

Fiera Capital (UK) Limited

MIFIDPRU 8 Disclosure

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 Fiera Capital (UK) Limited (“Fiera” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

Fiera 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 allows potential investors to assess the Firm’s financial strength.

This document has been prepared by Fiera in accordance with the requirements of MIFIDPRU 8 and is verified by the UK Board of Directors (the “Board”). Unless otherwise stated, all figures are as at the Firm’s financial year-end, 31st December 2022.

Risk Management Objectives and Policies

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

- Own funds.
- Concentration risk.
- Liquidity.

Business Strategy

The business strategy of the Firm is to provide investment management and investment advisory services designed to produce investment returns for the Firm's clients in all market conditions while maintaining appropriate risk controls.

Fiera primarily seeks to grow its revenues by growing the underlying asset base on which it charges management fees and sub advisory fees. This is achieved by the prudent growth of the Firm's client's assets and by seeking additional asset inflows from prospective clients.

Costs are controlled carefully to ensure long-term profitability. The business seeks to make investments to expand its business and product lines and to continuously improve its control environment.

Given the Firm's business model, controls, and controls assessment, it is the conclusion of the Firm that its overall potential for harm is low.

Own Funds Requirement

Fiera 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. Based on the MiFID investment services and activities that the Firm currently has permission to undertake this is set at £75,000;
- **Fixed overhead requirement ("FOR")**: The minimum amount of capital that Fiera needs 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 for the previous audited financial year; and
- **K-factor requirement ("KFR")**: The KFR is intended to calculate a minimum amount of capital that Fiera 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 (calculated on the basis of the Firm's daily trading flow).

Fiera'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 Fiera's business strategy, based on the Firm's own funds requirement, is low. This is due to the relatively consistent and stable growth in the Firm's 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.

Concentration Risk

Exposures and concentration levels in sectors, countries, and parent issuer are aggregated in the risk database and published in daily risk reports. These are provided to investment managers and are monitored by the Risk team. Concentrations relative to the benchmark, and the contributions to risk resulting from those concentrations, are tracked in the risk database and risk reports. Additionally, Compliance pre and post trade system rules flag risks to the allowable concentration limits, ensuring that limits do not surpass the level allowed by regulators and by individual client investment statement policies.

The potential for harm associated with Fiera's business strategy, based on the Firm's concentration risk, is:

- The Firm has multiple professional investor clients, which provides for a relatively diverse stream of revenue. The Firm, therefore, considers that its asset base is not prone to substantial fluctuations, including during stressed market conditions. There is nevertheless a risk that a main client loss could lead to financial stress. This scenario has been considered and analysed in the Firm's ICARA.
- The Firm deposits its cash with a number of well-established multinational institutions.

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 Fiera's business strategy, based on the Firm's basic liquid assets requirement, is low. As with regard to its own funds requirement, this is due to the relatively stable and consistent growth in the Firm's revenues and asset base and maintenance of a healthy core liquid assets surplus above the basic liquid assets requirement. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions.

Fiera has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds. The Finance Function is responsible for the day-to-day monitoring and management of the Firm's cash position. Cash flow forecasts are prepared on a regular basis and forecast both fee income and expenditure of the Firm, including known future events such as redemptions, new hires, capital purchases, system enhancements. The Firm has additional support from FCC, its ultimate parent company, should additional funding be required.

Risk Management Structure

Fiera has established a risk management process, which includes a Fiera Capital Europe Risk & Governance Committee, in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The Board takes overall responsibility for this process and the fundamental risk appetite of the Firm.

The Board meets on a regular basis and discusses current projections for profitability, cash flow, regulatory capital management, business planning and risk management. The Board engages in Fiera's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles, and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

Annually, the Firm formally reviews its risks, controls, and other risk mitigation arrangements and assesses their effectiveness; the conclusions to this review inform the overall risk appetite of the Firm.

A formal update on operational matters is provided to the Board on a regular basis. Management accounts demonstrating the continued adequacy of Fiera's regulatory capital are reviewed on a regular basis.

Appropriate action is taken where risks are identified that fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in Fiera's mitigating controls.

Governance Arrangements

Overview

Fiera 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 Fiera 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 or as required basis. Amongst other things, the Board approves and oversees the implementation of the Firm'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 the Firm's senior management.

- The Board, at a minimum annually, reviews how the Firm continues to satisfy obligations with regards to its governance arrangements, giving consideration to the following: General organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies.
- Employees, including steps taken by the Firm 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

The management body comprises the following individuals:

Klaus Schuster, CEO and Executive Director

25+ years' experience in traditional and alternative asset classes. Previous experience in challenging the effectiveness of systems and controls as a global executive committee member and Chief Executive Officer. Previous board memberships in UK, Ireland, Germany, Switzerland, Mauritius and Kenya.

Catherine Mary O'Reilly, Executive Director

20+ years' experience in financial services. Catherine is responsible for Enterprise Risk Management globally, in addition to discharging responsibilities as the Chief Administrative Officer Europe, and an Executive Director for the Firm. As an experienced Board member of the Firm, Catherine discharges the required skills, knowledge and experience to ensure the continued effectiveness of the firm's internal control arrangements.

