

1. Scope and purpose

This disclosure relates to P1 Investment Services Limited “the Firm”, which is classified as a non “small and non-interconnected” (Non-SNI) MIFIDPRU investment firm and is therefore required under MIFIDPRU 8 of the Prudential sourcebook for MiFID Investment Firms to disclose information relating to governance arrangements, risk management, own funds, and remuneration policies and practices.

In accordance with the rules, the disclosures herein are appropriate to the size and internal organisation, and to the nature, scope, and complexity of the Firm’s activities.

2. Governance and decision-making procedures

The governing body is ultimately responsible for the definition, oversight, and implementation of the strategic objectives, risk strategy, and internal governance arrangements.

The firm has robust governance arrangements which include:

- A clear organisational structure with well defined, transparent and consistent lines of responsibility,
- Effective processes to identify, manage, monitor and report the risks it is or might be exposed to,
- Internal control mechanisms, including sound administrative and accounting procedures,
- Effective control and safeguard arrangements for information processing systems.

The governing body has established an Operations, Risk and Compliance committee. The members of this committee have all been assessed to have appropriate skill, knowledge, expertise and integrity, to understand and manage the associated risks; and advise and challenge the governing body appropriately. This approach is intended to ensure effective and prudent management of the firm and prevent conflicts of interest in a manner which promotes the best interests of clients.

To support the governing body in achieving these objectives, management information is frequently provided to enable controls to be assessed and deficiencies addressed. All arrangements, including policies are reviewed at least on an annual basis. On grounds of proportionality, the Firm has decided not to form a Remuneration Committee, instead discussing remuneration at a Board meeting at least annually. The Firm is not required to establish a Risk Committee under MIFIDPRU 7.3 as it does not meet the thresholds in MIFIDPRU 7.1.4.

2.1 Governance Structure

Our Main Board meets monthly and consists of Senior Managers from Investment Management, Operations, Compliance and Finance. The Board is chaired by our Non-Executive Chairman, Hugo Thorman. The Board reviews and regularly monitors the effectiveness of the Company’s fundamental operation, financial and other business plans, policies and decisions, including the execution of its strategies and objectives.

The Operations, Risk and Compliance Committee meets monthly and is made up of representatives from Senior Management, Operations, Risk and Compliance areas of the business. It is tasked with monitoring and reviewing all matters related to risk management, regulatory compliance, and operational performance. The Committee ensures that the organisation operates within its legal and regulatory obligations while maintaining an effective control environment.

Our Investment Committee meets quarterly and consists of representatives from the investment management and compliance areas of the business. It is chaired by the Firms Chief Investment Officer. It sets the direction on investment research and investment management matters and provides oversight to relevant processes, risks and internal controls. It monitors and reviews the effectiveness of the business’s investment proposition strategy and reviews and agrees initiatives to improve this.

2.2 Directorships

In compliance with MIFIDPRU 8.3.1(2) the table below discloses the number of directorships held by the governing body.

Directorships held by each member of the management (governing) body <i>MIFIDPRU 8.3.2 states that directorships held within the same group or holding, and those held in organisations which do not pursue predominantly commercial objectives are not within scope.</i>	
Member of the management body	Number of directorships held (executive and non-executive) (details of modifications/waivers if applicable)
James Priday	6

2.3 Diversity statement

P1 Investment Services Limited is committed to promoting equality and diversity as part of its culture which values different experiences and insights, as well as the business benefits these bring. As a result, the Firm's Diversity and Inclusion policy aims to promote diversity on the management body.

The senior management team is responsible for implementing this policy and ensuring progress towards achieving diversity and inclusion goals. P1 will actively promote equal opportunities throughout the organisation through the application of employment policies which will ensure that individuals receive treatment that is fair and equitable and consistent with their relevant aptitudes, potential, skills, experiences and abilities. All managers will seek to ensure that all employees comply with these principles.

Given the size of the firm (c. 20 employees), the Board has determined that setting formal numerical diversity targets would not be proportionate or meaningful at this stage. In line with the FCA's expectations in DP21/2, the firm instead focuses on fair, open and inclusive recruitment and promotion practices, ensuring that appointments are made on merit while actively seeking to remove bias and barriers to participation. The Board keeps this position under review as the firm grows and will consider the introduction of more formal diversity objectives where this would be appropriate and value-adding.

