



MIFIDPRU 8 Disclosure

31 March 2025

Contents

1.	MIFIDPRU 8 Disclosure.....	3
2.	Risk Management Objectives & Policies	3
3.	Governance Arrangements	5
3.1	Overview	5
3.2	External Directorships	5
3.3	Diversity.....	6
3.4	Risk Committee	6
4.	Own Funds	6
5.	Own Funds Requirement.....	9
6.	Remuneration Policies & Practices.....	10

1. MIFIDPRU 8 Disclosure

Capital Generation Partners LLP ("CapGen") is authorised and regulated by the Financial Conduct Authority (the "FCA"). CapGen is a UK domiciled discretionary and advisory investment manager to professional segregated account clients. CapGen is also the delegated Investment Manager for both the CapGen Partners Portfolio, a RAIF fund based in Luxembourg, and the CapGen Private Capital Programme 2023 SCSp, our Luxembourg based private capital fund. We conduct agency business and do not operate a trading book or hold client money or assets.

CapGen is categorised as a "non-SNI MIFIDPRU investment firm" by the FCA for regulatory capital purposes and reports on a solo basis under the UK Investment Firms Prudential Regime ("IFPR"). The Firm's MIFIDPRU 8 disclosure fulfils CapGen's obligation to disclose to market participants' key information on:

- Risk management objectives and policies
- Governance arrangements
- Own funds
- Own funds requirement
- Remuneration policies and practices

In making the qualitative elements of this disclosure, CapGen is required to provide a level of detail that is appropriate to the company's size and internal organisation, and to the nature, scope, and complexity of its activities.

This disclosure is made annually on the date CapGen publishes its annual financial statements. As appropriate, this disclosure is made more frequently, for example if there is a major change to the company's business model.

There have been no significant changes since the previous disclosure- in March 2024.

2. Risk Management Objectives & Policies

CapGen is subject to ICARA (Internal Capital Adequacy and Risk Assessment) process requirements. The purpose of the ICARA process is to ensure that the Firm:

- Has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms; and
- Holds financial resources that are adequate for the business it undertakes.

As part of the ICARA process, the Firm sets out its risk management processes including an analysis of the effectiveness of its risk management processes.

As CapGen has a financial year-end date of 31 December, this section is required with respect to the financial period ending on 31 December 2024, and subsequent financial periods.

Taking into account the Firm's size, nature and characteristics, risk profile and risk tolerance, CapGen has concluded that its risk management processes are appropriate, proportionate and effective.

CapGen has established risk management arrangements that seek to:

- Meet regulatory requirements as detailed in the FCA handbook, including the requirement to have effective processes to identify, manage, monitor and report the risks it is, or might be exposed to;
- Reflect industry best practices; and
- Be appropriate and effective, taking into account the Firm's size, nature, characteristics, risk profile and risk appetite.

CapGen is required to maintain sufficient capital resources at all times. 'Own funds' describes the available capital resources of the Firm while 'own funds requirement' describes the capital funds required as a result of the business activities of the Firm. CapGen has undertaken a comprehensive analysis of the capital resources required under the IFPR and specifically the Internal Capital and Risk Assessment ("ICARA") and has ensured it has sufficient resources.

CapGen assesses the adequacy of its own funds in accordance with the prescribed permanent minimum capital, Fixed Overhead Requirement ("FOR") and applicable K-factor requirements (a component of the own funds requirement). In addition, the Firm undertakes an assessment of own funds requirements through its internal processes to identify additional own funds requirements of the Firm as a result of (i) the material risks associated with ongoing business operations and (ii) those required to facilitate an orderly wind-down of the business. Own funds requirement is formally reviewed, challenged and approved by the Board. The Firm has at all times met the own fund requirements since 1st January 2022.

CapGen also analyses the risk presented by liquidity constraints when considering its capital adequacy requirements and performing adequate stress-testing.

CapGen's risk management function is responsible for analysing all risks to which the Firm may be exposed, and working with the board of directors, to ensure such risks are mitigated as far as possible.

CapGen has established a Business Risk Committee which is chaired by one of the Firm's Founding Partners, Charlotte Thorne. This committee is also supported by the Risk Focus Group which also regularly reviews and discusses the Firm's registers and controls.

