R.C. BROWN
investment management plc

MIFIDPRU 8 Disclosure

July 2025

Introduction

This disclosure is in relation to RC Brown Investment Management PLC ("RCBIM" or "the Firm"). The Firm is incorporated in the United Kingdom ("UK") (Company Number: 2489639) and is authorised and regulated by the Financial Conduct Authority ("FCA") under firm reference number: 146002.

This document sets out the public disclosure under MIFIDPRU 8 for the Firm using figures as of 31 March 2025, which represents the end of the Firm's most recent financial accounting period.

RCBIM provides discretionary investment management services and specialises in managing private client portfolios.

As a UK investment firm undertaking activities within the scope of the UK Markets in Financial Instruments Directive ("MIFID"), RCBIM is subject to the prudential requirements of the Investment Firms Prudential Regime ("IFPR") contained in the MIFIDPRU Prudential sourcebook for MIFID Investment Firms of the FCA Handbook.

Under the IFPR's categorisation, RCBIM is categorised as a non-small, non- interconnected ("non-SNI") MIFIDPRU investment firm.

The Firm is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the FCA Handbook. These requirements are supplemented by the guidance also set out in MIFIDPRU 8 published by the FCA. This disclosure is prepared annually and we believe the information provided is proportionate to the Firm's size and organisation, and to the nature, scope and complexity of the Firm's activities.

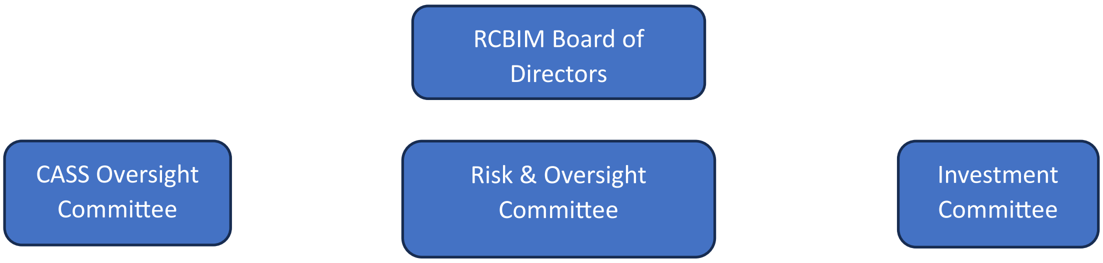
The annual audited accounts of the firm set out further information which complements the information in this disclosure. The audited accounts are freely available from UK Companies House.

GOVERNANCE (MIFIDPRU 8.3)

RCBIM has a clear organisational structure with well-defined lines of responsibility; effective processes to identify, manage, monitor and report the risks the firm is or might be exposed to; and appropriate internal control mechanisms, including sound administration and accounting procedures.

Governance is the ultimate responsibility of the Board of Directors. The Board is responsible for the ongoing success and development of the business as well as setting the risk appetite as part of the risk framework. The Board is also responsible for the firm's strategy, long-term objectives and financial performance and ensuring the maintenance of a sound system of internal controls and risk management.

The Board is supported by three recently implemented committees: the Investment Oversight (IO), the CASS Oversight Committee (CASS) and the Risk and Oversight Committee (RO), with Terms of Reference set by the RCBIM Board.



The Investment Oversight Committee oversees the activities of each trading name. It formally meets with the Managing Directors of each Trading Name on a Quarterly basis. At these meetings, a review is carried out of the performance of their client portfolios, operational issues and any compliance issues that have arisen.

The performance of the different propositions across RCBIM are reviewed by this committee and it plays a crucial role in the governance and oversight of the delivery of the different investment strategies. It assesses whether the expected and actual client outcomes match their reasonable expectations. The investment strategy and processes of each trading name are well established and documented.

The CASS committee monitors and evaluates the implementation of programs and initiatives related to CASS objectives, ensuring compliance with established policies and regulations. It also provides strategic direction and advice on the development and implementation of CASS goals and objectives. It reviews existing policies and proposes new policies to enhance the effectiveness of CASS operations.

The Risk and Oversight Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the organisation's risk management and compliance frameworks. This includes ensuring that adequate systems are in place to identify, assess, manage, and mitigate risks, as well as ensuring adherence to legal and regulatory requirements.