3. Risk management objectives and policies

The core objective of the Firm is the effective management of risk to protect investors and stakeholders and to ensure that the Firm has adequate capital and liquid resources in place.

The Directors of the Firm determine its business strategy and risk appetite. The Firm has in place a comprehensive risk management framework that recognises the risks that the Firm faces.

The Firm's risk management framework operates under the three lines of defence model.

The first line of defence requires the Firm to identify and mitigate risks and to implement an adequate control environment to manage those risks effectively. The risks facing the Firm are identified and considered both from the perspective of the likelihood of their occurring and from the perspective of their potential impact on the Firm should they occur.

The second line of defence is that of control oversight managed by the Compliance Officer who oversees compliance within regulatory and legal requirements as well as monitoring risk. The third line of defence is designed to provide independent assurance through external audit by way of reviewing the overall effectiveness of the risk management framework and control environment.

MIFIDPRU 8.2.1 requires the firm to disclose its risk management objectives and policies for the categories of risk addressed by own funds requirements, concentration risk and

liquidity. This must include a concise statement approved by the firm's governing body describing the potential for harm associated with the business strategy; and a summary of the strategies and processes used to manage each of the categories of risk and how this helps to reduce the potential for harm.

3.1 Own funds requirements

The Firm is required to maintain own funds in the amount of £593,539 (please see the [5. Own Funds Requirement](#) section below).

The Firm operates an ICARA process which aims to ensure that the Firm is adequately capitalised to cover the underlying risks that it faces, and to wind down in an orderly fashion if required. The ICARA also aims to ensure that there is sufficient availability of capital in order that the Firm can meet its future growth and strategic plans with due consideration to the business environment in which it operates.

The Firm conducts ongoing monitoring of its financial performance and considers at its board meetings whether its overall financial resources and internal capital are adequate both as to their amount and quality to ensure that there is no significant risk that its liabilities could not be met as they fall due.

The Firm will keep this plan under review, and where it becomes necessary, will adjust the capital requirement figures to reflect any additional risks identified.

3.2 Concentration risk

The Firm has considered its concentration exposure with regards to the factors in MIFIDPRU 5.2:

Source of concentration risk	Firm statement
Trading book exposures	The Firm does not deal on its own account, so this risk is not relevant.
Assets (for example, trade debts) not recorded in a trading book	Our primary concentration risk arises from the location of client assets with a single Custodian, Seccl Custody Limited (FRN 7 93200). The firm completes annual due diligence on its custodian to ensure they are financially sound and not subject to any regulatory sanction. At the time of publication, the firm is in the process of diversifying the location of our own cash deposits, reducing the possibility of concentration risk in this regard.
Off-balance sheet items	The Firm does not have any off-balance sheet assets, so this risk is not relevant.
The location of client money	The firm does not hold client money. Client money is only held by reputable counterparties. The firm completes annual due diligence on its custodian to ensure they are financially sound and not subject to any regulatory sanctions.
The location of custody assets	The firm does not hold client assets. Client assets are only held by reputable counterparties. The firm completes annual due diligence on its custodians to ensure they are financially sound and not subject to any regulatory sanctions.
A firm's own cash deposits	The Firm recognises there is a risk if all of its cash is held in one place. To reduce the risk of loss of cash, or being unable to access liquidity, the Firm holds its own cash deposits across various entities.
Earnings	The Firm has various revenue streams and is not heavily reliant on one client, or a series of connected clients, to generate income.

3.3 Liquidity

The Firm has in place a detailed Liquidity Planning process which details the systems and controls, oversight and management of the Firm's liquid resources.

The Firm's assets are deemed to be readily realisable being held in cash. The Firm has undertaken that it will always hold liquid cash reserves at least equal to its 'own funds requirement'. The Directors are committed to growing capital rather than taking dividends.

4. Own Funds

According to MIFIDPRU 8.4, the Firm must disclose the information below regarding its own funds.

- a. a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the firm;
- b. a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the firm; and
- c. a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm.

