Redwheel Group

MIFIDPRU 8 Disclosure

2023

redwheel.com

Introduction

The Financial Conduct Authority ("FCA" or "regulator") in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook ("MIFIDPRU") sets out the detailed prudential requirements that apply to the Redwheel group of companies ("Redwheel", the "Group" or the "Organisation"). The Group includes RWC Partners Limited ("RWC LTD") and RWC Asset Management LLP ("RWC LLP"); both of which are captured as "MIFIDPRU Investment Firms". Chapter 8 of MIFIDPRU ("MIFIDPRU 8") sets out public disclosure rules and guidance with which Redwheel must comply, further to those prudential requirements.

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

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

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

This document has been prepared by Redwheel in accordance with the requirements of MIFIDPRU 8 and is reviewed and accepted by the RWC Partners Limited Board. Unless otherwise stated, all figures are as at the Firm's 31 December 2022 financial year-end.

Overview of Redwheel

We are a specialist, independent, investment organisation focused on long-only active equities and convertible bonds. Our management independence, investment team autonomy and majority employee-owned structure give us the freedom to focus solely on achieving our clients' long-term goals. This freedom means we can be flexible to meet our clients' needs and build truly long-term partnerships.

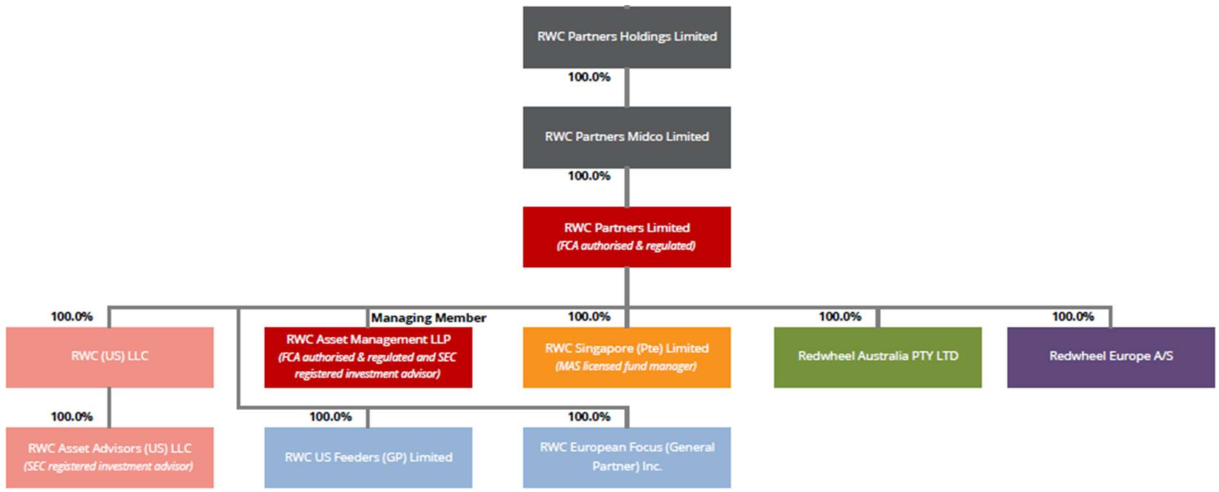
Everything we do is focused towards enabling experienced, accomplished, and well-supported fund managers to operate with a high degree of investment autonomy, free from unnecessary restrictions and with a focus on achieving value-added long-term investment outcomes. All of our investment teams have acknowledged experience in their specific fields and are led by fund managers that demonstrate a total commitment to the responsibilities they have to their clients.

Our culture is founded on the values of collaboration, openness & inclusivity, and empowerment. We believe by working well together, by being open with each other and to new ideas, and by empowering our people to do their jobs, we can deliver this ambition.

Our investment teams share our belief that experience, well-defined investment philosophies and a conducive environment are essential for producing exceptional investment returns. We have no centralised investment committee; each of our teams has responsible autonomy for their investment philosophy, process, people and capacity. This approach allows our teams to take full accountability for their investment decisions.