It oversees the alignment of the firm's practices with regulatory expectations and mitigates associated risks whilst ensuring policies and procedures are in place to suitably manage those risks.

All 3 committees report their activities, findings, and recommendations to the governing body, ensuring transparency and accountability.

RCBIM does not meet the MIFIDPRU quantitative criteria to be considered a 'large' non -SNI firm and is therefore not required to establish formal Risk, Remuneration and Nomination Committees. The Board retains responsibility for these areas, but the firm keeps its structure under review and will introduce where practicable and desirable to do so.

Directorships

The below table provides the number of directorships (both executive and non- executive) held by each member of the Board as at 31 March 2025; these are all group / subsidiary undertaking company roles.

Name of Board Member	Position	Directorships Held
Alan Beaney	Chief Executive Officer	3
Oliver Brown	Chief Financial Officer	3
Neil Whelan	Executive Director	3
Glenn Meyer	Executive Director	3
Robert Brown	Chair of the Governing Body	1

Diversity

We have implemented a number of initiatives and programs to foster a diverse and inclusive workplace environment for all employees.

These efforts aim to cultivate an inclusive culture where individuals of all backgrounds feel welcomed, valued, and empowered to advance.

In view of the minimal staff turnover since the previous disclosure, coupled with the relatively flat management structure, the success of these initiatives is difficult to demonstrate via new hires, but the lack of departures suggests that they are working.

RISK MANAGEMENT OBJECTIVES AND POLICIES (MIFIDPRU 8.2)

The governing body is responsible for the management of risk within the Group and their individual responsibilities of the members are clearly defined. Senior management report to the Group's governing body on a frequent basis regarding the Group's risks. RCBIM has clearly documented policies and procedures, which are designed to minimise risks to the Group and, where deemed appropriate, all staff are required to confirm that they have read and understood them. The risk governance also looks at the wider scope of client outcomes and foreseeable harms.

Statement of risk appetite

RCBIM seeks to proactively manage risk and embrace appropriate opportunities that ensure long-term profitable growth and client harm is minimised. There is no risk appetite for any activity, event or conduct that is detrimental to, or leads to poor outcomes for, or to customers, shareholders, communities and their experiences. The Risk Appetite Statement sets the risk appetite of the business i.e. the risk tolerance and risk capacity RCBIM is prepared to accept in the achievement of its strategic objectives.

The risk appetite is aligned with RCBIM's Strategy, business objectives and stakeholder expectations. It acknowledges the willingness and capacity to take on risk and is reflective of all aspects of the business. It also considers the skills, resources and technology required to manage and monitor risk exposures in the context of risk appetite. The risk appetite is inclusive of a tolerance or loss from negative events that can be reasonably quantified.

RCBIM's Board has adopted a conservative risk appetite to maintain a strong capital position and balance sheet throughout all market cycles with strong liquidity and a robust capital structure to protect the continuity and quality of the level of service that we provide our clients.

As an investment management group, risk is a fundamental characteristic of RCBIM's business and is inherent in every transaction undertaken. As such, RCBIM's approach to risk taking and how it considers risk relative to reward directly impacts its success. Therefore, the firm has established limits on the level and nature of the risk that it is willing and able to assume in achieving its strategic objectives and business plans.

A key risk RCBIM faces and must counter is avoiding causing harm to its clients and counterparties through the realisation of operational risks. Additionally, strategic risk may arise from the failure to remain relevant and competitive, and some credit and market risk may arise from exposure to capital investments. RCBIM's Board recognises that reputational risk could arise from shortcomings in any of these areas.

RCBIM is committed to ensuring all business activities are conducted with a clear understanding of the risks, to maintaining a robust risk management framework, ensuring transparent disclosure, and treating its clients fairly, to avoid any foreseeable harm to clients, to meet the expectations of major stakeholders, including clients, shareholders, employees and regulators.

