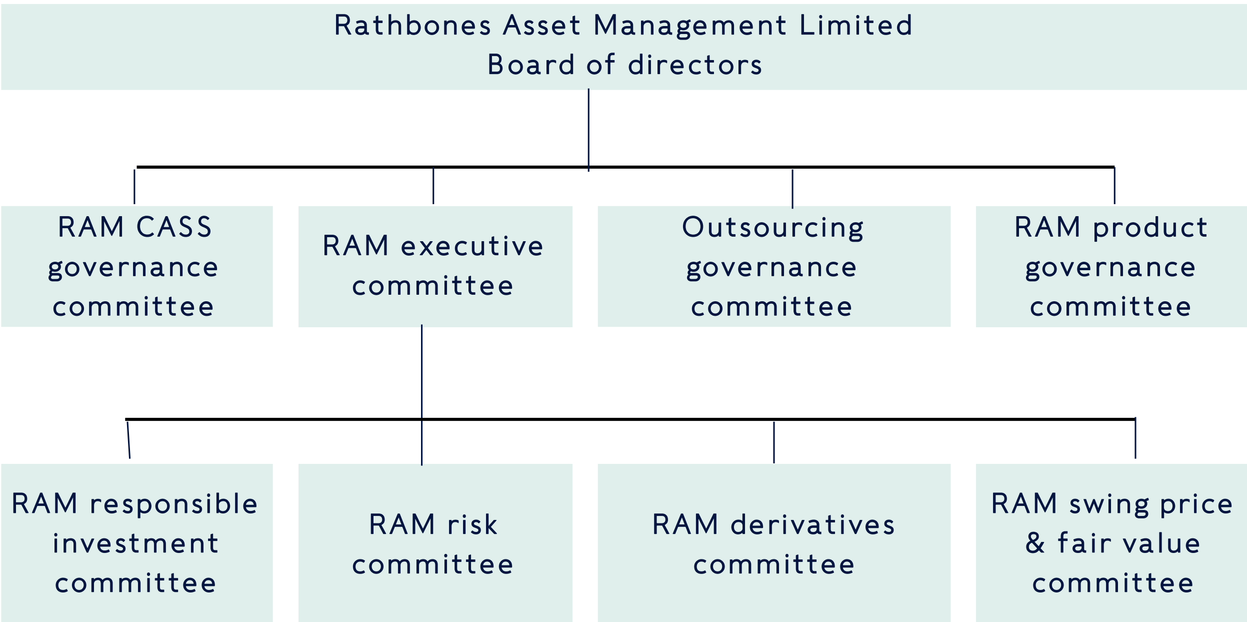
The disclosure has been prepared on a solo basis.

2 / GOVERNANCE ARRANGEMENTS

2.1 GOVERNANCE STRUCTURE

RAM is a wholly owned subsidiary of Rathbones Group Plc regulated by the FCA. RAM is not a member of an investment firm group for MIFIDPRU purposes.

RAM has established a governance structure to review, challenge and provide oversight of its risk management as seen below:



The Rathbones group maintains a conflicts of interest policy, which applies to all RAM employees, designed to identify, prevent and manage conflicts of interest, as well as setting out the arrangements to clearly document potential conflicts of interest. It is also in place to ensure that employees act with integrity and with due skill, care and diligence, in accordance with their regulatory obligations and the group's approach to conduct risk. A register of all external directorships held by staff is maintained.

2.1.1 RAM BOARD

The members of the RAM board are:

Name	Position	SMF	External directorships
Jayne Rogers	Group chief distribution officer Executive chair	SMF 3 SMF 9	None
Tom Carroll	RAM chief executive officer	SMF 1 SMF 3	None
Emma Renals	RAM chief operating officer	SMF 3	None
Michael Warren	Non-executive director	-	3 external non-executive directorships
Jacqueline Lowe	Non-executive director	-	4 external non-executive directorships

The RAM board meets at least four times a year and otherwise as required.

The RAM board has responsibility for the company's overall performance, strategic direction, and accountability for risk management, including risks inherent within the business and longer-term risks to sustainability. It is responsible for the embedding of an appropriate governance framework, including approval of the entity's risk appetite and embedding both a culture and commitment to managing risk.

Matters reserved for the RAM board include (but are not limited to):

- approval of the strategy to be adopted to meet the firm's aims and objectives;
- consideration of reports from the head of compliance on Consumer Duty and that the firm is delivering good outcomes to retail customers;
- approval of the launch of new products or services;
- review of the compliance monitoring programme, conflicts of interest report and money laundering report;
- review of the six-monthly report on outsourced service providers;
- review of changes to the remuneration policy; and
- approval of annual value for money statements for each fund as required by regulation.

Standing agenda items include (but are not limited to):

- chief executive officer update on the business;
- diversity, inclusion & equality update by the people function;
- investment & performance risk and fund performance report;
- sales & distribution report;
- chief operating officer update, including product governance & special projects;
- finance report, including actual and forecast results, regulatory capital & liquidity;
- compliance report, including regulatory matters, breaches & complaints, compliance monitoring and TCF dashboard;
- risk report, including risk appetites, risk register, risk event summary and control issues;
- operations update, including CASS summary, outsourcing governance and project updates;
- annual internal audit report; and
- annual MLRO report.