Organisational Structure

Redwheel is a registered trademark of RWC Partners Limited ("RWC Partners"). RWC Partners is comprised of an intermediate parent company and a number of subsidiary companies. RWC Partners is a 100% owned subsidiary of RWC Partners Midco Limited ("RWC Midco"), which is a 100% owned subsidiary of RWC Partners Holdings Limited ("RWC Holdings"). Both RWC Midco and RWC Holdings are Guernsey based holding companies which are registered for tax in the UK. RWC Partners and each of its parent and subsidiary companies, will collectively be referred to as "Redwheel" or "the Organisation", throughout this document. The current structure of the Redwheel companies is set out below.



The Directors or equivalent of each management company ultimately report to the board of RWC Partners. RWC Partners then reports to the board of RWC Midco and RWC Holdings. Each subsidiary, their partners and employees are subject to the same internal control structures described below. The Board of Directors of RWC Partners takes ultimate responsibility for the governance of the Organisation. As the same directors sit on the boards of RWC Partners, RWC Midco and RWC Holdings, references to the 'Board' herein shall be deemed to refer to the board of RWC Partners, RWC Midco and/or RWC Holdings as appropriate (where the relevant entity is not specified).

The Board is comprised of individuals with the requisite skills to carry out these duties and who have a deep knowledge of the Organisation. It seeks to represent the long-term interests of shareholders. It aims to ensure that the Organisation has appropriate governance structures in place to meet its day to day needs, as described in the body of this document. It will always include at least one Chartered Accountant.

The Board meets at least four times each year and receives reports from the CEO, CFO, Head of Business Development, COO, Head of Investment, General Counsel & CCO, and Head of HR of RWC Partners. Periodic reports are provided as required, including a report from the Auditors at least annually.

The Board has delegated management of the Organisation and its subsidiaries to the CEO of RWC Partners, except for a number of matters which it reserves to itself or associated committees, such as remuneration.

The CEO is responsible for implementing strategy and, together with the senior members of the Organisation, managing the day-to-day operations. The CEO is supported in his role by senior members of the Organisation who can be divided into two categories; Heads of Investment Teams and Heads of Non-Investment Teams.

The Heads of Investment Teams are responsible for their investment teams, including their incentivisation, wellbeing, performance, activities and behaviour consistent with the culture and expectations of Redwheel. They are responsible for investment decisions, risk management and compliance of the portfolio mandates they have been appointed to run, subject to our internal control framework. The Heads of Investment Teams report directly to the CEO.

The Heads of the Non-Investment Teams collectively form the Executive Committee (the “ExCo”) and are responsible for the provision of supporting activities for the investment teams and the day to day running of all non-investment related aspects of the Organisation. They are also responsible for the people in their teams, including their incentivisation, wellbeing, performance, activities and behaviour consistent with the culture and expectations of Redwheel, subject to our internal control framework. The Heads of Non-Investments Teams report directly to the CEO.

Risk Management Objectives and Policies

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

- Own funds
- Liquidity
- Concentration risk

Business Strategy

We are a specialist, independent, investment organisation focused on long-only active equities and convertible bonds. Our management independence, investment team autonomy and majority employee-owned structure give us the freedom to focus solely on achieving our clients' long-term goals. This freedom means we can be flexible to meet our clients' needs and build truly long-term partnerships.

We currently employ around 185 people globally. Our main offices are London, Miami, New York and Singapore with individuals also based within Europe and Australia.

Redwheel does not have the regulatory permissions to hold client money or assets.

The Redwheel entities are responsible for providing discretionary and advisory management services to six types of investment vehicles:

1. Luxembourg domiciled UCITS fund structure ("UCITS");
2. Cayman domiciled funds;
3. 1940 Act registered US domiciled mutual funds ("40 Act");
4. UK domiciled open-ended investment companies ("OEIC");
5. Institutional segregated mandates; and
6. Listed Investment Companies.

The UCITS, 40 Act and OEIC funds enable institutional investors, intermediaries and distributors from a wide range of jurisdictions to access long only and absolute return investment strategies in a highly regulated fund framework. The Cayman funds are available to certain institutional investors and provide a structure that offers greater flexibility than that allowed under the UCITS Directive. This flexibility may include less frequent dealing periods; investments in less liquid securities; or access to investment instruments not permitted under UCITS regulations. Institutional segregated accounts are managed across several strategies according to clients' investment guidelines and include 40 Act funds, UCITS and client separate accounts.

The potential for harm associated with Redwheel's business strategy is low.