Alex Williamson, Executive Director

Board member and General Counsel. Alex has extensive experience in Legal & Compliance matters and effectively overseeing and monitoring management decision-making.

Jérémie Bouchard, Executive Director

Head of Finance in Europe. Previously, Jérémie was the vice-president, treasury at the Parent office in Montréal, taking responsibilities for the Group's global capital and treasury management, dividend policy and balance sheet projections.

Fiera's management body is the Board. The below table provides the number of directorships held by each member of the management body:

Management Body Member	Position at Fiera	Number of Directorships Held	
		Executive	Non-Executive
Klaus Schuster	Chief Executive Officer EMEA Executive Director	1	0
Catherine Mary O'Reilly	Executive Director, Global Head of Enterprise Risk Management, Chief Administrative Officer Europe	3	0
Alex Williamson	Executive Director, Head of Legal EMEA	1	0
Jérémie Bouchard	Executive Director, Head of Finance Europe	1	0

Diversity of the Management Body

Fiera Capital endorses the principle that the Board should have a balance of skills, experience and diversity of perspectives appropriate to Fiera Capital's business. Fiera Capital will identify qualified individuals to become Board members, assessing the Board's composition and recommending, for approval by the Board, candidates for appointment to the Board.

When identifying suitable nominees for nomination to the Board, Fiera Capital will consider candidates based on merit against objective criteria, including skill level, abilities, personal qualities, educational qualifications and professional experience, taking into account independence requirements and diversity considerations, such as (but not limited to) gender, age, ethnicity, religious or cultural background and geographical location.

With a view to enhancing Board diversity, Fiera Capital has adopted the following practices:

- When identifying new candidates for appointment to the Board, search protocols will extend beyond the networks of existing Board members and will include diversity considerations.
- In the event that a third party should be engaged to help identify candidates for appointment to the Board, it will be specifically directed to account for diversity considerations.

- Fiera Capital believes promotion of diversity is best served through careful consideration of all of the knowledge, experience, skills and backgrounds of each individual candidate for appointment to the Board in light of the needs of the Board and Fiera Capital's business as a whole without focusing on a single diversity characteristic and, accordingly, has not adopted specific Board diversity goals.

Risk & Governance Committee

Fiera has established an independent Risk & Governance Committee.

Fiera's Risk & Governance Committee is responsible for the risk management and portfolio management oversight of the Firm's trading strategy. The Investment Risk Committee reviews key risk measures such as VAR, Liquidity and other market stress testing, large positions, large relative positions, points of illiquidity etc. The Firm operates a series of automated measures to assist the risk management team to monitor and manage portfolio risk.

The Governance Committee is responsible for the Firm's overall risk management framework and processes, and for supervising those who have been assigned responsibility to implement the Firm's internal controls and risk management procedures. Such oversight shall include a review of the control environment and the adequacy of the Firm's regulatory capital and liquid assets on a regular basis.

Own Funds

As of 31 December 2022, Fiera maintained own funds of GBP 13,243,538. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

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	13,244	
2	TIER 1 CAPITAL	13,244	
3	COMMON EQUITY TIER 1 CAPITAL	13,244	
4	Fully paid up capital instruments	125	Share Capital
5	Share premium	7,105	Share Premium Account
6	Retained earnings	11,622	Profit and Loss Account
7	Accumulated other comprehensive income	nil	N/A
8	Other reserves	nil	N/A
9	Accumulated other comprehensive income	nil	N/A
10	Accumulated other comprehensive income	nil	N/A
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(5,484)	

18	CET1: Deferred Tax Assets adjustments	(2,005)	Deferred Tax Assets
19	CET1: Intangible Assets adjustments	(3,479)	Intangible Assets
20	ADDITIONAL TIER 1 CAPITAL	nil	
21	Fully paid up, directly issued capital instruments	nil	N/A
22	Share premium	nil	N/A
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	nil	N/A
24	Additional Tier 1: Other capital elements, deductions and adjustments	nil	N/A
25	TIER 2 CAPITAL	nil	
26	Fully paid up, directly issued capital instruments	nil	N/A
27	Share premium	nil	N/A
28	(-) TOTAL DEDUCTIONS FROM TIER 2	nil	N/A
29	Tier 2: Other capital elements, deductions and adjustments	nil	N/A

Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		Balance Sheet as in Published/Audited Financial Statements (USD Thousands)	Balance Sheet (GBP Thousands)	Cross-Reference to Above Template
		As at December 31, 2022	As at December 31, 2022	
Assets - Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements				
1	Intangible assets	4,189	3,479	19
2	Tangible fixed assets	912	757	
3	Right of use assets	10,999	9,136	
4	Deferred tax asset	2,413	2,005	18
5	Debtors	26,227	21,786	
6	Cash at bank and in hand	3,087	2,564	
7	Total Assets	47,827	39,727	
Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements				
1	Creditors: amounts falling due within one year	13,466	11,186	
2	Creditors: amounts falling due after more than one year	11,815	9,814	
3	Total Liabilities	25,281	21,000	

Shareholders' Equity				
1	Share capital	0	0	4
2	Share premium account	8,554	7,105	5
3	Profit and loss account	13,992	11,622	6
4	Total Shareholders' Equity	22,546	18,727	

Own Funds Requirements

Fiera 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 Fiera's own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	4,645
(C) K-Factor Requirements ("KFR")	631
- K-AUM – <i>Risk arising from managing and advising on investments</i>	631
- K-COH – <i>Risk arising from order execution and reception and transmission of orders</i>	0
(D) Own Funds Requirement (Max. [A, B, C])	4,645

Fiera is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on Fiera 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 Fiera determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm 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 the Firm 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 the viability of the Firm throughout economic cycles.