2.1.2 RAM EXECUTIVE COMMITTEE

The RAM executive committee meets monthly and otherwise as required.

The RAM board constituted the RAM executive committee to consider operational issues relating to RAM as follows:

- personnel and recruitment;
- systems and procedures;
- investment management operations;
- IT-related issues;
- investment process;
- remuneration policy;
- finance;
- capital expenditure;
- controlled revenue expenditure;
- regulation and compliance;
- marketing and business development;
- relationship with fund trustee and administrator;
- risk management; and
- ensuring customers are receiving good outcomes through the lens of Consumer Duty.

RAM's chief executive officer shall report formally to the RAM board and group executive committee on its proceedings after each meeting. The report shall include the significant issues that it considered.

The RAM executive committee actively communicates with the following committees in regard to (but not restricted to) the following matters:

RAM responsible investment committee ('RIC')
Obtain better understanding of investments and their changes.

Outsourcing governance committee
Discuss any areas arising as a result of employing third party supplier of services.

RAM CASS governance committee ('RCC')
To discuss CASS related events and submissions.

RAM derivatives committee (‘RDC’)
To ensure adequate control and risk levels are maintained.

RAM swing price and fair value pricing committee (‘RFVP’)
Meets quarterly, and also when markets are considered to be disorderly, where specific international markets are closed due to bank holidays, or in instances when systemic failures occur, such as at the London Stock Exchange, which result in reliable pricing becoming unavailable.

RAM product governance committee (‘RPGC’)
Responsible for ensuring RAM’s funds are designed, established and managed with underlying investors’ interests at their core and in accordance with relevant regulations.

2.1.3 RAM RISK COMMITTEE

RAM is not classified as a significant non-SNI firm and therefore, in accordance with the rules in MIFIDPRU 7.1.4, it is not required to establish an independent risk committee with non-executive members drawn from the management body.

Notwithstanding this, the RAM board has constituted a risk committee with responsibility for ensuring the effective management of investment, operational, regulatory and conduct risk throughout RAM, in support of its stated business strategy and in line with the risk appetite approved by the RAM board.

Duties of the committee include (but are not limited to):

- supporting RAM senior management in ensuring investment, operational, regulatory and conduct risk management, including appropriate culture, is embedded across the Rathbones group;
- reviewing, and recommending to the RAM board, the RAM risk management policy and other policies for investment, regulation, conduct and operational risk, monitoring outcomes against the policies and determining action where necessary;
- advising the RAM board on the firm’s risk appetite for the four areas of risk above, monitoring the business’ activities in this regard;
- assessing the conduct and operational risks that may arise to clients and the firm from future strategic and business change initiatives and ensure appropriate management action is in place; and
- reviewing the RAM risk register, watch list and business risk assessments, evaluate for appropriateness and make recommendations on the risk profile assessments where appropriate.

The committee meets at least quarterly and has the responsibility for ensuring the effective management of investment, operational, regulatory and conduct risk and otherwise as required.

The committee reports up to the RAM executive committee, and onwards to the RAM board as required, on any matters arising.

Other group committees interacting with RAM’s governance bodies include:

2.1.4 RATHBONES GROUP PLC BOARD

The Plc board’s primary role is to provide effective leadership and direction for the group as a whole and to ensure that the group is appropriately managed, delivers long-term shareholder value and contributes to wider society. It establishes the group’s purpose and strategic objectives, and on an ongoing basis monitors management’s performance against those objectives.

The Plc board also supervises the group’s operations, with the aim of ensuring that it maintains a framework of prudent and effective controls which enables risks to be properly assessed and appropriately managed.

Further information on these considerations can be found in the strategic report of the group’s annual report which can be found on Companies House.

2.1.5 GROUP RISK COMMITTEE ('GRC')

The GRC is chaired by a Rathbones group non-executive director and assists the Plc board to discharge its responsibilities for risk management across the group. Specific activities include oversight and challenge of risk management activities by the executive and senior management and overall effectiveness of the risk management framework ('RMF') including the risk appetite framework.

Membership of the committee comprises three other independent non-executive directors, with other parties attending by invitation when required. The GRC meets at least four times a year.

2.1.6 GROUP EXECUTIVE COMMITTEE ('GEC')

The group executive committee ('GEC') is chaired by the group chief executive officer, who is supported by the senior management team. The key role of the GEC is day-to-day management of the Rathbones group. The committee actively reviews and assesses business performance supported by a range of committees that operate across the group. Whilst not a member of the GEC, the CEO of RAM attends meetings and reports into the committee on RAM activities.

2.1.7 GROUP EXECUTIVE RISK COMMITTEE ('ERC')

The group executive risk committee ('ERC') supports the risk management responsibilities of the GEC and risk oversight responsibilities of the GRC to ensure that non-financial risks, including operational and conduct risk management are fully embedded across the group.

The ERC oversees the group's risk culture, adherence to risk appetite, identifying emerging risks and ensuring appropriate risk management activities, as well as monitoring implementation.

The ERC meets at least ten times a year and otherwise as required. The full remit of the committee is detailed within its current terms of reference which are subject to annual review and approval by the GEC.