The Business Risk Committee meets on a regular basis to review all identified risks, including any new material risks identified, and analyse CapGen's approach to managing them. CapGen maintains a risk register that sets out all identified potential and actual risks, and mitigants in place. CapGen's Senior Management also regularly discuss and review risks to which the Firm is exposed. The ICARA process forms one of the methods through which Senior Management and the Board manage the risks within the business, in particular the deployment of risk mitigation techniques to address potential and actual material harms.

3. Governance Arrangements

3.1 Overview

The Firm's management body comprises of the below individuals:

Management body member	Job title
Ian Barnard	Founding Partner, CEO
Khaled Said	Managing Partner
Charlotte Thorne	Founding Partner
Richard Adams	Partner, COO and Compliance Officer
Clare Flanagan	Partner, Head of Client Development
Sharon Chambers	Partner, Chief Financial Officer
Robert Sears	Partner, Chief Investment Officer
Ross Davies	Partner, Head of Real Estate

CapGen's governance arrangements ensure that the effective and prudent management of the Firm is prioritised. This is both with respect to the composition of the governing body itself and with respect to the Firm's overall structure, including the segregation of duties within the wider organisation.

CapGen maintains conflicts of interest management procedures and processes. This includes the identification, managing and monitoring of potential or actual conflicts under the overall supervision of the governing body. CapGen emphasises the need to prioritise the interests of its clients and to resolve potential or actual conflicts between clients.

CapGen's Internal Capital Adequacy and Risk Assessment ("ICARA") process assists the Firm in determining its material harms, including those affecting its clients and the integrity of the market. The Firm's governing body reviews the ICARA at least annually.

3.2 External Directorships

The number of external directorships held by the members of the Firm's management body are as follows¹:

Management body member	Executive directorships	Non-executive directorships
Ian Barnard	1	1

¹ This excludes: (a) executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and (b) executive and non-executive directorships held within the same group or within an undertaking (including a *non-financial sector entity*) in which the *firm* holds a *qualifying holding*.

Khaled Said	1	5
Charlotte Thorne	0	1
Richard Adams	0	1
Clare Flanagan	0	0
Sharon Chambers	0	0
Robert Sears	0	0
Ross Davies	0	0

3.3 Diversity

CapGen's diversity policy aims to reflect the Firm's values and inclusivity at all levels within the organisation, including the management body.

When appointing members of the management body, CapGen adopts the following guidelines:

- The appointment process is based on the principles of fairness, respect and inclusion
- Appointments are made on the basis of individual competence, skills and expertise
- The selection process gives due consideration to candidate suitability without bias with respect to personal factors such as education, professional background, ethnicity, age, disability, sexual orientation, socio-economic status or geographic location

As a small organisation with a small number of individuals comprising the management body, CapGen does not have any diversity 'targets' as such. However, the Firm is satisfied that its practices with respect to management appointments are consistent with the objectives stated above.

3.4 Risk Committee

The Firm is not subject to a mandatory requirement to put in place a risk committee, per MIFIDPRU 7.3.1. However, CapGen's risk management function has implemented a Business Risk Committee ("BRC") which is responsible for analysing all risks to which the Firm may be exposed and working to ensure such risks are mitigated as far as possible.

Notwithstanding this, the Firm ensures that risk management is embedded into its culture and its overall systems and controls framework.

4. Own Funds

CapGen is a Limited Liability Partnership. Its capital comprises of members' capital in accordance with the LLP Agreement & subordinated debt.

TABLE A

As at the date of this disclosure the Firm's regulatory capital position is:

Composition of regulatory own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	1,645	
2	TIER 1 CAPITAL		
3	COMMON EQUITY TIER 1 CAPITAL	1,085	In accordance with the FCA rules of regulatory capital £189,900 added in April 2024
4	Fully paid-up capital instruments		
5	Share premium		
6	Retained earnings		
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters	(45)	
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(45)	
19	CET1: Other capital elements, deductions and adjustments	1,040	
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	560	
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and Adjustments	560	

TABLE B

The following table sets out a reconciliation of the Firm's own funds to the balance sheet in the Firm's audited financial statements:

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

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

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

Figures should be given in GBP thousands unless noted otherwise.