Own Funds Requirement

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

- **Permanent minimum capital requirement ("PMR")**: The level of own funds required to operate at all times;
- **Fixed overhead requirement ("FOR")**: The minimum amount of capital that Redwheel would need to have to absorb losses if the Firm has cause to wind down exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- **K-factor requirement ("KFR")**: The KFR is intended to calculate a minimum amount of capital that Redwheel would need for the ongoing operation of its business. The K-factors that apply to the Firm's business are K-AUM (calculated on the basis of the Firm's assets under management ("AUM")) and K-DTF which captures where Redwheel executes a trade in its own name with the intention of allocating the instruments among its client portfolios.

Redwheel's own funds requirement is currently set by its FOR, as this is the highest of the three metrics. The potential for harm associated with Redwheel's business strategy, based on the Firm's own funds requirement is low. This is due to the relatively consistent and stable revenues and asset base.

A method adopted by the Firm to manage the risk of breach of the Firm's own funds requirement is the maintenance of a healthy own funds surplus above the own funds requirement. In the event that the Firm's own funds drop to an amount equal to 110% of the Firm's own funds threshold requirement, the Firm will immediately notify its Board, as well as the regulator. The Board will consider the necessary steps required in order to increase the own funds buffer; this may include injecting more own funds into the Firm.

Liquidity

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate (liquid) resources in the event of a stress scenario.

The potential for harm associated with Redwheel's business strategy, based on the Firm's basic liquid assets requirement, is low. As with regard to its own funds requirement, Redwheel's governing body has adopted a conservative risk appetite, being to maintain a strong capital position and balance sheet throughout all market cycles with strong liquidity and a robust capital structure. Redwheel performs forecasting on a quarterly basis to ensure it can meet its ongoing obligations and remain profitable. This forecasting is performed on a group basis whilst standalone entity balances are monitored and projected to ensure all regulatory and liquidity requirements are met. Redwheel is well positioned for further growth and its capital resources are sufficient to operate its business and to comply with its regulatory capital requirement. The Organisation is projected to continue to generate positive cashflows to meet its liquid asset requirements.

Redwheel actively maintains strong regulatory capital balances on its group and entity balance sheets. Both the Group and the regulated entities are subject to the regulatory requirements set out in this document. The Group management also seeks to maintain additional capital buffers internally.

Redwheel has developed systems and controls to manage the risk that the Group cannot meet its liabilities as they fall due. The Board has allocated responsibilities to certain individuals to ensure the effective on-going monitoring and management of liquidity risk. The Chief Financial Officer ("CFO") has overall responsibility for the management of the risk and reports to the ExCo and the Board on a frequent basis. The Finance team monitor liquidity on a daily basis and with quarterly cash flow forecasting. They also monitor capital as part of the quarterly forecasting process. Any exception to the minimum requirements is escalated to the CFO who is a member of the ExCo, the Board and various committees that may require this notification.

The Board formally review, challenge and sign off the liquidity assessment at least annually as part of the ICARA process. The liquidity risk outlined in the ICARA document is examined throughout the year to ensure that the group and individual entities maintain liquidity resources which are adequate, both as to the amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. The Board understands that changes in the business might trigger the liquidity assessment to be revised and updated.

Concentration Risk

Redwheel has multiple clients, which provides for a diverse stream of revenue across the Group. Our clients are typically institutional professional investors that invest for the long term. As the business grows, the quality and diversification of our client base becomes increasingly more important across products and teams. Further potential to diversify and distribute products in increasing jurisdictions will add strength to the client base and lessen such risks. We accept a low to medium level of client concentration risk in relation to the larger 'key' clients that form part of our client base, however we anticipate this risk to reduce over time as our efforts to diversify our client base continue.

Redwheel manages its cash concentration risk by utilising relationships with a number of well-established multinational institutions. It also maintains relationships with a number of additional established institutions for both short and longer fixed/variable term deposits and short-term money market fund investments. This helps ensure cash concentration is spread across a number of different institutions.

Redwheel maintains a treasury function to manage exposure to foreign currency as well as cash concentration. This function is tasked with minimising the Firm's exposure where a natural hedge doesn't exist whilst monitoring concentration and liquidity of cash balances across the Group.