The CEO of RAM is a member of the ERC and reports into the committee on RAM activities.

2.1.8 GROUP AUDIT COMMITTEE

The group audit committee's key role is to ensure there is confidence in the integrity of the group's processes and procedures as they relate to internal financial controls and corporate reporting. The Plc board relies on the committee to review financial reporting and to appoint and oversee the work of the internal and external auditors.

2.1.9 GROUP REMUNERATION COMMITTEE

RAM is not classified as a significant non-SNI firm and therefore, in accordance with the rules in MIFIDPRU 7.1.4, it is not required to establish an independent remuneration committee. Responsibilities of a remuneration committee are borne by the group remuneration committee, which is comprised of, and chaired by, group non-executive directors.

The group remuneration committee's responsibilities are to determine and set the remuneration philosophy, ensuring that it is aligned with the business plans and risk appetite, approve the remuneration policy for executive directors for final approval by shareholders and make remuneration decisions within the policy, approve total annual remuneration for executive directors based on achievement against objectives set by the committee and review total remuneration for executive committee members, material risk takers and other senior control function colleagues.

2.1.10 GROUP NOMINATION COMMITTEE

RAM is not classified as a significant non-SNI firm and therefore, in accordance with the rules in MIFIDPRU 7.1.4, it is not required to establish an independent nomination committee. Responsibilities of a nomination committee are borne by the group nomination committee, which is comprised of, and chaired by, group non-executive directors.

2.2 INCLUSION AND DIVERSITY

Embedding Diversity, Equality & Inclusion across the group is critical to achieving our strategic ambitions and our purpose of investing for everyone's tomorrow. To support our colleagues in 2023 the group shared a DE&I plan, which was crafted from both feedback from engagement surveys as well as insights from colleagues across the group gathered via focus groups and focusses on leveraging the talent in our business, as we develop more career paths, build leadership skills and manage succession.

The Rathbones group are signatories to the Women in Finance Charter and as of September 2023 we reached 33% female representation in senior management at group level compared to 27% female representation in 2022. We have reset our target to achieve 35% by September 2027.

At group board level, as at the end of 2023, we had five female directors out of nine, which means we exceed the commitment of female board representation for FTSE350 companies set by the FTSE Women Leaders initiative.

At RAM board level, as at the end of 2023, RAM had 60% female representation on the board, and 27% female representation on the executive committee.

