

LGT Capital Partners (U.K.) Limited

MIFIDPRU 8 Public Disclosure

31 December 2024

Contents

| | | |
|----|---|---|
| 1. | Introduction | 2 |
| 2. | Governance arrangements | 3 |
| 3. | Risk management objectives and policies | 4 |
| 4. | Own funds | 6 |
| 5. | Own funds requirements | 8 |
| 6. | Remuneration policies and practices | 9 |

1. Introduction

The Investment Firm Prudential Regime (“**IFPR**”), as implemented by the Financial Conduct Authority (“**FCA**”), sets a prudential framework for all UK MiFID investment firms. The framework sets standards for a firm’s own funds and liquid assets, concentration risk, governance and risk management frameworks, regulatory reporting and public disclosure.

These IFPR rules are included within the Prudential Sourcebook for MiFID Investment Firms (“**MIFIDPRU**”). MIFIDPRU 8 requires firms to publish a disclosure of key information relating to:

- governance arrangements,
- risk management objectives and policies,
- own funds,
- own funds requirements, and
- remuneration policy and practices.

Business Background

LGT Capital Partners (U.K.) Limited (the “**Company**” or “**LGT CP UK**”) is a registered Company in the United Kingdom. The Company was incorporated on 19th June 2003 and authorised by the Financial Conduct Authority (“**FCA**”) on 6th July 2006. The Company’s primary function is to act as an investment manager and advisor to the funds managed/under advisory of the LGT Capital Partners Group companies and fund promotion, placing and distribution services. It is therefore classified as a MIFIDPRU investment firm and falls into scope of the Investment Firms Prudential Regime (“**IFPR**”) and the MIFIDPRU section of the FCA handbook. The Company is required to comply with the disclosure requirements set out in the MIFIDPRU 8 section of the FCA handbook.

The Company is part of a UK investment firm group (“**Group**”), of which LGT UK Holdings Limited is the UK parent. Whilst monitoring and reporting of resources and requirements is undertaken on a consolidated basis, this disclosure is prepared on a standalone basis for the Company.

For the purpose of prudential regulations, LGT CP UK does not meet the MIFIDPRU criteria for small and non-interconnected (“**SNI**”) investment firm due to the assets under management (“**AUM**”, per the FCA’s definition for this purpose) of the UK investment firm group exceeding the £1.2 billion threshold and, as such, is classified as a non-SNI investment firm. The given information is appropriate for the size and nature of the Company.

Basis and Purpose of Disclosure

This disclosure sets out the Company’s information pursuant to the above subjects, to a level of detail which is appropriate to the Company’s size, and to the nature, scope and complexity of its activities. These disclosures are revised at least annually with additional updates prepared during periods of material change, acknowledged by the governing body, and published on the LGT CP website at <https://www.lgtcp.com/en/regulatory-information/>.

These disclosures have been prepared on a solo entity basis as of 31 December 2024, being the date of Company’s last published annual financial statements.

2. Governance arrangements

The Company's Board has overall responsibility of the governance framework.

Board Composition

The Board consists of the individual members in the table below:

| Name | Individual Reference Number | FCA Role |
|--------------------|-----------------------------|---|
| Mark Miller | MIM01009 | SMF3 Executive Director |
| Thomas Kyriakoudis | TGK01006 | SMF3 Executive Director |
| Werner von Baum | WXV01024 | Director of firm who is not a certification employee or a SMF manager |
| Pius Fritschi | PXF00132 | Director of firm who is not a certification employee or a SMF manager |
| Roberto Paganoni | RXP01615 | Director of firm who is not a certification employee or a SMF manager |

The Board meets semi-annually and is in charge of the Company's Risk Management Framework ("**RMF**"), identifying any potential arising risks and oversee the prevailing already established potential harms of the Company. It is the Boards responsibility to challenge the ICARA process and ultimately sign off.

Diversity

The Company and the Board support and affirm their commitment to the legal and moral imperatives that preclude unlawful discrimination in all relevant matters – including remuneration – on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.

Risk Committee

The Company is not required to establish an entity-level risk committee.

