



Seven Investment Management LLP (FRN 589124)

IFPR Disclosure Statement

For the Year Ended 31 December 2022

1. Overview

1.1. Background

The Investment Firm Prudential Regime (“IFPR”) is the prudential regime for MIFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. It came into effect on 1 January 2022 and its provisions apply to Seven Investment Management LLP as a non-small non-interconnected (“non-SNI”) MIFIDPRU investment firm.

Seven Investment Management LLP (“7IM LLP” or the “Firm”) operates as a MIFID Investment Firm and is wholly owned by 7IM Holdings Limited (which alongside the other regulated trading entities owned by 7IM Holdings Limited is referred to as the “Group”). As an FCA-authorized and regulated firm it is required to meet the FCA’s capital resource requirements set in MIFIDPRU Prudential sourcebook for MIFID investment firms of the FCA Handbook, including:

- at all times hold own funds and liquid assets which are adequate, both as to their amount and to their quality, to ensure it 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
- ensure that the business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

7IM LLP is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the IFPR. The disclosure for 7IM LLP is prepared on a solo entity basis. The disclosed information is proportionate to the Firm’s size and organisation, and to the nature, scope and complexity of its activities.

1.2. Principal Activities

7IM LLP is a private limited liability partnership providing investment management and financial services to individual clients and a range of Open-Ended Investment Companies (“OEICs”) and Model Portfolios, as well as platform services to financial intermediaries and direct clients. It is headquartered in London with additional offices in Scotland.

1.3. Structure

7IM LLP is a wholly owned UK subsidiary of 7IM Holdings Limited by economic interest with the individual partners having voting rights of 4.99%. 7IM Holdings Limited is the consolidation group which includes three FCA-regulated entities:

- Seven Investment Management LLP
- 7IM Investment & Retirement Solutions Ltd
- Partners Wealth Management LLP

1.4. Basis of Disclosure – Application



This document has been prepared following the disclosure rules set out in MIFIDPRU 8, pertaining to the UK IFPR.

7IM LLP has adopted the FCA's transitional provisions for disclosure requirements contained in MIFIDPRU TP12, which require the Firm to only disclose information relating to governance, own funds and own funds requirements.

In addition, the disclosure of the Firm's remuneration arrangements found in the Remuneration Section has been prepared according to the previous rules applicable to 7IM LLP, which were set out in SYSC19A referred to as BIPRU rules.

- **Firm Categorisation** – 7IM LLP is a non-SNI MIFIDPRU investment Firm.
- **Level of application** – The Firm is required to disclose only on an individual entity basis (7IM LLP solo) as per MIFIDPRU 8.1.7 rule.
- **Reference date** – This document has been prepared as of 31 December 2022, which is the Firm's accounting reference date and the financial year-end.
- **Frequency** – Disclosure is published annually, or more frequently, if the business undergoes a significant change. The disclosures are not subject to audit and are provided solely in satisfaction of 7IM LLP regulatory requirements.
- **Location** – This document is published on the Firm's website: <https://www.7im.co.uk>

2. Governance (MIFIDPRU 8.3)

2.1. Oversight of Government Arrangements

The affairs and operations of the Firm are organised and operated by an Executive Committee consisting of 11 Senior Managers. The Chief Executive Officer ("CEO") has ultimate executive responsibility for the day-to-day running of the Firm. The Firm is further governed by the Board of Directors comprising of 2 Executive and 4 Non-Executive Directors.

The Executive Committee is responsible for identifying, assessing and managing all material harms that may impact the safety of the Firm's clients, business and the markets more generally. It ensures that each of those harms identified are appropriately managed and that sufficient and adequate capital is in place to enable the Firm to continue as a going concern in the event that any of those harms should materialise.

All members of the Executive Committee are registered with the FCA. As of 30th Apr 2023, Seven of the 11 members are classified as Senior Management Functions under SMCR, with the other five certified by the Firm under those regulations.

2.2. Risk Committee

The following formal committees are in place:

Audit, Risk and Compliance Committee | The Audit Risk and Compliance Committee is chaired by a Non-Executive Director, meets at least quarterly and, in addition to considering audit and accounting matters, also receives aggregated management information from various committees including the Executive Risk Management Committee, the ACD Oversight Committee, the Investment Risk Committee and the Business Risk & Controls Committee, Cass Committee & Best Execution Committee.