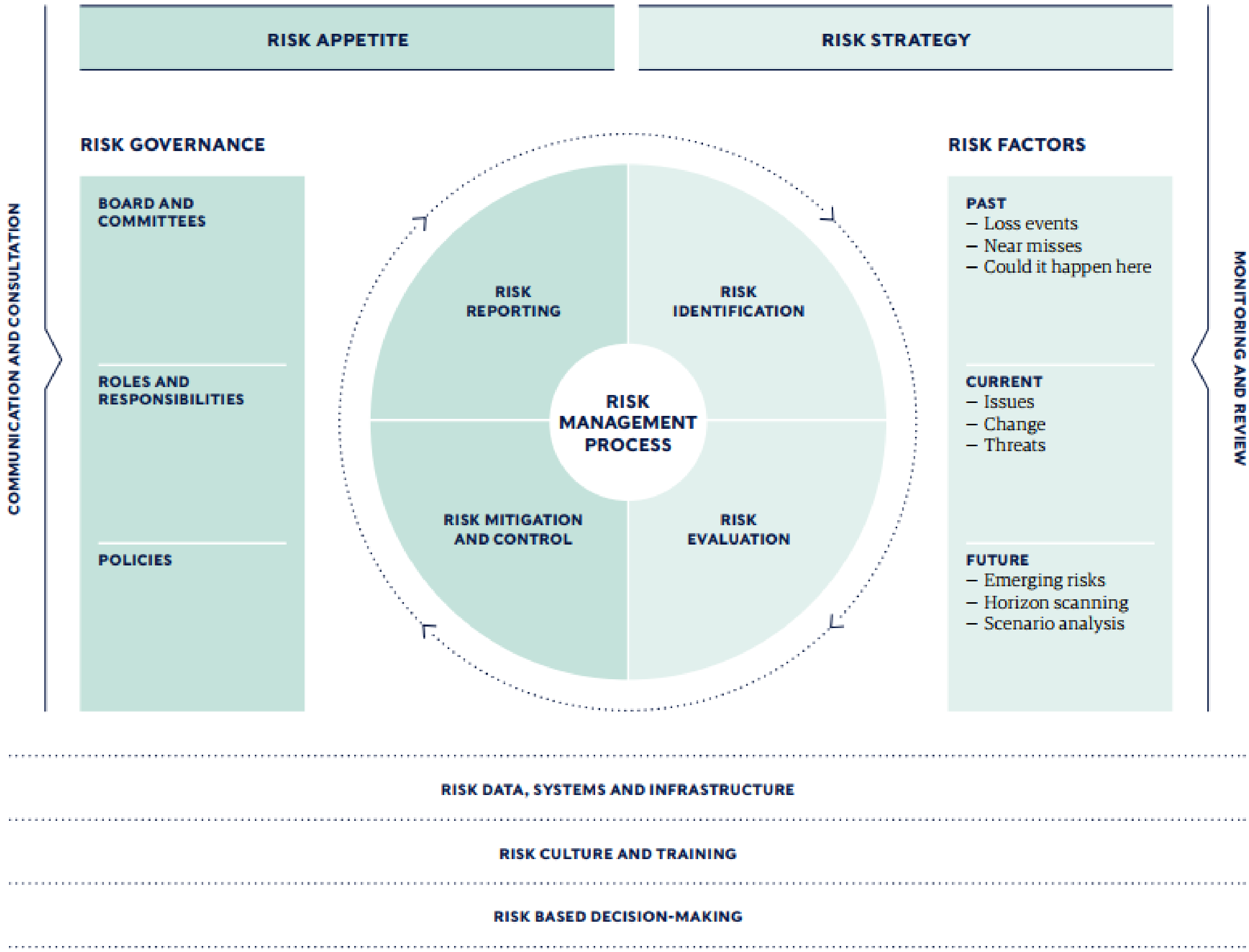
3 / RISK MANAGEMENT

The Rathbones group has an established risk management and control framework. As a subsidiary within the group, RAM adopts and aligns to this framework. For further information on the risk management and control framework please refer to the Rathbones Group Plc 2023 annual report and accounts, from page 77. These are not repeated here but relevant extracts have been included.

3.1 MANAGING RISK

The group board has overall responsibility for risk management across the group, regularly assessing the most significant risks and emerging threats to the group's strategy. The board delegates oversight of risk management activities to the group risk and audit committees.

Our risk governance and risk management framework support the group chief executive and group executive committee members with their day-to-day responsibility for managing risk



3.2 RISK CULTURE

The risk culture embedded across the group enhances the effectiveness of risk management and decision-making. The group board promotes a strong risk culture, reinforced by our executive and senior management team, which encourages appropriate behaviours and collaboration on managing risk across the group.

Risk management is an integral part of everyone's day-to-day responsibilities and activities; it is linked to performance and development, as well as to the group's remuneration and reward schemes. We aim to create an open and transparent working environment, encouraging employees to engage positively in risk management in support of the achievement of our strategic objectives.

GOVERNANCE

BOARD	AUDIT COMMITTEE	GROUP RISK COMMITTEE	EXECUTIVE COMMITTEE EXECUTIVE RISK COMMITTEE BANKING COMMITTEE
Sets strategy and risk appetite across the group, and is ultimately accountable for risk management.	Monitors and reviews the effectiveness of internal controls with oversight of the internal audit function in line with the group's risk profile on behalf of the board. It also oversees the appointment and relationship with the external auditor.	Oversees effectiveness of the risk management framework and activity across the group. Advises the board on risk appetite, risk assessment, risk profile and risk culture.	First line committees with responsibility for management of risk and internal control across the group.

3.3 RISK APPETITE, RISK IDENTIFICATION AND RISK ASSESSMENT

The group board approves the firm's risk appetite statement and framework at least annually to ensure it remains consistent with our strategic objectives and prudential responsibilities.

Specific risk appetite statements are set, and measures established for, each principal risk. The risk appetite framework supports strategic decision-making, as well as providing a mechanism to monitor our risk exposures.

The position against our risk appetite statements and measures is assessed and reported on a regular basis to the executive committee, group risk committee and the group board.

Given the current economic outlook and the evolving regulatory landscape within the sector, the group board remains committed to having a relatively low overall appetite for risk in line with our strategy. The group board recognises our performance is susceptible to fluctuations in investment markets and has the potential to bear losses from financial and non-financial risks from time to time, either as reductions in income or increases in operating costs.

Risk appetite measures and thresholds have been approved by the group board for 2024, taking into account the combination between Rathbones and IW&I. This year's measures reflect the scale of the enlarged group but, other than this, there have been no other material changes to our appetite for risk. As the business models integrate, our position against these measures will be closely monitored and exceptions reported as required.

3.4 THREE LINES OF DEFENCE

We operate a three lines of defence model to support risk governance and risk management across the group:

BUSINESS AREAS AND LINES OF DEFENCE

1 FIRST LINE OF DEFENCE	2 SECOND LINE OF DEFENCE	3 THIRD LINE OF DEFENCE
Senior management Business operations and control functions	Risk, compliance and anti-money laundering functions	Internal audit
RESPONSIBILITY Responsible for managing risk in line with risk appetite by developing and maintaining an effective system of internal control.	**RESPONSIBILITY** Responsible for the risk management framework and the independent oversight and challenge of first line risk management activity.	**RESPONSIBILITY** Responsible for providing independent assurance to senior management on the effectiveness of governance, risk management and internal control.