MIFIDPRU 8 Annex 1 template

Composition of regulatory own funds			
	Item	Amount (GBP thousand s)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	687,112	
2	TIER 1 CAPITAL		
3	COMMON EQUITY TIER 1 CAPITAL	687,112	
4	Fully paid-up capital instruments	100,000	Note 15
5	Share premium	1,646,458	15
6	Retained earnings	214,441	15
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS	(1,273,787)	

	FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
	We do not use any Additional Tier 1 Capital	0	
25	TIER 2 CAPITAL		
	We do not use any Additional Tier 1 Capital	0	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements		
	Balance sheet as in audited financial statements as at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements		
1	Intangible	£1,023,787
2	Tangible	£26,142
3	Investment	£250,000
4	Debtors	£1,125,734
5	Bank	£419,253
6	Total Assets	£2,844,916
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements		
1	Trade Creditors	£201,233
2	Other Creditors	£682,784
3	Total Liabilities	£884,017
Shareholders' Equity		
1	Share Capital	£100,000
2	Share Premium	£1,646,458
3	Retained Profits	£214,441
4	Total Shareholder's equity	£1,960,899
Own funds: main features of own instruments issued by the firm		
Private placement of shares, which is recognised in our calculation of regulatory capital as Share Capital at 1 in the table above. All shares in issue are ordinary shares.		

5. Own Funds Requirements

To comply with its 'own funds requirement', the firm is required to hold, as a minimum, the highest figure from the table below. The figures adhere to the overall financial adequacy rule in MIFIDPRU 7.4.7, which states the own funds and liquid assets must be adequate in amount and quality to ensure the firm is able to address potential material harm from ongoing activities and can wind down in an orderly manner if necessary.

Own Funds Requirement	
Category of requirement	Amount
Permanent minimum capital requirement	£75,000
Fixed overhead requirement	£324,762
K-Factor + other harms requirement	£593,539

5.1 Overall K-factor requirement

As required by MIFIDPRU 8.5, the K-factor requirement has been broken down into three categories.

Assets for which the firm is responsible		
K-Factor	Requirement	The sum of (if applicable)
K-AUM (assets under management)	0.02% of the AUM	£459,803
Execution activity undertaken by the firm		
K-Factor	Requirement	The sum of (if applicable)
K-COH (client orders handled)	0.1% and 0.01% of the average COH to cash trades and derivatives trades respectively	£6,700

6. Remuneration policy and practices

6.1 Qualitative disclosures

Approach to remuneration

Base salaries provide pre-determined, non-revocable compensation paid to individuals throughout the year, irrespective of Firm or individual performance. Base salaries and benefits constitute the significant proportion of the Firm's total remuneration. This fixed element is based on the professional experience and responsibility within the Firm of an individual.

For our employed investment managers, the Firm runs a discretionary bonus scheme that is based on individual performance as well as the Firm's underlying profitability. The bonus does not form part of individual's contractual remuneration. The size of the bonus pool is linked to the overall performance of the Firm. The employee incentive payment is linked to the contribution of the individual to such performance. Bonuses are discretionary and will diminish or disappear in the event of poor business or individual performance.

P1 Investment Partners (self-employed investment managers) are remunerated on an agreed fixed revenue split between the Firm and the relevant investment manager. The split is only applied to ongoing investment management fees generated from the assets managed by the relevant investment manager. There is no split applied to the revenue generated in relation to the P1 Platform fees. The Firm does not allow performance fees or initial fees to be charged by investment managers. This ensures that investment managers are not incentivised to take excessive risk when managing portfolios, or to focus on short-term revenue generation by taking initial fees from client's investments. Investment managers Controls are in place to prevent excessive risk taking.

When considering individual performance, the Firm considers both financial and non-financial metrics. So as not to incentivise unacceptable risk taking, fixed remuneration comprises most staff compensation.

Objective of financial incentives

The objective of providing financial incentives is to promote behaviour that is aligned to the Firm's long-term interests, strategic objectives, and ethical standards. Financial incentives are used to reward individual performance, as well as performance in excess of the staff member's job description and terms of employment.

Governance and decision-making procedures

The Firm has implemented and maintains remuneration policies, procedures and practices for all directors and employees that are consistent with and promote sound effective risk management. The policy is intended to cover all aspects of remuneration and has been created in accordance with the MIFIDPRU Remuneration Code (SYSC 19G).

The remuneration practices and policies are intended to:

- promote sound risk management practices in alignment with the Firm's risk management principles;
- discourage risk taking that is inconsistent with the Firm's risk appetite or risk management policies and principles;
- control fixed costs by ensuring that remuneration expense varies according to profitability and does not place undue constraints on the Firm's ability to maintain its capital base;
- link remuneration to the Firm's financial and operational performance as well as individual performance;
- provide competitive, but not excessive, levels of remuneration compared to peer Firms of appropriate size, scope, and complexity; and
- promote a positive culture towards risk management and compliance.