As part of the risk management process RCBIM will:

- Ensure that risk management is incorporated within processes and procedures and identify the main risks facing the Group and ways to mitigate them.
- Assess the risks to the business model and look at the risks RCBIM is willing to take – the risk appetite.
- Ensure risk culture is embedded throughout RCBIM and that adequate risk management is discussed by the Board.
- Ensure that the Group's risk profile is kept under review and that measures to manage or mitigate the principal risks are taken.
- Monitor and review on an on-going basis.
- Ensure risk information is communicated to and from the Boards and internally and externally as required.
- Identity conduct risk and cultural issues to ensure good client outcomes.

OWN FUNDS (MIFIDPRU 8.4)

Table 1 shows a break-down of the RCBIM's regulatory Own Funds at 31 March 2024 and confirms there are no regulatory deductions.

The Firm's Own Funds are made up entirely of Tier 1 capital resources.

Table 1. Composition of regulatory own funds

	Item	**Amount (GBP thousands)**	**Source based on reference of the balance sheet in audited financial statements**
1	OWN FUNDS	1759	Total equity minus goodwill
2	TIER 1 CAPITAL	1759	Total equity minus goodwill
3	COMMON EQUITY TIER 1 CAPITAL	1759	Total equity minus goodwill
4	Fully paid-up capital instruments	160	Note 24
5	Share premium	828	Balance sheet
6	Retained earnings	1156	Balance sheet
7	Accumulated other comprehensive income		
8	Other reserves	46	Balance sheet
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	431	Goodwill
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		

Table 2 shows a reconciliation of RCBIM's regulatory Own Funds with its balance sheet from the audited accounts at 31 March 2025.

Table 2. Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		A	**C**
		Balance sheet as in published/audited financial statements	Cross-reference to Table 1
		As at period end	
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Intangible assets	431	11
2	Property plant and equipment	17	
3	Trade and other receivables	515	
4	Cash and other equivalents	1840	
	Total Assets	**2803**	
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Trade and other payables	409	
2	Taxation and social security	139	
3	Lease liabilities		
4	Lease liabilities (non-current)		
5	Trade and other payables (non-current)	9	19
6	Deferred tax	29	21

	Total Liabilities	586	
Shareholders' Equity			
1	Called up share capital	160	24
2	Share premium account	874	
3	Retained earnings	1155	
4	Minority Interest	(27)	
	Total Shareholders' Equity	**2217**	

OWN FUNDS REQUIREMENT (MIFIDPRU 8.5)

The Firm's Own Funds Requirements are determined as the highest of the following three requirements under MIFIDPRU 4.3.2 R:

1. Permanent Minimum Capital Requirement (PMR) – £150k (MIFIDPRU 4.4R)
2. Fixed Overheads Requirement (FOR) – £400k, one quarter of the Firm's annual fixed overheads (MIFIDPRU 4.5.1.R), unless there is a material change expected to projected expenses during the year (MIFIDPRU 5.7R)
3. K-factor requirements – (K-AUM) + (K-COH) + ongoing activities – £385k, a breakdown of which is provided below.

The Firm's Own Funds Requirements are therefore determined by the FOR requirement, i.e. £400k which is the highest of these three.

The 'K-factor' approach was introduced by the IFPR to determine the minimum own funds requirements of an investment firm that is not an SNI. The aim of the K-factors is to provide a tailored and more appropriate method for setting a risk- based minimum own funds requirement for all types of investment firms.

The K-factors relevant to the Firm include the following:

- K-factor requirement calculated on the basis of Assets under Management (K-AUM). K-factor requirement calculated on the basis of the Daily Trading Flow (K-DTF). DTF is measured as a rolling average over the previous 9 months but excluding the 3 most recent months.

K-factor requirement: (Sum of)	**Amount (£000's)**
K-AUM	£92,000
Additional capital from Ongoing Operations (K-CMH & K-ASA)	£293,000
Total K factor assessment	**£385,000**

The Firm utilises a number of approaches to ensure that it remains compliant with the overall financial adequacy rule under MIFIDPRU 7.4.7R, both in terms of own funds and liquidity resources.

Foremost is the annual assessment of own funds and liquidity adequacy conducted during the ICARA process, which considers the Firm's resource requirements under 'business as usual' and a variety of severe yet plausible stress tests.

In the case of our Own Funds, these requirements are forecast over a three-year time horizon and test the key sensitivities of the Firm's business. The Firm then ensures that its current level of financial resources is adequate to remain a going concern during this period under all scenarios considered.