3.5 RISK MANAGEMENT PROCESS

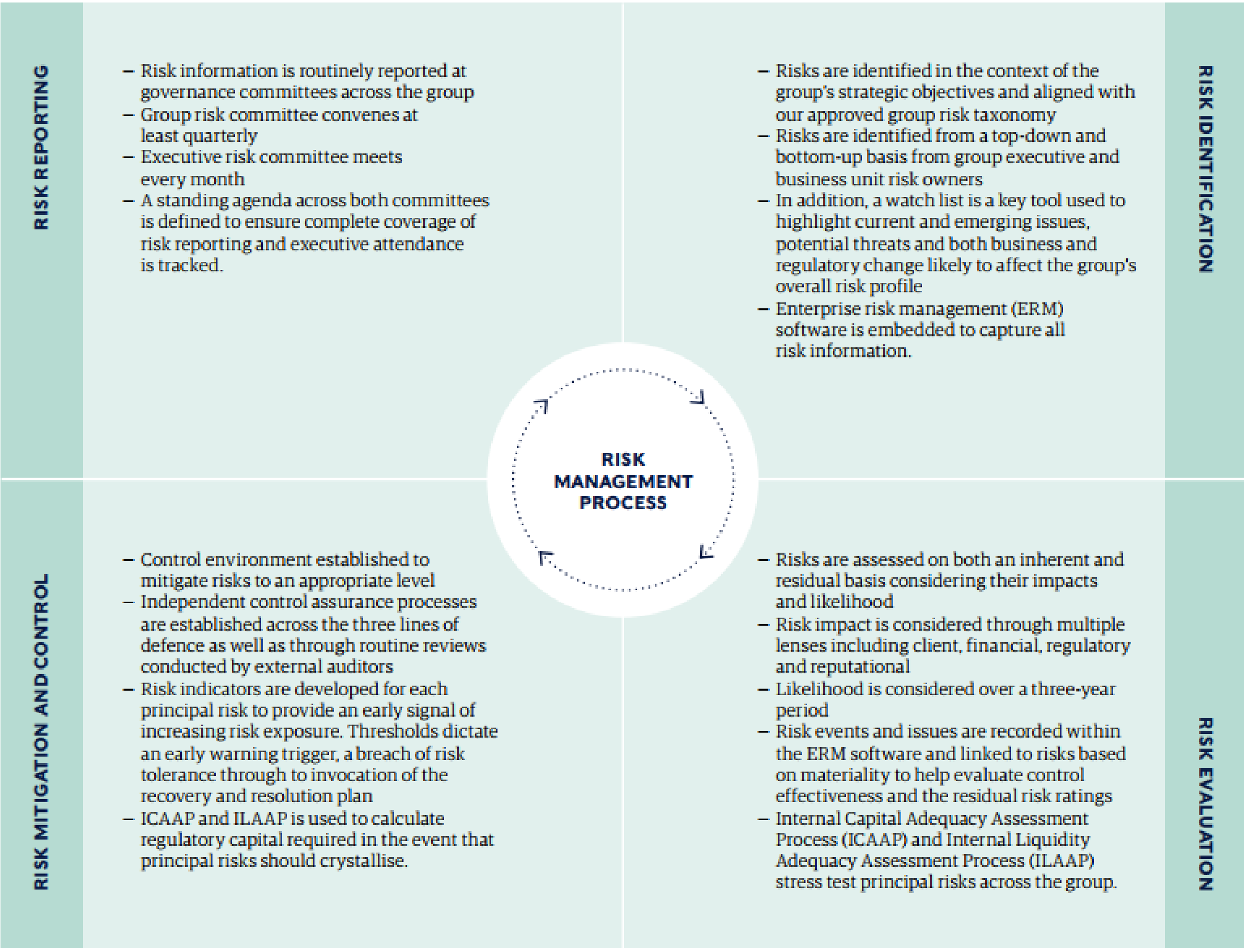
Our risk management process is a defined approach to identify, assess and respond to risks that could affect delivery of strategic objectives and annual business plans. The board, executive and senior management are actively involved in this process.

Risks are identified within a three-tier hierarchy, with the highest level containing business and strategic, financial, conduct and operational risks. Risks are assessed on an inherent and residual basis across a three-year period according to several impact criteria, which include consideration of the internal control environment and/or insurance mitigation.

We maintain a watch list to identify and evaluate current issues and emerging risks as a result of business development or changes in the regulatory landscape, as well as threats and issues in the wider external environment. This helps inform the view of the firm's current and longer-term risk profile and influences management's decisions and actions.

Stress tests are undertaken to include consideration of the impact of a number of severe but plausible events that could impact the business. This work takes account of the availability and likely effectiveness of mitigating actions that could be taken to avoid or reduce the impact or likelihood of the underlying risks materialising.

The group's risk profile, risk register, watch list and stress tests are regularly reviewed and challenged by the group executive, senior management, group risk committee and the group board.



The risk appetite framework determines the following escalation requirements.

- **Key risk indicator trigger**: A breach will require management action with progress monitored by the GEC.
- **Risk appetite**: A breach will trigger management action to revert within appetite in an agreed reasonable timeframe, with progress monitored by the GEC and reported to the GRC.
- **Risk tolerance**: A breach would require immediate intervention, overseen by the RAM board and reported to the GEC and group board, to rapid conclusion.
- **Risk capacity**: A matter of corporate survival, a breach will trigger invocation of recovery plan.

Outside of the escalation requirements above, if the matter has a material impact on reputation of the group, then it will be escalated to the group chief executive officer and group board through the group risk committee.