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

Risk Management Structure

Although not required by MIFIDPRU, Redwheel has established an independent Enterprise Risk Committee and Portfolio Risk Committee. The purpose of the Committees is to advise the Board on Redwheel's overall current and future risk appetite and strategy and assist the Board in overseeing the implementation of that strategy by senior management. Members of the Committees have the appropriate knowledge, skills, and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

Redwheel promotes a culture where individuals have clear ownership and accountability. They are also responsible for delegation of activities and the oversight there-of.

The individual Heads of the Investment Teams and members of the ExCo are the owners of risk that is created by, or resides within, the activities of their teams. They are accountable for identifying and managing the investment and operating risks within the Organisation, and for mitigating and managing those risks.

The members of ExCo, together with the committees described below, provide support to each risk owner to help identify risks, mitigation and controls. Lines of defence are also in place to support risk owners:

- Line 1. The Heads of Investment Teams and members of the ExCo are responsible for the risks the Organisation takes and those it takes on behalf of its clients. They are responsible for understanding their obligations to identify and manage risks appropriately and to ensure full transparency of their activities and those that sit within their teams. They are expected to foster a culture of compliance with Redwheel's controls framework and provide avenues of escalation for their team members of any risk or compliance issues without recrimination.
- Line 2. Control functions are in place to ensure risks are identified, monitored, controlled and managed within appropriate boundaries. The control functions within Redwheel are middle office functions including Compliance, Enterprise Risk and Investment Risk.

- Line 3. Redwheel does not operate a dedicated internal audit team. It has an Enterprise Risk framework and resources to identify, analyse, quantify, prioritise, and mitigate risks originating from the Organisation's activities. The Redwheel and 3rd party funds managed are subject to audit and Redwheel itself is subject to corporate audit. Since 2017 the Organisation is also subject to an annual independent controls report. The requirement for a dedicated internal audit team is reviewed on an annual basis, and a summary of the review is provided to the Board.

Risks and exceptions are reported to the risk owners, heads of control teams and the committees which support the CEO. The resolution of exceptions is managed by risk owners and independently overseen by the heads of the control teams.

The CEO is supported by members of ExCo. A number of further committees have been formed which report into ExCo and are outlined below. The committees are forums for analysis, discussion, reporting of management information, exceptions and for independently overseeing specific business functions and areas of risk.

- **The Corporate Investment Committee** is responsible for making investment decisions on behalf of the board of RWC LTD, in line with the strategic direction of the organisation, and providing general stewardship and oversight on the investment activity undertaken.
- **The Remuneration Committee** provides guidance and challenge on compensation across the Group. The committee helps to ensure that outcomes for individuals compensation and the Group are fair, that they incentivise the right behaviours, and that they are aligned with the interests of Redwheel's stakeholders.
- **The Portfolio Risk Committee** is responsible for the monitoring and review of investment performance, investment and liquidity risks, as well as risks of integrity and consistency of investment strategies. The latter is applicable where multiple client accounts are run alongside the core strategy. The Committee will also scrutinise the delivery of performance versus objectives and client expectations.
- **The Valuation Committee** oversees investment pricing and valuation, including the review and approval of the swing pricing policy where applicable. The Committee reviews all hard to price instruments, stale priced instruments and conducts a periodic review of the overall pricing methodology, as well as reviewing and determining the process for instruments that are deemed hard to value.
- **The Counterparty Committee** is responsible for the oversight and monitoring of the risks associated with material counterparty relationships with Redwheel. As an investment manager, Redwheel and its clients are exposed to counterparty risk from various financial transaction types with various financial institutions party to those transactions. The Committee is responsible for the management of counterparties, approving any additions

and removals from the approved list. The Committee also monitors approved counterparties for any adverse developments.

- **The Enterprise Risk Committee** operates in accordance with its terms of reference which sets out its obligations with respect to the management and responsibilities of the Committee members. The Committee has been established to provide governance and monitoring of the risks affecting the business and identifying additional risks and establishing the mitigation required for those risks. Investment Risk is specifically excluded from the scope of responsibilities. The Committee oversees the grading of the level of each risk and the performance of the mitigating controls.
- **The Product Committee** is supported by our Product Team which centralises the management of both product development and product governance. The team is responsible for the 'lifecycle' of products we manage and also performs an important risk management function to help ensure that changes to our funds and separate accounts are subject to appropriate oversight
- **The Sustainability Committee** provides governance and oversight of ESG at Redwheel, including each investment team's approach to the integration of sustainability considerations.