	A	B	C
	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross- reference to Table A
	As at period end	As at period end	
Assets – Breakdown by asset classes according to the balance sheet in the audited financial Statements			
1 Fixed assets		500	
2 Current assets		5,671	
3			
Total Assets		6,171	
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial Statements			
1 Creditors (within one year)		(1,942)	
2 Creditors (after one year)		-	
3			
Total Liabilities		(1,942)	
Shareholders' Equity			
1 Members' capital classified as equity		1,085	
2 Other reserves classified as equity		2,962	
Total Shareholders' equity		4,229	

5. Own Funds Requirement

The Firm's own funds requirement includes the following components:

K-factor requirement:	GBP
Sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement:	467,000
Sum of the K-COH requirement and the K-DTF requirement:	0
Sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement:	0
TOTAL K-factor requirement:	467,000
Fixed overheads requirement	1,376,661

CapGen is required to assess the adequacy of its own funds in accordance with the overall financial adequacy rule. This requires CapGen to hold financial resources that are adequate for the business it undertakes. This is designed to achieve two key outcomes for the Firm:

1. To enable it to remain **financially viable** throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities (including both regulated activities and unregulated activities); and
2. To enable it to conduct an **orderly wind-down** while minimising harm to consumers or to other market participants, and without threatening the integrity of the wider UK financial system.

CapGen achieves this via its ICARA process. The Firm sets out:

- A clear description of CapGen's business model and strategy and how this aligns with the Firm's risk appetite
- The activities of CapGen, with a focus on the most material activities
- Whether or not the ICARA process is 'fit-for-purpose'. Where this is the case CapGen must explain why it has reached this conclusion. Where this is not the case, CapGen must set out the improvements needed, the steps needed to make the improvements and the timescale for making them, and who within the Firm is responsible for taking these steps
- Any other changes to CapGen's ICARA process that have occurred following the review and the reasons for those changes
- An analysis of the effectiveness of CapGen's risk management processes during the period covered by the review
- A summary of the material harms identified by CapGen and any steps taken to mitigate them

- An overview of the business model assessment and capital and liquidity planning undertaken by CapGen
- A clear explanation of how CapGen is complying with the overall financial adequacy rule ("OFAR") (i.e. the obligation to hold adequate own funds and liquid assets) vis-à-vis CapGen's ongoing business activities and wind-down arrangements
- A summary of any stress testing carried out by CapGen
- The levels of own funds and liquid assets that, if reached, may indicate that there is a credible risk that CapGen will breach its threshold requirements
- The potential recovery actions that CapGen has identified
- An overview of CapGen's wind-down planning

6. Remuneration Policies & Practices

CapGen is subject to the Remuneration Code (the "Code") for MIFIDPRU Firms as codified in Section SYSC 19G of the SYSC Handbook.

This disclosure sets out qualitative and quantitative information on the Firm's remuneration processes and practices.

A. Qualitative Information

CapGen must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management and do not encourage excessive risk taking.

CapGen ensures that the remuneration policy and its practical application are consistent with the Firm's business strategy, objectives and long-term interests. Given the nature and small size of our business, remuneration for all employees is set by CapGen's management body. Staff receive a salary which reflects their market value, responsibilities and experience. All staff may also receive variable remuneration, such as an annual bonus, where the individual operates within the risk appetite of the company and has demonstrated appropriate behaviour.

Variable remuneration is intended to reflect contribution to the Firm's overall success. Staff are assessed throughout the year and rated based on company, department and individual performance. The performance assessment considers both financial measures such as earnings and profit margin and non-financial measures such as productivity/efficiency and quality, risk management, people and culture, customer focus and growth and innovation.

CapGen's linkage between variable remuneration and performance is based upon the following tenets:

- I. Ensuring an appropriate balance of financial results between staff and shareholders
- II. Attraction and retention of staff members

- III. Aligning the interest of senior staff members via long-term incentive awards
- IV. Link a proportion of a staff member's total compensation to the Firm's performance
- V. Discourage excessive risk-taking
- VI. Ensure client interests are not negatively impacted

- **Material Risk Takers**

CapGen is required to disclose the types of staff it has identified as material risk takers: these are individuals whose professional activities have a material impact on CapGen's risk profile.