3.6 OWN FUNDS RISKS

Own funds are a measure of the firm's financial resources, after allowing for its liabilities. The level of own funds is important as they must meet certain threshold levels set out in the regulations and the FCA's rules. These threshold levels reflect, amongst other factors, the potential harm that might be incurred by a firm's clients, the firm itself and the markets in which they operate, for example significant market downturns or defaults by key counterparties.

Extract from the Rathbones Asset Management Limited 31 December 2023 annual report & accounts identifying the following principal risks:

Market risk

Income is dependent on market levels and conditions. Operating income is generally a fixed proportion of the value of funds under management, calculated on a daily basis, and is consequently highly correlated with the value of the underlying investments held by the funds. Funds' investments are actively managed, in accordance with their investment mandates, in response to actual and anticipated changes in asset valuations. The Company manages the cost base to maximise the proportion of expenditure that is variable and correlated with income.

Competition risk

The Company operates in a competitive market and therefore there is a risk of loss of existing investors or failure to attract investment of additional funds due to poor performance or service, failure to respond to changes in the marketplace, inadequate investment in marketing or distribution or loss of investment professionals.

To mitigate this risk, the Company continuously monitors developments in the marketplace in which it operates and invests in enhancing or broadening the services offered where it believes it will contribute to growth in earnings. It also continues to invest in its people and resources required to ensure that the investment process remains robust, flexible and capable of meeting a variety of needs and to maintain and develop distribution channels.

The Company seeks to attract and retain high quality staff and ensure that remuneration packages remain appropriate, and support their training and development needs as well as review regularly, and update if necessary, contracts of employment for fee earning staff.

Reputational risk

The Company has a reputation as a high-quality provider of unit trust management services. There is a risk that significant damage to reputation could lead to loss of existing clients and failure to gain new clients which would lead to financial loss. Reputational risk could arise for a wide variety of reasons including poor performance or service and regulatory censure, which would be likely to lead to negative publicity.

This risk is mitigated by our continuing emphasis on compliance with all relevant regulation and statutes, in particular the Training and Competence regime of the FCA and preserving and building on our established culture of seeking the highest possible professional and ethical standards.

Regulatory risk

The financial services sector in which the Company operates is heavily regulated. Failure to comply with regulatory requirements could lead to fines or other disciplinary action. There is also a risk that changes in, or additional regulation could adversely affect profitability.

The Company monitors changes in regulation to assess the impact any changes may have on the business and plan to ensure it has sufficient resource to implement those changes. From 1 January 2022, the Company complied with the Investment Finns Prudential Regime. The new regulation introduced new requirements for risk assessment procedures and the maintenance of prudential capital levels. The Company continues to have an appropriate level of capital in excess of the requirements of the new regulation.

Outsourcing risk

The Company outsources transfer agency and fiord accounting services to third-party providers and, therefore, there is a risk of the providers failing to provide or perform outsourced services to the standards expected by the Company. This could impact the Company's ability to deliver its core services.

To mitigate this risk, the Company regularly monitors the third-party providers to assess the likelihood that they might fail to provide the required level of service. This is achieved through active relationship management, including regular service review meetings, service level agreements, monitoring of key performance indicators and compliance monitoring.

Credit risk

The firm takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, through its trading activities. The principal sources of credit risk arise from depositing funds with banks and money market funds and through settlement of trades in securities.

In line with the group's credit risk management policy, the firm only places funds with high quality financial institutions. Balances placed with an authorised deposit taking fellow subsidiary are also subject to the group's credit risk management policy. Investments are spread, to the extent judged appropriate, to avoid excess exposure to any individual counterparty.

For the purposes of financial reporting, the firm categorises its exposures based on the long-term ratings awarded to counterparties by Fitch Ratings Ltd ("Fitch") or Moody's Corporation ("Moody's").

The firm is also exposed to credit risk on trade and other receivables. Trade and other receivables primarily relate to settlement balances, amounts placed with fellow group undertakings and accrued income balances that relate to management fees receivable. No impairment losses on financial assets were recognised in profit or loss in the year.

People risk

Fund performance is dependent on highly specialised teams to provide investment management expertise in managing our funds. There is a risk that the departure of key members of the fund management team could result in a deterioration in investment performance.

This risk is mitigated by careful succession planning for senior investment staff and the use of long-term incentives in the profit share scheme, which provide for appropriate levels of deferred remuneration.

3.7 CONCENTRATION RISK

RAM does not have a trading book and does not hold permissions to hold client assets nor client money in the course of MIFID business. Concentration risk therefore only applies in relation to firm cash and income.

Extract from the Rathbones Asset Management Limited 31 December 2023 annual report & accounts

The firm has counterparty concentration risk within its balances at banks and investments in money market funds in that exposure is to a number of similar credit institutions. The board of directors monitors the selection of banking institutions that the firm deals with and the total amount placed with each counterparty.

3.8 LIQUIDITY RISK

Extract from the Rathbones Asset Management Limited 31 December 2023 annual report & accounts

Liquidity risk is the risk that the firm will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquid investment balances are monitored on a daily basis against the liquidity limits set by the RAM board. Liquidity risk is primarily managed by holding cash and marketable instruments which are realisable at short notice. The firm follows the group policy which imposes a strict set of criteria for counterparties to ensure that investments are liquid and are with high quality counterparties, defined as those who have been awarded a long-term rating of A' or above by Fitch or equivalent by Moody's.