To assist with Compliance oversight, Huan Ke as SMF 16 and SMF 17, attends all of the above committees, with the exception of the Valuation and Remuneration Committees. These committees are a key part of helping Huan Ke meet his obligations. Members of the Compliance team may also request to attend any committee meeting to assist with monitoring and oversight.

There is a specific monthly meeting for the Heads of Investment Teams which is also attended by the members of the ExCo. The primary function of this meeting is to engage the Heads of Investment Teams in the key business issues and decisions and to understand any needs or issues that are arising. Formal reports on the Organisation and affairs of Redwheel are made at this meeting. The Heads of Investment Teams share key developments from their teams in relation to performance, flows and personnel.

Enterprise Risk Management:

The Enterprise Risk team is responsible for the monitoring and recording of non-investment risks across the Organisation.

Known risks are captured in the Enterprise Risk Register. The register is maintained by the Enterprise Risk Manager. The Enterprise Risk Manager is responsible for ensuring the register remains current by confirming the frequency of each risk owner's review and amendments.

Each risk on the register has an owner assigned, being a member of the ExCo. Each owner is responsible for ensuring the rating of likelihood and impact of each risk is appropriately scored and that the mitigation assigned to each risk is fairly scored. All risk owners are responsible for keeping the register updated, with review, oversight and agreement from the Enterprise Risk Manager.

The Enterprise Risk team conducts independent reviews of the risks identified by risk owners. Our aim is to review all of the key risks that have been identified by risk owners. We have identified our key risks by referencing the scoring applied by risk owners. Each of the key risks identified for review are reviewed no less than once every 3 years. The reviews are conducted to see whether a risk can be mitigated further, or if deemed not possible or not cost effective to do so, then to seek agreement from the Committee and Board to accept the level of risk for the time being whilst monitoring the risk closely.

In addition to this, the Enterprise Risk Manager assesses all of the incidents reported into the risk framework and potential risks highlighted by the business lines. All forms of incident are to be reported into the Enterprise Risk database.

A suite of Management Information is produced from the Enterprise Risk Framework on a regular basis, for the purposes of risk assessment, and this is presented to the ExCo on a bi-annual basis, and to the Enterprise Risk Committee on a quarterly basis.

The Enterprise Risk Committee meets at least quarterly to review the Enterprise Risk Register. The Committee operates in accordance with its terms of reference which sets out its obligations with respect to the management and responsibilities of the Committee members. The Committee has been established to provide governance and monitoring of the risks affecting the business and identifying additional risks and establishing the mitigation required for those risks. The Committee provides oversight of the enterprise risk framework, the grading of the level of each risk and the performance of the mitigating controls. Portfolio risk is specifically managed through a separate governance structure, with the key risks also recorded within the enterprise risk framework for completeness.

Enterprise Risk is a second line function and is independent from all other departments.

Portfolio Risk Management:

Day-to-day portfolio risk management rests with the investment managers. The oversight of risk within the portfolios is undertaken by the Risk, Performance and Analytics team. The team is independent of the investment decision-making process and the investment teams and has an exclusive focus on understanding and reviewing the investment risks and performance drivers within the Redwheel managed portfolios.

Portfolio risk exposures and the consequent level and composition of portfolio risks are reviewed for consistency with the relevant fund's investment style, process and objectives. The team maintains on-going dialogue with the portfolio managers to ensure all investment risks are fully considered, understood and commensurate with the respective manager's conviction and investment approach, including all "softer" elements of risk taking (e.g. consistency of views; style attributes versus portfolio manager philosophy).

The Portfolio Risk Committee is the forum in which Redwheel senior management is kept abreast of investment risk across the portfolios, any material issues and any resolutions, where necessary. Any significant risks, if they arise, are raised with the Committee and CEO intra-month. The Committee members are updated daily of all meaningful portfolio risk exposures and market dynamics that are pertinent to the funds. Any anomalous or atypical exposure is discussed at this point.

Governance Arrangements

Overview

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

The Board has overall responsibility for Redwheel and is therefore responsible for defining and overseeing the governance arrangements at the Firm.

In order to fulfil its responsibilities, the Board meets on a quarterly basis. Amongst other things, the Board approves and oversees the implementation of Redwheel's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of Redwheel's senior management.