Remuneration Committee | The Remuneration Committee meets formally once a year and, on an ad-hoc basis to review new hires. Remuneration Committee approves new hires >£200K. All other recruitment is approved by the CEO, CFO, and CPO. The Remuneration Committee is chaired by a Non-Executive Director.

Executive Risk Management Committee | This committee meets monthly and is essentially the overarching executive committee overseeing all risk, regulatory and control issues.

Operating Committee | This committee meets monthly overseeing Control and Operational issues.

Product & Pricing Committee | This committee meets monthly overseeing Product Governance.

ACD Oversight Committee | This committee meets monthly to oversee the role of Authorised Corporate Director (“ACD”) of the UK funds.

Investment Risk Committee | This committee meets every two months or on demand. Detailed analyses are presented across all aspects of performance and risk management for the 7IM funds.

IT Governance Committee | This committee meets monthly reviewing the Groups IT Infrastructure & Cyber Security.

2.3. Executive Management

The following information relates to the appointments of members of the Executive Committee held in both, Executive and/or Non-Executive functions, including directorships held at external (outside of the Group including all subsidiaries and related holding companies), commercial organisations as of 30 April 2023.

Function	Senior Management Function	Name	Directorships in scope of MIFIDPRU 8.3.1R(2)
Management	SMF1 Chief Executive Function SMF27 Partner	Dean Proctor	0
Management	SMF16 Compliance Oversight SMF17 Money Laundering Reporting	Jana Sivananthan	6
Management	SMF27 Partner	Duncan Walker	0
Management	SMF27 Partner	Elizabeth Paradine	0
Management	SMF27 Partner	Kate Hughes	0
Management	Certified / assessed by Firm	Verona Kenny	0
Management	SMF27 Partner (PWM)	James Roberts	0
Management	SMF27 Partner (PWM)	David Stoll	0
Management	Certified / assessed by Firm	Martyn Surguy	0
Management	Certified / assessed by Firm	Chris Phillips	0
Management	Certified / assessed by Firm	Colin Rowe	0



2.4. Approach to Diversity

7IM LLP recognises that diversity is an opportunity, for clients, employees and the wider firm. By valuing diverse perspectives, we can better serve our clients while helping employees achieve their professional objectives and goals. A corporate culture in which everyone feels they belong is fundamental to our values and vision, which underpins all that we do.

7IM LLP values the innovation and creativity that diversity of thought brings to the workplace and understands that the concept of diversity, belonging and inclusion plays a critical role in establishing strong governance and maintaining a healthy culture.

The Firm's focus on the broad agenda of diversity spans across all aspects of the business, starting from the attraction of diverse talent, our continued nurturing of our current diverse talent through to education and awareness, in recognition that a content and varied workforce is a firm's greatest strength.

3. Own Funds (MIFIDPRU 8.4)

3.1. Composition of Regulatory Own Funds and Reconciliation to Balance Sheet in the Audited Financial Statements

The Firm's own funds are exclusively CET1 capital. As of 31 December 2022, and during the year, the Firm has complied with all externally imposed capital requirements in accordance with the rules set out in IFPR from its introduction on 1 January 2022. Tier 1 capital consisted of members capital, satisfying all the criteria for a Tier 1 instrument as outlined in IFPR, and audited reserves with deductions as required.

OWN FUNDS	
TIER 1 CAPITAL	
COMMON EQUITY TIER 1 CAPITAL	£'000
Fully paid-up capital instruments	18,604
AUDITED CAPITAL AS AT 31/12/2021	18,604
Deductions from Common Equity Tier 1	
Excess of drawings over profits of LLP	-
Net book value of intangible assets	(5,250)
COMMON EQUITY TIER 1 CAPITAL	13,354
ADDITIONAL TIER 1 CAPITAL	-
TOTAL TIER 1 CAPITAL	13,354
TIER 2 CAPITAL	-
TOTAL OWN FUNDS AT 30/04/2022	13,354