The Firm'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 Fiera is required to maintain at any given time to comply with the OFAR.

To determine the Firm's own funds threshold requirement, Fiera 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

As a Non-SNI MIFIDPRU Investment Firm, Fiera is 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”)). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm 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 Fiera’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 the risk profile of the Firm and the services that it provides to its clients.

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

Fiera 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 Fiera is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and takes into consideration the Firm’s financial performance as well as the financial performance of each business unit, and the financial and non-financial performance of the individual in contributing to the Firm’s success. All staff members are eligible to receive variable remuneration.

The below table summarises the financial and non-financial criteria of performance used across the Firm in assessing the level of variable remuneration to be paid:

	Financial Performance Criteria	Non-Financial Performance Criteria
Firm	Achieving AUM and Revenue targets	Achieving client’s portfolio objectives by providing exposure to portfolio strategies
	Achieving operating cost targets	Providing best-in-class asset management services under strict governance and oversight procedures

		while maintaining compliance with sustainability policies and procedures.
Business Unit	Achieving AUM and Revenue targets	Compliance with Group Policies
	Achieving operating cost targets	Full completion of mandatory Compliance and Risk Training
		Creation/refinement of processes which enhance the Fiera value proposition
Individual	Investment performance	Compliance with Group Policies
	Achievement of sales objectives	Full completion of mandatory Compliance and Risk Training
		Achieving a satisfactory Employee Contribution Assessment outcome Demonstrable effective team working Compliance with all relevant Conduct and Ethics Policies and Procedures

Fiera’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 remuneration paid. Factors considered include:

- achieving a satisfactory Employee Contribution Assessment outcome
- compliance with all relevant Conduct and Ethics Policies and Procedures
- full completion of mandatory Compliance and Risk Training
- adjustments for all types of current and future risks and the cost of the capital and liquidity required.
- taking into account all types of current and future risks when considering the allocation of variable remuneration components
- contracting the variable remuneration where the financial performance of the Firm is subdued or negative.
- applying claw-back provisions to MIFIDPRU Material Risk Takers (“MRTs”) variable remuneration in accordance with the minimum MIFIDPRU Remuneration Code requirements.
- not awarding, paying or providing guaranteed variable remuneration in certain situations

Fiera has set a ratio between the variable and fixed components of the total remuneration, by way of ensuring that the components are appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which the Firm would do in certain situations, such as where the Firm's profitability performance is particularly constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

Governance and Oversight

The Board is responsible for setting and overseeing the implementation of Fiera's remuneration policy and practices. In order to fulfil its responsibilities, the Board:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Fiera's remuneration policy and practices are reviewed annually by the Board.

Material Risk Takers

Fiera is required to identify its material risk takers - those members of staff whose professional activities have a material impact on the risk profile of the Firm (and of the assets that the Firm manages). The types of staff that have been identified as material risk takers at Fiera 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 the Firm;
- Those with managerial responsibilities for the activities of a control function¹;
- Those with managerial responsibilities for prevention of money laundering and terrorist financing;
- Those that are responsible for managing information technology, information security, and/or outsourcing arrangements of critical or important functions; and

Quantitative Remuneration Disclosure

The below table quantifies the remuneration paid to staff in the financial year 1 January 2022 to 31 December 2022. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, employees of other entities in the group, employees of joint service companies, and secondees:

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.

Period: 1 January 2022 to 31 December 2022				
		Senior Management	Other Material Risk Takers	Other Staff
Total Number of Material Risk Takers		7		
Remuneration Awarded	Fixed (£)	361,009	897,916	4,627,270
	Variable (£)	507,221	1,263,303	3,482,122
	Total (£)	868,229	2,161,219	8,109,392
Guaranteed Variable Remuneration	Amount (£)	930,666		
	# Staff Awarded	1		
Severance Payments	Amount (£)	209,460		
	# Staff Awarded	2		
Highest Severance Payment Awarded to an Individual (£)		174,598		

MIFIDPRU investment firms are typically required to split the quantitative data in the above table, where relevant, into categories for senior management and other material risk takers. However, the regulator allows firms to aggregate or altogether omit the information to be disclosed for senior management and other material risk takers, where splitting the information between these two categories would lead to the disclosure of information about only one or two individuals. Fiera has relied upon this exemption and has aggregated the disclosure of guaranteed variable remuneration and severance payments in order to prevent the identification of an individual material risk taker.