A key document that is reviewed, discussed, and ratified by the Board at least annually is the Senior Management Systems and Controls Document ("SYSC Document"), as this demonstrates how the Firm has met its obligations with regard to its governance arrangements. The SYSC Document provides the Board with information on the functioning and performance of all aspects of the Firm, including the following areas:

- General organisational requirements, including steps taken by Redwheel to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies;
- Employees, including steps taken by Redwheel to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure that they are fit and proper persons;
- Policies, procedures, and controls for meeting its compliance and financial crime requirements;
- Internal capital adequacy and risk assessment process;
- Outsourcing of critical or material operating functions or activities;
- Record-keeping controls and arrangements;
- Conflicts of interest management;
- Remuneration policies and practices; and
- Whistleblowing controls.

The Management Body

Redwheel's management body is a combination of the Board and the Executive Committee ("ExCo"). Please find a list of each member below coupled with a summary bio.

- Tord Stallvik – Chief Executive Officer, Executive Director & ExCo Member
- Huan Ke – General Counsel and Chief Compliance Officer, Executive Director & ExCo Member
- Cressida Williams – Chief Financial Officer, Executive Director & ExCo Member
- Jane Nicholls – Head of Business Development, Executive Director & ExCo Member
- Nigel Hill – Chief Operations Officer, ExCo Member
- Arthur Grigoryants – Head of Investment, ExCo Member
- Roxy Kennedy, Head of HR, ExCo Member
- John Innes – Executive Director
- Peter Clarke – Non–Executive Director & Chair of the Board
- Nicky Richards – Non–Executive Director
- Seth Brennan - Non–Executive Director
- Tony Leness - Non–Executive Director

The below table provides the number of directorships held by each member of the management body. In accordance with MIFIDPRU the directorships disclosed have excluded those roles which do not pursue predominantly commercial objectives or those held within the Redwheel Group:

Management Body Member	Position at Redwheel	Number of Directorships Held	
		Executive	Non-Executive
Tord Stallvik	Chief Executive Officer, Executive Director & ExCo Member	0	0
Huan Ke	General Counsel and Chief Compliance Officer, Executive Director & ExCo Member	0	0
Cressida Williams	Chief Financial Officer, Executive Director & ExCo Member	0	0
Jane Nicholls	Head of Business Development, Executive Director & ExCo Member	0	0
Nigel Hill	Chief Operations Officer, ExCo Member	0	0
Arthur Grigoryants	Head of Investment, ExCo Member	1	0
Roxy Kennedy	Head of HR, ExCo Member	0	0
John Innes	Executive Director	4	0

Management Body Member	Position at Redwheel	Number of Directorships Held	
		Executive	Non-Executive
Peter Clarke	Non – Executive Director & Chair	0	2
Nicky Richards	Non – Executive Director	0	0
Seth Brennan	Non – Executive Director	1	0
Tony Leness	Non – Executive Director	1	0

Risk Committee

We are not required under FCA rules to establish a separate risk committee to manage and monitor the Firm's risk appetite and strategy; however, Redwheel has established an independent Enterprise Risk Committee and Portfolio Risk Committee, details of which are set out under 'Risk Management Structure' (above).

Diversity of the Management Body

Currently our management body is 33% female and 67% male. 8% of the management body are from an ethnic minority background and 82% are parents or caretakers of children.

At Redwheel, we are committed to fostering a culture in which different experiences and identities are valued; where people feel they can be their true selves and are encouraged to speak up and express opinions freely. We want to attract a highly competent, diverse range of people to help drive innovation and better decision making as we believe this is critical to being a long-term and sustainable organisation. We are also thoughtful when it comes to our global responsibility to support the communities in which we live, work and invest.

At this moment in time, we are not driven by quantitative diversity, equity and inclusion ("DEI") targets and quotas across the Organisation or within the management body; we are focused on prioritising our actions and behaviours to our commitments and culture. We do however want to attract a highly competent, diverse range of people to help drive innovation and better decision making; we believe this is critical to being a long-term and sustainable organisation.