4. Own Funds Requirements (MIFIDPRU 8.5)

4.1. K-Factor Requirement and Fixed Overheads Requirement

In accordance with MIFIDPRU 8.5.1, the table below shows the K-Factor requirements for the Firm broken down into three groupings, as calculated on 30 April 2023 in accordance with MIFIDPRU 4.6, plus the Firm's Fixed Overheads Requirement ("FOR"), calculated in accordance with MIFIDPRU 4.5, based on the audited financial statements for the year ended 31 December 2022:

		£'000
K-Factors	\sum K-AUM, K-CMH & K-ASA	3,081
	\sum K-DTF & K-COH	134
	\sum K-NPR, K-CMG, K-TCD & K-CON	-
Fixed Overheads Requirement		10,439

4.2. Approach to Assessing the Adequacy of Own Funds

7IM LLP is further required to disclose its approach to assessing the adequacy of its own funds, in accordance with the Overall Financial Adequacy Rule ("OFAR") as outlined in MIFIDPRU 7.4.7R.

The OFAR requires an investment firm, at all times, to hold adequate own funds and liquid assets to:

- ensure it can remain viable throughout the economic cycle, with the ability to address any potential harm from its ongoing activities.
- allow its business to wind-down in an orderly way.

The FCA monitors this through the 'Own Funds Threshold Requirement' and 'Liquid Assets Threshold Requirement' which firms determine through their Internal Capital Adequacy and Risk Assessment (ICARA) process.

A MIFIDPRU investment firm is required to maintain a minimum level of own funds as specified in MIFIDPRU 4.3 of the FCA's Handbook defined as the higher of:

- Permanent Minimum Capital Requirement (PMR) [MIFIDPRU 4.4].
- Fixed Overhead Requirement (FOR) [MIFIDPRU 4.5].
- K-Factors Requirement [MIFIDPRU 4.6].

The ICARA considers the potential harms to the Firm's clients, the Firm itself and the market to determine whether increases to its capital requirements are necessary.

There is also a liquidity requirement defined as:

- The Basic Liquid Assets Requirement.

Plus, the higher of:

- Liquid Assets Required for Ongoing Activities.
- Additional Liquid Assets Required for Wind-down.

4.2.1. ICARA Process

Under IFPR, 7IM LLP must assess own funds and liquidity requirements set out in the ICARA process and ensure sufficient own funds and liquidity resources are held at all times to meet the Overall Financial Adequacy Rule (“OFAR”). The ICARA process is completed on an annual basis, or more frequently should there be any material change to the business risk profile or business model.

The purpose of the ICARA process is to:

- Identify and monitor harms.
- Identify harm mitigation.
- Undertake business model assessment, planning & forecasting.
- Undertake recovery action planning.
- Undertake wind-down planning.
- Assess the adequacy of own fund and liquidity requirements.

As part of the ICARA process, 7IM LLP establishes its own funds threshold requirement and its liquid assets threshold requirement, which replace any reference to Pillar 2 under the previous ICAAP to ensure the Firm remains a going concern, addressing any potential harm from ongoing activities and can wind-down in an orderly manner. For harms not adequately mitigated through systems and controls or driven by an activity not covered by the K-Factor Own Funds Requirement, 7IM LLP assesses where additional own funds and /or liquid assets are required.

The recovery action planning contains appropriate recovery actions to restore own funds and/or liquid resources to avoid breaching threshold requirements and EWI to assist the Firm when approaching trigger levels and set out credible actions to help reserve or repair any adverse trends.

The wind-down planning includes triggers (own funds and liquid assets) and timelines. 7IM LLP considers different scenarios that could cause a need to wind-down the business. These underlying drivers could result in the need for different resources (financial and non-financial) during the wind-down period. 7IM LLP sets out resources aside so that sufficient own funds and liquid assets are available at all times to enable an orderly wind-down.

The ICARA process comprises three primary phases:

- Collating the different MIFID 4 minimum capital figures PMR, FOR & K-factor requirement and MIFID 4 Own Funds Threshold Requirement that is derived from them.
- Conducting a detailed, structured review of the potential harms the Firm could cause and assessing whether each is material to the Firm and how much capital needed to be put aside to cover those risks.
- Developing a forward-looking financial model of the Firm’s operations and subjecting it to scenario testing, stress testing and reverse stress testing.

For the third phase, a four-year financial model was produced that is driven by a fully adjustable set of parameters and assumptions to generate phased profit and loss accounts.