3. Risk management objectives and policies

The Board manages the Company's business and identifies risks through a framework of policy and procedures taking account of relevant laws, standards, principles, and rules, including FCA principles and rules, with the aim of operating a defined and transparent Risk Management Framework ("**RMF**"). These policies and procedures are updated as required to ensure that the Company operates with utmost integrity and professionalism in all business dealings.

The strategy is set from a top-down perspective by the Board. In making strategic decisions the Board considers the risk appetite of the Company as well as the initial assessment of the identified emergent risks arising from the particular strategic decision. If the strategy, appetite and risk assessment are not in alignment then adjustments are made prior to proceeding.

Risk Appetite

Risk appetite and tolerance is the amount and type of risk that the Company is willing to take in order to meet its strategic objectives. The Company's Board defines risk appetite and assigns appetite to specific risk categories. In addition to this the Company has developed quantitative and qualitative Key Risk Indicators ("**KRI**") which are monitored on an ongoing basis. Any breach of these KRIs indicates an instance where a risk has passed outside the Company's tolerance and this would be escalated to the Board. Such a breach would warrant an adjustment to either the strategy or the policies and procedures designed to prevent risks from occurring or could warrant a recalibration of the KRI if deemed by the Board to have become misaligned with the actual risk appetite of the Company.

Risk identification and harm assessment

The Company maintains a Risk Register in which it systematically lists the risks faced by the Company together with their likelihood of becoming realised and potential impact on the Company. This Register is updated from time to time as new risks are identified or existing risks required to be reassessed in response to business decisions taken by the Board or other events. Where there have been changes to this Register, the Board will consider what if any changes to strategy, risk appetite or policies and procedures would be appropriate.

Potential harms that are identified are considered for further assessment (if related to the Company's internal control environment) or scenario testing (if external to the Company with a potential for occurring in the future) as part of the Company's annual ICARA process review.

Monitoring, reporting, and escalation

Regular reporting assists the Board in keeping sight of the effectiveness of these frameworks and enables informed decision-making with the considerations of risk management at front of mind. Financial analysis is also an ongoing process, with the impact of ad hoc events (internal and external to the Company) and year-to-date results on the following reassessed continuously:

- basic requirements for own funds and liquid assets,
- own funds and liquid assets requirements arising from ongoing operation, and
- own funds and liquid assets requirements arising from and stressed scenarios.

Risk management objectives and policies

As part of ongoing monitoring of strategic, financial and compliance matters, the Company ensures it remains in compliance with own funds requirements (MIFIDPRU 4), concentration risk requirements (MIFIDPRU 5), and liquidity requirements (MIFIDPRU 6).

In compliance with MIFIDPRU 4, the Company calculates K-factor requirements ("**KFR**") for K-AUM, based on the investment portfolios over which it exercises its MiFID permission for managing

investments and providing investment advice. The Company does not hold client money or assets and does not operate a trading book and so is not required to calculate any other KFRs.

In compliance with MIFIDPRU 5, the Company monitors and controls its concentration risk using sound administrative and accounting procedures and robust internal control mechanisms. On a quarterly basis, the Company reports to the FCA its counterparty concentrations of cash deposits and earnings.

In compliance with MIFIDPRU 6, the Company calculates a basic liquid asset requirement (“**BLAR**”) and ensures that it has sufficient core liquid assets to cover this at all times. This position is monitored on an ongoing basis to ensure a healthy surplus to safeguard against unforeseen adverse conditions.

The Company’s adherence with MIFIDPRU 4, MIFIDPRU 5 and MIFIDPRU 6 is subject to rigorous challenge as part of the ICARA process, whereby the potential financial impact of risks and material harms is assessed to determine if the Company’s financial resources are sufficient to withstand severe yet plausible stressed scenarios.

4. Own funds

Under MIFIDPRU 8.4 (Own funds), firms are required to disclose the following information:

- a reconciliation of CET1, AT1 and T2 items including relevant deductions,
- a reconciliation against the balance sheet, and
- a description of the CET1, AT1 and T2 makeup.