Own Funds

As at 31 December 2022, Redwheel maintained own funds of £37,631k. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

Composition of Regulatory Own Funds			
	Item	**Amount (£ '000)**	**Source**
1	**OWN FUNDS**	**37,631**	
2	**TIER 1 CAPITAL**	**37,631**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**37,631**	
4	Fully paid up capital instruments	163	Called up share capital
5	Share premium	70,624	Share premium account
6	Retained earnings	49,322	Retained earnings
7	Accumulated other comprehensive income	-	
8	Other reserves	(66,465)	Reverse acquisition reserve
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(16,013)	Intangibles, EBT & loans in relation to equity
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				
		Balance Sheet as in Published/Audited Financial Statements	**Under Regulatory Scope of Consolidation**	**Cross-Reference to Above Template**
		As at 31 December 2022	As at 31 December 2022	
Assets - Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	Intangible assets	668		Incl in Item 11
2	Tangible assets	1,066		
3	Debtors	22,872		
4	Investments	6,210		
5	Money market deposits	15,000		
6	Cash at bank and in hand	35,520		
	Total Assets	**81,336**	**n/a**	
Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	Creditors	32,888		
2	Senior loan	6,353		
	Total Liabilities	**39,241**	**n/a**	
Shareholders' Equity (in £'000)				
1	Called up share capital	163		Item 4
2	Share premium account	70,624		Item 5
3	Reverse acquisition reserve	(66,465)		Item 8
4	Other reserves	(11,549)		Incl. in Item 11
5	Profit and loss account	49,322		Item 6
	Total Shareholders' Equity	**42,095**	**n/a**	

Own Funds: Main Features of Own Instruments Issued by the Firm	
	Redwheel Group **RWC Partners Holdings Ltd Ordinary Shares**
Public or private placement	Private
Instrument type	Ordinary shares
Amount recognised in regulatory capital (GBP '000, as of most recent reporting date)	163
Issue price (GBP whole number)	10p

Accounting classification	Called up shared capital
Original date of issuance	29-Jan-20
Perpetual or dated	Perpetual

Own Funds Requirements

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

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

Requirement	**£'000**
(A) Permanent Minimum Capital Requirement ("PMR")	300
(B) Fixed Overhead Requirement ("FOR")	10,496
(C) K-Factor Requirements ("KFR")	972
- K-AUM – *Risk arising from managing and advising on investments*	902
- K-DTF – *Risk arising from executing orders on behalf of a client*	70
(D) Own Funds Requirement (Max. [A, B, C])	**10,496**

Redwheel is also required to comply with the overall financial adequacy rule ("OFAR"). This is an obligation on Redwheel to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and

- The Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Where Redwheel determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down it must maintain 'additional own funds required for winding down', above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where Redwheel determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations', above the KFR, that is deemed sufficient to ensure its viability throughout economic cycles.

Redwheel's own funds threshold requirement is the higher of:

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

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

To determine the Firm's own funds threshold requirement, Redwheel identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds required to cover the residual risk.

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

Remuneration Policy and Practices

Overview

Both RWC LTD and RWC LLP are Non-SNI MIFIDPRU Investment Firms, and both are subject to the basic and standard requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior Management Arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")). RWC LLP, is an alternative investment fund manager ("AIFM"), is also classified as a collective portfolio management investment firm, and as such, is also subject to the AIFM Remuneration Code (SYSC 19B). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of Redwheel and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of Redwheel's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with its risk profile and the services that it provides to its clients.

In addition, Redwheel recognises that remuneration is a key component in how it attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, Redwheel's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

Redwheel is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at Redwheel is made up of fixed and variable components. The fixed component is benchmarked in line with market competitiveness at a level to attract and retain skilled staff. This is carried out on an annual basis.

Redwheel ensures that the fixed and variable components of total remuneration are appropriately balanced; and the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration component.

The remuneration structure within Redwheel differs for investment and non-investment teams. Within the investment teams, remuneration differs between the head of each team and the other team members.

In remunerating our staff, the following principles are adhered to:

- Financial rewards will be based on staff performance and contribution to the performance of their investment team or the company as a whole if they are working in a non-investment team;
- Performance will be assessed on a number of criteria including compliance with the regulatory rules and applicable internal policies and procedures;
- Sustainability risks are integrated by all investment teams within their investment processes. To the extent applicable, remuneration decisions for investment team members will therefore take into account each team's approach to the integration of sustainability risks;
- Unjustified and unwarranted risk taking and/or material non-compliance with Redwheel policies may be penalised;
- Staff will need to have complied with Redwheel's Compliance policies;
- Remuneration will be aligned with longer term incentives to deliver a strong compliance and customer focussed culture;
- Staff will not be remunerated based purely on sales or investment performance criteria. Adjustments may be made for poor behaviour, control failings or other similar matters subject to the level of severity and consideration of all the circumstances; and
- Non-investment team bonus principles are approved by the Remuneration Committee. Investment team bonus principles are at the discretion of the Head of Team, subject to the above, with escalation to the Remuneration Committee if deemed suitable.