The firm does not rely on external funding for its activities.

4 / OWN FUNDS, CAPITAL ADEQUACY AND TOTAL FUNDS REQUIREMENT

4.1 COMPOSITION OF REGULATORY OWN FUNDS AS AT 31 DECEMBER 2023

RAM's own funds requirements are met through a mixture of equity and retained profits. Values below include audited profits for the year.

Template OF1 below provides composition of regulatory own funds (£000s).

	Item	Amount	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**29,085**	**A+B-C**
2	**TIER 1 CAPITAL**	**29,085**	**A+B-C**
3	**COMMON EQUITY TIER 1 CAPITAL**	**29,085**	**A+B-C**
4	Fully paid-up capital instruments	202	A
5	Share premium	-	
6	Retained earnings	32,328	B
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	(3,445)	C
19	CET1: Other capital elements, deductions and adjustments	-	
20	**ADDITIONAL TIER 1 CAPITAL**	**-**	
25	**TIER 2 CAPITAL**	**-**	

Note: The rows omitted in this table have nil values and therefore have been removed.

A description of the main features of CET1 instruments is included in the appendices.

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements (£000s)

		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*				
Non-current assets				
1	Investment in subsidiary	4	4	
2	Deferred tax asset	3,445	3,445	C
Current assets				
3	Trade and other receivables	63,020	63,020	
4	Cash at bank and in hand	75,571	75,571	
	Total Assets	**142,040**	**142,040**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Trade and other payables	109,510	109,510	
	Total Liabilities	**109,510**	**109,510**	
	Net assets	**32,530**	**32,530**	
Shareholders' Equity				
1	Ordinary shares	202	202	A
2	Retained earnings	32,328	32,328	B
	Total Shareholders' equity	**32,530**	**32,530**	A+B

4.2 OWN FUNDS REQUIREMENTS

In accordance with MIFIDPRU, RAM undertakes an internal capital adequacy and risk assessment process ('ICARA') to evidence compliance with the overall financial adequacy rule.

The ICARA process is linked to our overall risk management, business planning and capital management, with each of these components informing the others. Formal capital planning takes place annually, together with the firm's financial forecasting process. The ICARA process allows us to determine our own funds threshold requirement and liquid assets threshold requirement and therefore determine how we meet our threshold conditions.

Our ICARA document includes the key conclusions and principles of our process:

- we consider and account for the risk of harm posed to consumers, the firm and markets and the safety and soundness of the firm's own current financial position and its ability to withstand plausible stressed conditions;
- the findings of our analysis include the amount of capital and liquidity we consider should be held and confirmation that RAM has adequate financial resources for its size and the complexity of its business;
- we provide an overview of our risk management framework and governance structures;
- we identify our material risks and determine whether these risks are within our risk appetite;
- we assess the adequacy of our risk management process and governance process;
- we review our capital planning and stress testing process;
- we describe our business model, strategic planning and earnings forecasts;
- we produce a credible recovery and cost wind down plan;
- we provide a description of the review, challenge and approval process of the ICARA.

4.3 OWN FUNDS REQUIREMENTS RELEVANT TO RATHBONES ASSET MANAGEMENT LIMITED

The rules in MIFIDPRU 7.6.10A require an assessment of the own funds requirements under the different FCA Handbooks which apply to the firm. RAM is regulated under the MIFIDPRU, IPRU-INV Chapter 11 and FUND Handbooks. For the purposes of minimum own funds assessment, we therefore apply the most stringent of these tests.

4.3.1 IPRU-INV CHAPTER 11 OWN FUNDS ASSESSMENT

The relevant own funds requirements for RAM under IPRU-INV Chapter 11 and FUND can be found below (£000s):

	31 December 2023
Funds under management requirement	2,792
Fixed overhead requirement	8,126
Maximum of the above	**8,126**
Professional indemnity insurance excess	1,000
IPRU-INV Chapter 11 requirement	**9,126**

4.3.2 MIFIDPRU OWN FUNDS ASSESSMENT

The relevant own funds requirements for RAM under MIFIDPRU can be found below (£000s):

	31 December 2023
K-factor requirement (K-AUM)(1)	142
Fixed overhead requirement	8,126
Permanent minimum requirement	75
Maximum of the above	**8,126**
Wind down costs	8,126
MIFIDPRU requirement	**16,252**

(1) As per the FCA requirements, RAM is only required to calculate its K-AUM factor. All other K-factors have therefore been omitted from the table, as they are not applicable.

5 / REMUNERATION

5.1 REMUNERATION POLICY

The remuneration section from page 31 of the Rathbones Group plc 2023 annual Pillar 3 disclosures provides an overview of the 2023 remuneration system and link between pay and performance.

The remuneration committee report on pages 110 of the 2023 Rathbones group annual report and accounts includes details of the group directors' remuneration policy. The committee, which comprises the independent non-executive directors, met on six occasions during 2023. The remuneration committee was advised by PricewaterhouseCoopers ('PWC'), who provided external market data and advice on current best practice on remuneration policies and arrangements.