Composition of Own Funds at as 31 December 2024

| | Item | Amount (GBP'000) | Source based on reference numbers of the audited financial statements |
|-----------|---|---------------------|---|
| 1 | OWN FUNDS | 5,889 | |
| 2 | TIER 1 CAPITAL | 5,889 | |
| 3 | COMMON EQUITY TIER 1 CAPITAL | 5,889 | |
| 4 | Fully paid up capital instruments | 1,570 | Balance sheet, page 12 |
| 5 | Share premium | - | N/A |
| 6 | Retained earnings | 4,319 | Balance sheet, page 12 |
| 7 | Accumulated other comprehensive income | - | N/A |
| 8 | Other reserves | - | N/A |
| 9 | Adjustments to CET1 due to prudential filters | - | N/A |
| 10 | Other funds | - | N/A |
| 11 | (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER | (20) | Note 6, page 20 |
| 19 | CET1: Other capital elements, deductions and adjustments | - | N/A |
| 20 | ADDITIONAL TIER 1 CAPITAL | - | |
| 21 | Fully paid up, directly issued capital instruments | - | N/A |
| 22 | Share premium | - | N/A |
| 23 | (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1 | - | N/A |
| 24 | Additional Tier 1: Other capital elements, deductions and adjustments | - | N/A |
| 25 | TIER 2 CAPITAL | - | |
| 26 | Fully paid up, directly issued capital instruments | - | N/A |
| 27 | Share premium | - | N/A |
| 28 | (-) TOTAL DEDUCTIONS FROM TIER 2 | - | N/A |
| 29 | Tier 2: Other capital elements, deductions and adjustments | - | N/A |

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

| | | a | b | c |
|--|--|--|---|---------------------------------|
| | | Balance sheet as in published/audited financial statements | Under regulatory scope of consolidation | Cross reference to template OF1 |
| | | As at period end (GBP'000) | As at period end (GBP'000) | |
| Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements | | | | |
| 1 | Investments | 387 | 0 | N/A |
| 2 | Intangible assets | - | 635,221 | N/A |
| 3 | Tangible assets | - | 204,367 | N/A |
| 4 | Debtors | 11,000 | 3,299,961 | N/A |
| 5 | Stock | - | 439,143 | N/A |
| 6 | Cash at bank and in hand | 5,097 | 2,671,098 | N/A |
| 7 | Total Assets | 16,484 | 7,249,790 | N/A |
| Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements | | | | |
| 8 | Creditors: Amounts falling due within one year | 10,595 | 5,583,930 | N/A |
| 9 | Total Liabilities | 10,595 | 5,583,930 | N/A |
| Shareholders' Equity | | | | |
| 10 | Called up share capital | 1,570 | 1,198,979 | 4 |
| 11 | Other reserves | - | (29,115) | N/A |
| 12 | Profit and loss account | 4,526 | 495,996 | 6 |
| 13 | Total Shareholders' equity | 6,096 | 1,665,860 | 1 |

Own funds: main features of own instruments issued by the Company

| | | |
|---|------------------------|----------------------------------|
| Public or private placement | Private | Private |
| Instrument type | Ordinary share capital | Non-cumulative preference shares |
| Amount recognised in regulatory capital | £1.52 million | £0.05 million |
| Nominal amount of instrument | £1 per share | £1 per share |
| Accounting classification | Equity | Equity |
| Perpetual or dated | Perpetual | Perpetual |

5. Own funds requirements

The Company is required to assess the adequacy of its own funds in accordance with the overall financial adequacy rule. As at 31 December 2024, the Company's basic own funds requirements as a non-SNI investment firm in accordance with MIFIDPRU 4.3 are as follows:

| | GBP'000 |
|---------------------------------------|---|
| Permanent Minimum Requirement ("PMR") | 60 (transitional requirement) |
| K Factor Requirement ("KFR") | 293 (transitional requirement @ 25% of £1.17m) |
| Fixed Overhead Requirement ("FOR") | 470 (transitional requirement @ 25% of £1.89m) |
| Basic Own Funds Requirement | 470 |

From the above the basic own funds requirement of the Company is the transitional FOR. The Company monitors the ongoing expenditure of the Company and prepares forwards looking financial forecasts to ensure that they stay abreast of any material change that could result in an increase in the transitional FOR.

The Company also continuously assess the size of the assets that it manages to ensure that the K Factor requirements remain below the FOR. The compliance and finance function who are responsible for preparing these disclosures keep up to date with the Company's strategy and initiatives to ensure that capital planning is in place should the increase in assets exceed the FOR.