The ICARA process for the Firm has been completed and the ICARA document was signed off by the Executive Committee on 29 June 2023.

The material harms to 7IM LLP were agreed by the Audit Risk and Compliance Committee and the ICARA was subsequently approved and adopted by the board on 15 June 2023

The ICARA process and assessments will be reviewed at least annually, and more frequently should there be any material changes to the risks or potential harms considered.

4.2.2. Control Environment and Risk Management

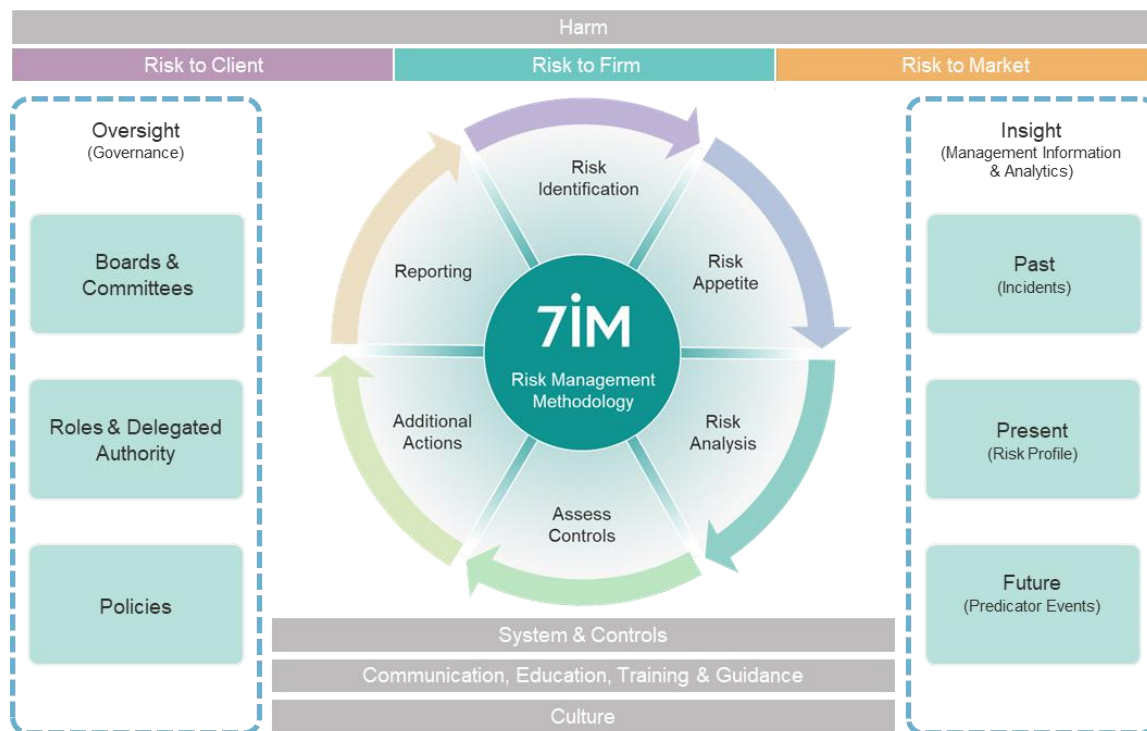
7IM LLP operates a three line of defence model whereby:

First Line of Defence | Primary responsibility for risk identification and management lies with the business (the first line of defence in risk management) where risk is seen as part of the overall business process and there is a robust framework of identification, evaluation, management and monitoring.