The remuneration practices and policies are intended to support the Firm's business strategy, long term interests and values, and

to ensure that risk taking does not exceed the Firm's tolerated level of risk.

Periodic benchmarking ensures that remuneration at individual level is not unreasonable or disproportionate to the amount, nature, quality, and scope of the work performed.

The remuneration policy outlines the criteria used to assess the performance of the Firm and of individual staff members. The Firm's performance is assessed against its overall financial performance, as well as other measures such as new business gained, client satisfaction and employee retention rates.

In assessing the performance of individual staff members, the Firm takes into account financial and non-financial criteria. Non-financial criteria includes:

- (a) measures relating to building and maintaining productive relationships with the firms with which we deal and positive customer outcomes, including customer feedback;
- (b) performance in line with firm strategy or values, for example by displaying leadership, teamwork or creativity;
- (c) adherence to the firm's risk management and compliance policies;

Material risk takers

The table below is to disclose the types of staff identified as material risk takers. These roles are defined as a staff member whose professional activities have a material impact on the risk profile of the firm, or the assets the firm manages.

Material risk takers		
<i>Please see MIFIDPRU 8.6 and SYSC 19G.5.3 for further information on material risk takers.</i>		
Type of staff identified as material risk takers	Number of material risk takers identified	Criteria other than in SYSC 19.5.3 used to identify material risk takers
Senior Managers	4	
Investment Managers	2	

Risk adjustment and variable remuneration

The Firm does not use clawbacks and malus.

Variable remuneration is structured to reward long term observance to the Firm's values.

In future the Firm may consider to apply malus or clawback provisions or adjustments, considering the following circumstances:

- Where the individual received the award based on materially inaccurate audited publicly reported financial statements
- Where the individual knowingly engaged in providing materially inaccurate information relating to audited publicly reported financial statements; or
- Where the individual materially violated any risk limits established or revised by senior management and/or risk management; or
- Where the individual engaged in gross misconduct.
- Where an individual failed to comply with their obligations, or has engaged in behaviour or misconduct that breaches their obligations
- Where the individual engaged in behaviour constituting misconduct or exercised materially imprudent judgement that caused harm to any of the Firm's business operations, or that resulted or could result in regulatory sanctions; or
- Where the individual failed to supervise or monitor individuals engaging in, or failed properly to escalate behaviour constituting, misconduct (whether or not gross misconduct) in accordance with the Firm's policies regarding the reporting of misconduct, or
- Where the individual failed to supervise or monitor individuals engaging in, or failed properly to escalate, behaviour that resulted or could result in regulatory sanctions.

Guaranteed variable remuneration

Practices on guaranteed variable remuneration, sometimes referred to as a 'sign-on bonus', are defined in the remuneration policy. Although the firm recognises that guaranteed variable remuneration can be used to compensate new members of staff who have lost the opportunity to receive variable remuneration from their previous employer, the Firm would only offer it in exceptional circumstances, and would consider the merits on a case-by-case basis. For the avoidance of doubt, we have not utilised Guaranteed Remuneration for any individuals.

Severance pay

Procedures for the payment of severance are outlined in the Firm's remuneration policy. The amount of any severance will be assessed on a case-by-case basis, but will include consideration of the length of service, regular salary and reasons for dismissal. Whenever severance relates to the early termination of an employment contract, the payment will reflect the individual's performance, to ensure failure, or misconduct are not rewarded.

All components of remuneration are categorised as either fixed or variable	
Fixed	Variable
Salary	Discretionary bonus
	Discretionary pension benefits
	Share of investment management fees

6.2 Quantitative disclosures

Total Remuneration				
Remuneration Type	Senior management	Other material risk takers	Other Staff	Total
Fixed remuneration	£190,945	£-	£476,875	£667,820
Variable remuneration	£8,529	£2,567,493	£21,187	£2,597,209
				£3,265,029

Guaranteed Variable Remuneration	
Total amount during the financial year	Number of <u>material risk takers</u> receiving awards;
£0	0

The Firm did not make any severance payments to an individual material risk taker in the financial year.

Remuneration components