5.2 CHARACTERISTICS OF THE FIRM'S REMUNERATION POLICY AND PRACTICES

Fund managers and support staff within RAM participated in a profit-sharing scheme based on the profit earned by RAM. The individual profit share for each fund manager is also dependent on the level of investment performance (measured over one and three years) of the funds managed by the individual. Awards are allocated on a discretionary basis, taking individual performance and non-financial factors into consideration, with such awards being subject to a deferral mechanism, where appropriate.

Other employees within Rathbones were eligible for discretionary bonus awards which were based on both financial and non-financial criteria and individual performance.

Remuneration for senior staff in control functions is reviewed by the group remuneration committee.

The balance between fixed and variable remuneration was focused on ensuring that there remains an appropriate link between overall remuneration and performance. All awards are subject to Rathbones risk adjustment to variable remuneration policy.

As a non-significant non-SNI firm, RAM is not required to impose mandatory deferral to its variable remuneration. Deferral periods for variable remuneration for relevant staff are applied in accordance with SYSC 19B.

Company performance and profitability are key considerations in setting discretionary pools as well as risk and affordability considerations.

	Financial performance criteria	Non-Financial performance criteria
Firm	Overall variable bonus pool is determined by reference to adjusted earnings of the company. Pool for RAM portfolio management team is based on net management fee income.	
Individual	Individual share of variable bonus pool and LTI.	Personal performance, role and experience.

5.3 MATERIAL RISK TAKERS

The procedure used to identify material risk takers ('MRTs') complies with the SYSC 19.G part of the FCA handbook. MRTs fall within categories of SYSC 19G.5.3 R and 19G.5.5 G. Moreover, additional criteria have been applied where an individual is responsible for more than 5% of firm revenue.

During the year, the company recorded 24 MRTs.

It should be noted that some of these colleagues were also identified as MRTs of the Rathbones group and as such their details will have also been disclosed under the annual Pillar 3 remuneration disclosure.

5.4 QUANTITATIVE REMUNERATION DISCLOSURE

For these purposes, 'staff' is defined broadly and includes directors and employees of the company (£000s).

	Fixed component of remuneration	Variable component of remuneration
Senior management	3,795	6,484
Other material risk takers	1,155	1,228
Other staff	6.718	6,427

5.5 EX-ANTE AND EX-POST RISK ADJUSTMENTS

Ex-ante risk adjustment amends remuneration for intrinsic risks that are inherent in our business activities. We may adjust overall bonus pools across all schemes to adjust for all types of current and future risks, both financial and non-financial such as:

- reputation
- strategy and values
- effectiveness and operation of the risk and control environment

We reserve the right to adjust variable awards based on crystalised risk or adverse performance outcomes, including those relating to misconduct.

Ex post-risk adjustment can apply at the firm level, for example, if there has been a material misstatement (including any omission in the firm's financial statements), or if the firm is subject to a material adverse event (such as regulatory censure).

5.6 PERFORMANCE ADJUSTMENT

We will consider performance adjustment to variable compensation awards to reflect the risk and performance of the firm, business area or individual.

Awards can be adjusted (including, if appropriate, reducing to zero) on an individual basis in the following three ways:

- decrease current year award not yet granted
- malus – adjust unvested deferred award (either in the form of cash or shares)
- clawback – adjusted vested awards

Where conduct for any employee falls below the standard expected, an appropriate adjustment to variable remuneration at the individual level will be made.

Any adjustments on an individual basis will be advised to the individual as part of the performance review and annual review process, or at any other time when variable compensation is awarded and this has been subject to an adjustment.

There is no guaranteed variable remuneration.

There was no severance pay awarded to any MRT or senior management during the year.

6 / APPENDICIES

OWN FUNDS: MAIN FEATURES OF OWN INSTRUMENTS ISSUED BY THE FIRM

Information on voting ordinary shares of Rathbones Asset Management Limited:

Issuer	Rathbones Asset Management Limited
Unique identifier (Companies' House number)	02376568
Public or private placement	Private
Governing law(s) of the instrument	England & Wales
Contractual recognition of write down and conversion powers of resolution authorities	Yes
Current treatment taking into account, where applicable, transitional MIFIDPRU rules	Common Equity Tier 1
Post-transitional MIFIDPRU rules	Common Equity Tier 1
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo
Instrument type (types to be specified by each jurisdiction)	Ordinary shares (UK)
Amount recognised in regulatory capital or eligible liabilities (Currency in thousands, as of most recent reporting date)	£202
Nominal amount of instrument	202 thousand shares
Issue price	£1
Redemption price	n/a
Accounting classification	Shareholders' equity
Original date of issuance	26 April 1989
Perpetual or dated	Perpetual
Original maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
Existence of step up or other incentive to redeem	N/A
Noncumulative or cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible
Write-down features	N/A
Type of subordination (only for eligible liabilities)	Contractual
Ranking of the instrument in normal insolvency proceedings	Ranks behind all other forms of capital
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Unsecured
Non-compliant transitioned features	N/A
If yes, specify non-compliant features	N/A