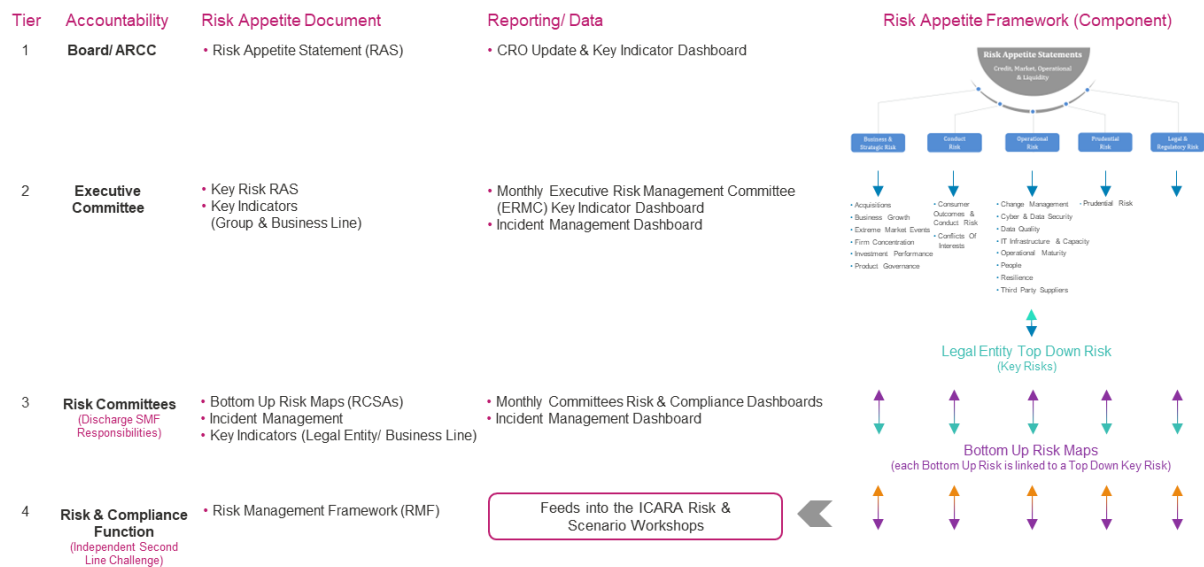
Second Line of Defence | Support and challenge on the completeness and accuracy of risk assessment, risk reporting and adequacy of mitigation plans (including support in the implementation of mitigating actions) is performed by specialist risk management functions i.e., Group Risk and Compliance.

Third Line of Defence | Independent and objective assurance on the robustness of the overall risk management framework and the appropriateness and effectiveness of internal control is provided by Internal Audit.

7IM Risk Management Framework (RMF)



RAF | Governance, Appetite & Reporting Framework



4.2.3. Own Funds Adequacy

On a monthly basis, the Firm assesses the own funds headroom against the K-Factor requirements and the ICARA assessment. Should any of the OFAR thresholds be breached, the Firm would immediately inform the FCA.

On a monthly basis, the review of potential changes to the ICARA assessment will naturally lead to a revised consideration of the own funds headroom.

4.2.4. Liquid Assets Adequacy

On a monthly basis, the Firm assesses its core liquid assets against the IFPR liquid assets threshold requirement requirements and the ICARA assessment. Should this or the wind-down threshold be breached, the Firm would immediately inform the FCA.

On a monthly basis, the review of potential changes to the ICARA assessment will naturally lead to a revised consideration of the liquidity surplus.

5. Remuneration (SYSC19A)

5.1. Basis of Disclosure

MIFIDPRU 12.8 states that non-SNI organisations with a financial year-end of 31 December continue to comply with remuneration disclosures requirements as they applied to 7IM LLP in the previous financial years under BIPRU.

5.2. Disclosure on Remuneration

7IM LLP has adopted a remuneration policy that complies with Senior Management Arrangements, Systems and Controls Sourcebook (SYSC), as interpreted in accordance



with the FCA's guidance on disclosure of remuneration and BIPRU 11.5.20R. 7IM LLP has carried out a proportionality assessment in accordance with the UCITS Remuneration Code and relevant guidance, to take into account the size, nature and complexity of the firm's activities as a UCITS management company.

As a former "not significant" BIPRU firm there is no requirement to appoint a remuneration committee, but 7IM LLP has established a firm-specific remuneration committee. The general principles of 7IM's remuneration policy are reviewed by the Executive Committee and the Remuneration Committee, which meet at least bi-annually or more frequently as requested. The policy is reviewed at least annually, and the Remuneration Committee is responsible for its implementation. The Remuneration Committee is provided with a summary of remuneration arrangements and changes, with particular attention focused during meetings on the remuneration of Code Staff. Compensation decisions for the heads of the control functions are overseen and approved by the Remuneration Committee to mitigate conflicts of interest.

The Remuneration Committee is authorised by the Board to examine any activity within its terms of reference. The Remuneration Committee members for the 7IM LLP committee are the independent non-executive chair, an independent non-executive director and another non-executive director.