Included within the ICARA is also an assessment of the capital required to affect an orderly wind down of the business currently estimated to be £716K This figure is compared to the Firm's Own Funds requirement as detailed above. As at the time of writing the Firm's OFR is less than its wind-down capital requirement.

REMUNERATION POLICY AND PRACTICES (MIFIDPRU 8.6)

The long-term success of RCBIM depends on its ability to attract and retain top talent. RCBIM's remuneration policy is tailored to assist in achieving that outcome.

The FCA's Investment Firms Prudential Regime ("IFPR") took effect on 1 January 2022. The IFPR contains a remuneration code with which RCBIM must comply. This includes having a remuneration policy, which must:

- be proportionate to the nature, scale and complexity of the risks inherent in RCBIM's business model and activities.
- be gender neutral.
- be consistent with, and promote, sound and effective risk management.
- be in line with RCBIM's business strategy and objectives, and take into account long term effects of investment decisions taken; and
- contain measures to avoid conflicts of interest, encourage responsible business conduct and promote risk awareness and prudent risk taking.

RCBIM is a non-SNI MIFIDPRU Investment Firm Group for the purposes of the FCA rules in the MIFIDPRU Remuneration Code has implemented in SYSC 19G of the FCA Handbook. It is required to implement the FCA's "standard" approach to remuneration for non-SNI Firms.

This policy applies to all employees of RCBIM; the policy and its practical outcomes are reviewed by the governing body on an annual basis.

Material Risk Takers

FCA rules state that a "Material Risk Taker" (or "MRT") is a staff member whose professional activities have a material impact on the risk profile of RCBIM or the assets that it manages. RCBIM reviews on an annual basis which staff are Material Risk Takers for these purposes

Gender neutral pay policy

RCBIM is committed to ensuring that remuneration is based on the principle of equal pay for workers of any sex for equal work, or for work of equal value.

Fixed remuneration

RCBIM's policy is to ensure that all staff have appropriate basic salaries which represent a sufficiently high proportion of their total remuneration to enable the operation of a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration.

Variable remuneration

The Group operates a discretionary bonus scheme. The amount of bonus awarded, typically in cash form, is based on a range of financial and non-financial criteria. The Board will consider factors such as company financial performance and profitability, as well as the future business environment, alongside achievement of individual goals and targets in determining the bonus awards for staff.

Performance adjustment

RCBIM is committed to ensuring that employees approach their roles in a way that reflects its' risk appetite, strategy, culture and values. RCBIM's approach allows it to take appropriate, and proportionate, action if matters come to light which evidence a failure by a Material Risk Taker to meet the standards expected of them. This includes making adjustments to components of variable remuneration to reflect any such failure to meet those standards; clawback provisions do exist for one employee, which are tied to the introduction and retention of new business.

On the basis that RCBIM's business model and fee revenue is premised around 1) the provision of investment management services to clients and 2) the custody and trading of clients assets in support of 1, with the typical asset universe comprising only standard investments, where liquidity and pricing factors are low risk and facilitate near-time discovery of performance and operational issues, our variable remuneration structures can be kept simple and premised around good client outcomes from which performance of the firm derives. With sound corporate and client financial controls, no trading on the firm's own account and with clients unable to trade in high-risk or leveraged strategies, the scope for longer-term latent liabilities to arise is limited.

In line with the above, severance pay is a simple calculation, based upon contractual notice periods.

Quantitative Remuneration Disclosure:

The total amount of remuneration awarded to senior management and material risk takers, and all other staff, split by fixed and variable remuneration in GBP is as follows:

£m's	Senior Management and other Material Risk Takers	All other staff	Total
Fixed remuneration	490	252	742
Variable remuneration	0	34	34
Severance payments			
Total	490	286	776

The total number of material risk takers identified by the Firm under SYSC 19G.5 was 4.

The disclosure in the table above has taken advantage of the exemption in MIFIDPRU 8.6.8R (7) (b) and MIFIDPRU 8.6.9R to prevent the individual identification of a material risk taker's remuneration by breaking down further the disclosure for the MRT holders in the table.