Risk Adjustment

Redwheel's policy includes a framework for assessing the level of remuneration to be paid to staff members. The framework applies both ex-ante and ex-post risk adjustment criteria to the level of variable remuneration paid. Factors considered include:

- Adjustments for all types of current and future risks and the cost of the capital and liquidity required. Variable remuneration awarded to Material Risk Taskers ("MRTs") is subject to in-year adjustments prior to award;
- All types of current and future risks including both financial and non-financial;

- When deciding at what level the adjustments should be applied (such as business unit, trading desk and/or individual level, as appropriate), Redwheel determines which risks are relevant, and which risk adjustment techniques and measures are most appropriate; and
- Total variable remuneration is generally considerably contracted where the financial performance of the Firm is subdued or negative.

Malus and Clawback

Redwheel has determined not to apply malus to variable remuneration on the basis that it does not operate a designated standard deferred remuneration plan across all MIFIDPRU MRTs and is not required to do so on a mandatory basis because it is not subject to the "extended" remuneration requirements.

In the event of material misconduct, MIFIDPRU MRTs may be subject to clawback of compensation. Redwheel applies clawback provisions to MIFIDPRU MRTs' variable remuneration in accordance with the MIFIDPRU Remuneration Code requirements.

Guaranteed Variable Remuneration

Redwheel does not award, pay or provide guaranteed variable remuneration (a sign-on bonus, "golden handshake" or lost opportunity award) to an MRT unless:

- It occurs in the context of hiring a new MRT;
- It is limited to the first year of service; and
- The relevant firm has a strong capital base.

Severance Pay

Severance pay (other than for contractually mandated notice periods and statutory requirements) will only be made at Redwheel's absolute discretion.

Any payments related to early termination of an MRT's employment contract will reflect performance achieved over time and will be designed in a way which does not reward failure or misconduct.

Governance and Oversight

The Remuneration Committee provides guidance and challenge on compensation across the Group. The committee helps to ensure that outcomes for individuals' compensation and the Group are fair, that they incentivise the right behaviours, and that they are aligned with the interests of Redwheel's stakeholders. The committee also ensures that compensation arrangements accommodate regulatory considerations and adhere to the Articles, employment agreements and other principal documentation of the Group, including equal pay policies. The committee is majority independent and is chaired by a Non-Executive Director.

Redwheel's remuneration policy and practices are reviewed annually by the Remuneration Committee and the Board.

Material Risk Takers

Redwheel is required to identify its material risk takers - those members of staff whose professional activities have a material impact on Redwheel's risk profile and of the assets that it manages. The types of staff that have been identified as material risk takers at Redwheel are:

- Members of the management body in its management function;
- Members of the senior management team;
- Those with managerial responsibility for a client-facing or client-dealing business unit of Redwheel;
- Those with managerial responsibilities for the activities of a control function[1];
- Those with managerial responsibilities for the prevention of money laundering and terrorist financing;
- Those that are responsible for managing a material risk within Redwheel;
- Those that are responsible for managing information technology, information security, and/or outsourcing arrangements of critical or important functions; and
- Those with authority to take decisions approving or vetoing the introduction of new products.

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

Quantitative Remuneration Disclosure

The below table quantifies the remuneration paid to staff in the financial year 1 January 2022 to 31 December 2022.

Period: 1st January 2022 to 31st December 2022				
		Senior Management	Other Material Risk Takers	Other Staff
Total Number of Material Risk Takers		16		
Remuneration Awarded	Fixed (£'000)	1,625	1,664	12,650
	Variable (£'000)	3,398	10,482	6,453
	Total (£'000)	5,023	12,146	19,103
Guaranteed Variable Remuneration	Amount (£'000)	n/a	n/a	
	# Staff Awarded	n/a	n/a	
Severance Payments	Amount (£'000)	n/a	n/a	
	# Staff Awarded	n/a	n/a	
Highest Severance Payment Awarded to an Individual (£)			n/a	