- Determine the remuneration policy for the Chairman, CEO, Executive Committee members, individual members and employees with regard to market practice and comparable businesses
- Determine the terms of membership for proposed new members
- Approve discretionary bonus targets and termination payments
- Approve individual remuneration packages for Management Committee members
- Approve allotment of A shares in Caledonia Thames Holdings (Jersey) Limited
- Ensure that staff, management and executive remuneration is appropriately aligned with business and individual performance and is consistent with the Corporate Member's interests.

7IM LLP maintains a compensation program designed to attract and retain highly skilled, qualified employees. Compensation for employees typically includes a salary, benefits and a discretionary bonus. When determining compensation for its employees, 7IM LLP considers several factors, including, but not limited to, the individual's performance, qualifications and experience, the relative value of each position within the Firm, and the state of the compensation marketplace for each role. 7IM LLP's compensation program is designed to promote integrity with a focus on developing a long-term business.

Since 7IM LLP is a non-SNI firm, 7IM LLP has identified its MRTs on a solo basis, applying both the UCITS Remuneration Code Staff test and the MIFIDPRU MRT test. For simplicity and as a matter of good practice, the most stringent remuneration code requirements are also then applied to these individuals.

7IM LLP maintains a list of individuals who are identified as MRTs and UCITS Remuneration Code Staff as set above, and who are referred to collectively as "Code Staff" and comprise senior management and other key roles and risk takers.

Fixed remuneration

All employees receive a fixed salary that is sufficient to allow 7IM to operate a fully flexible variable pay policy (including the ability to pay zero bonuses).

Fixed remuneration reflects a staff member's professional experience and organisational responsibilities, as set out in their job description and terms of employment. It is permanent, predetermined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration

Bonus schemes or other reward or compensation schemes (including those for partnerships and other legal structures) that will be in place to reward staff for performance during their current year consist only of the annual discretionary bonus. The annual discretionary bonus is considered variable remuneration, which is generally based on performance (or, in exceptional cases, other conditions) and reflects the performance of the staff member in excess of their job description and terms of employment.

All employees are eligible for the annual discretionary bonus.

Any variable remuneration of Code Staff is paid or vests only if it is sustainable according to the financial situation of the Group as a whole and justified on the basis of the performance of the firm, the business unit and the individual concerned, including financial and non-financial criteria.

Total variable remuneration is also considerably contracted, including through clawback arrangements, where financial performance is subdued or negative or where other criteria apply in accordance with the FCA rules. 7IM LLP is not required to use malus arrangements since no deferral mechanism is applied in relation to variable remuneration.

There are no staff who contractually receive only fixed, or only variable, remuneration.

An appropriate ratio between variable and fixed remuneration has been set in accordance with the requirements of the FCA rules. This ratio is reviewed annually and may be updated for each performance period as the Remuneration Committees determine appropriate.

5.3. Quantitative remuneration disclosure

7IM LLP has identified the following categories of Code Staff, who are considered to be Material Risk Takers (as defined in SYSC 19G.5.1R) in accordance with the requirements of SYSC 19G.5.2R and SYSC 19G.5.6R and who are considered to be UCITS Remuneration Code Staff in accordance with the requirements of SYSC 19E.2.2R.

- Members of the 7IM Executive Committee
- Other 7IM senior management staff who are not in the Executive Committee
- Staff with managerial responsibility for any of the following in the Group:
 - Regulated activities
 - Control functions
 - Money laundering prevention
 - Material risk management
 - IT and cyber/information security
 - Outsourced functions which are critical or important
- Staff with other managerial responsibility which has a material impact on 7IM's risk profile, or assets managed by 7IM
- Key decision makers in relation to the 7IM investment process



Aggregate total remuneration as of 31st Dec 2022

	Senior Management	Other MRTs	Other Staff
Total MRTs identified	6	18	n/a
Total remuneration	£2,420,157	£3,885,699	£20,029,441
Of which: Fixed remuneration	£1,124,319	£3,681,783	£17,586,059
Of which: Variable remuneration	£1,295,839	£1,521,792	£1,125,505

7IM LLP has not disclosed code staff remuneration by business area as this information is confidential and disclosure would result in an individual's identification.