The Company is also obliged to consider risks on top of its basic requirement through its ICARA process in MIFIDPRU 7.6.2. A reasonable estimate is required to ensure firms hold enough own funds to cover its risk identified in the below:

- the Company is able to remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities; and
- the Company's business can be wound down in an orderly manner.

| | GBP'000 |
|---|--------------|
| Additional own funds from material harms assessment | - |
| Additional own funds required for the Company to be wound down in an orderly manner | 1,016 |
| Own Funds Threshold Requirement (Basic plus higher of the above) | 1,486 |

6. Remuneration policies and practices

Approach to remuneration

The Board is responsible for the remuneration policy and procedures and ensuring its regular update and review. The variable remuneration of the Company's staff is based on consolidated profits of the LGT Capital Partners Group and the contribution of individuals to the Company's overall success. The Compensation Committee of LGT Capital Partners Group has responsibility of setting the compensation arrangements of the Company including the variable discretionary bonus pool. The Board is also responsible for the entire process of risk management, which includes the risks emanating from the way in which the Company compensates its staff and directors. Senior management, in liaison with the Board, sets the risk profile of the Company. Variable remuneration is adjusted in line with LGT CP UK's capital and liquidity requirements and needs.

Development of remuneration policies and practices

The decision-making process used for determining the Company's remuneration policy including the use of external benchmarking consultants and the role of the relevant stakeholders, is as follows:

- the Company's remuneration policy, which is reviewed annually, has been agreed by its Board in line with the FCA Remuneration Code.
- Due to the size, nature and complexity of the Company, the Company is not required to appoint an independent remuneration committee.

Objectives of financial incentives

The objectives of the Company's remuneration practises are as follows:

- Encourage positive behaviours and strong corporate cultures
- Support and promote effective risk management
- Rewards performance, reliability, effectiveness of controls, business development and contribution to the overall strategy of LGT CP UK
- Equal and fair pay for all staff

Components of remuneration

The Company's remuneration included in this disclosure is made up of the following components:

Fixed remuneration

- Base salary
- Pension
- Benefits in Kind

Variable Remuneration

- Discretionary bonus
- Profit share scheme
- Long term incentive scheme (cash/non-cash)

Performance criteria used for assessment

LGT CP UK's remuneration policy clearly defines the performance criteria used across the Company, including specific business units, and for individual performance. The remuneration decisions across the Company are made based on a combination of:

- LGT Capital Partners Group's long-term sustainability and viability including looking through the business and economic cycles;
- the impact on LGT CP UK's Overall Financial Adequacy Rule and Threshold Conditions; and
- LGT CP UK's business performance and results against its strategic objectives.

The remuneration decisions for individuals are made based on a combination of:

- individual performance for the year (considering financial and non-financial criteria);
- the level of responsibility and seniority;
- overall performance of funds managed by LGT Capital Partners Group;
- overall long-term performance of the business;
- the level of contribution, acquired assets/clients; and
- compliance with the Company's policies and procedures

The above information is considered by the Compensation Committee of LGT Capital Partners Group, who ultimately determines the amount of any discretionary award to an individual via a points system (for the investment team members), a target-based system (for non-investment team members) or a commission-based system (for sales team members), in terms of whether to award as well as the amount to be awarded.

Material Risk Takers

The Company has used the guidance in SYSG 19G.5.3 to identify its material risk takers ("**MRT**"). The Board are responsible for reviewing existing MRTs and identifying new MRTs. As at 31 December 2024 the Board had identified 4 MRTs.

Quantitative Remuneration

Aggregated quantitative information for all remuneration paid to staff for the year ended 31 December 2024 can be seen below.

| | Senior Management | Other MRTs | Other staff |
|-------------------------------------|-------------------|------------|--------------|
| Number of MRTs | 4 | | 20 |
| Fixed Remuneration (GBP'000) | 770 | | 1,812 |
| Variable Remuneration (GBP'000) | 960 | | 2,604 |
| Severance pay (GBP'000) | - | | - |
| Total Remuneration (GBP'000) | 1,730 | | 4,416 |

On the basis that there are just two individuals in the Senior Management category, in accordance with MIFIDPRU 8.6.8 (7), the quantitative remuneration data has been shown above aggregated with the Other MRT category.

During the year, no individual were awarded severance payments.