Material risk takers are subject to additional requirements regarding variable remuneration, including provisions related to guaranteed variable remuneration, retention awards, severance pay, buy-out awards, performance adjustment, discretionary pension benefits and personal investment strategies.

Material risk takers comprise the following:

- Members of the management body

CapGen is subject to the 'Basic' and 'Standard' remuneration requirements since it is classified as a 'Non-SNI firm' but does not meet the criteria² meaning that the 'Extended' remuneration requirements would also apply.

CapGen has established, implemented and reviews at least annually its remuneration policies, procedures and practices that are consistent with and promote effective risk management and do not encourage excessive risk taking.

The MiFIDPRU Remuneration Code covers all aspects of remuneration that could have a bearing on effective risk management, including salaries, bonuses, long term incentive plans, options, hiring bonuses, severance packages and pension arrangements. The MiFIDPRU Remuneration Code is principally concerned with the risks created by the manner by which remuneration arrangements are structured.

Pursuant to the Equality Act 2010, discrimination on the basis of an individual's protected characteristics both before and after employment is offered, is prohibited. This applies to pay and all other contractual terms, including variable remuneration.

CapGen's Remuneration Policy is consistent with the Firm's risk management objectives and does not encourage risk taking and promotes a risk averse culture. The Firm has set detailed risk limits, which are strictly adhered to.

No members of staff are incentivised with respect to risk taking or to revenue generation.

The Firm has embedded the principle of segregation of duties across all decision making and transaction management.

CapGen follows a general principle that no one individual can make decisions regarding any process regarding a client's portfolio. As such the governance, committee and sign off structures are developed to ensure that proposals and instructions are reviewed throughout the process. This significantly reduces the likelihood of excessive risk taking by individuals or groups.

- Addition of funds to the buy-list requires extensive due-diligence (qualitative and quantitative), review and approval by the Investment Committee
- Portfolio reviews and changes are presented, reviewed, and approved by the Client Portfolio Committee
- Detailed pre-trade checks, including legal reviews and restriction monitoring, and documented. All pre-execution checklists signed off by a senior manager

CapGen's governing body has reviewed and adopted this Remuneration Policy, pursuant to consulting and taking advice from the Compliance Officer and Legal Counsel including previously seeking external counsel advice. It is CapGen's policy to review and assess the Firm's Remuneration Policy and procedures on an annual basis or sooner should the business change or other need arises.

Taking into account the size, nature, scope and complexity of its activities, CapGen has concluded that it is not appropriate for the Firm to establish and maintain a remuneration committee.

CapGen's governing body, the members of which collectively have a significant amount of experience in the industry, is responsible for ensuring that the remuneration of those persons in control functions is linked to their performance and achievements of the business areas they control. All staff in controlled functions have extensive financial services, operations and compliance expertise and are appropriately remunerated at market levels.

Number of employees: 48.07 FTEs (incl.
Managing Directors):
Number of Material Risk Takers: 8

31.12.2024

Financial Year: 01.01.2024 – 31.12.2024	GBP	GBP	GBP
	Fixed Remuneration	Variable Remuneration**	Total Remuneration*
Total remuneration amount paid in the financial year:	4,866,600	1,850,836	6,717,436
Thereof Remuneration of MDs, risk takers, employees with control functions and employees in the same income bracket	1,927,300	1,031,090	2,958,390
Thereof Managing Directors (MDs)	Same as box above	Same as box above	Same as box above
Thereof other risk takers***	N/A	N/A	N/A

Thereof employees with control functions	N/A	N/A	N/A
Thereof employees in the same income bracket	N/A	N/A	N/A
Guaranteed variable remuneration awards			
Total amount of the severance payments awarded	N/A	N/A	N/A
Highest severance payment awarded to an individual material risk taker	N/A	N/A	N/A

*No direct payments were made to employees by the investment funds.

**Paid in 2024 and 2025 for the financial year 2024

***Besides the MDs no further risk takers are defined