

Baker Steel Capital Managers LLP

MIFIDPRU Regulatory Disclosures

for the year ending 31st March 2024

Introduction

The Financial Conduct Authority (“FCA”) sets out the detailed prudential requirements that apply to Baker Steel Capital Managers LLP (“BSCM” or the “Firm”) in the prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

MIFPRU seeks to ensure firms are prudently managed to mitigate potential harms posed by investment firms to their clients and the markets in which they operate. MIFIDPRU contains disclosure requirements for firms to improve transparency for the benefit of other market participants and for clients so they can understand how firms operate.

Baker Steel Capital Managers LLP is classified as a small and non-interconnected investment firm (an “SNI firm”) under MIFIDPRU, which influences where specific disclosure requirements apply to the Firm. In addition, it is noted that the Firm has not issued and does not have any outstanding AT1 instruments, which further limits the scope of the disclosure requirements.

As an SNI firm, BSCM is required by MIFIDPRU 8 to disclose only a limited range of regulatory information regarding its compliance with MIFIDPRU, which primarily relates to information with respect to its remuneration policy and practices.

Remuneration Policy and Practices

As an SNI MIFIDPRU Investment Firm, BSCM is subject to the basic 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 Firm is also an alternative investment fund manager, classified as a collective portfolio management investment firm (“CPMI firm”), and as such, is also subject to the AIFM Remuneration Code (SYSC 19B).

CPMI firms are required to make a remuneration disclosure in respect of the whole of their business, i.e. MIFID and AIFMD. The disclosure requirements have been prepared in line with both remuneration codes under SYSC 19B and SYSC 19G. The remuneration policy includes the most stringent requirements of each Remuneration Code.

The Firm’s remuneration policy and practices are designed to support the following goals:

- ❖ Promoting effective risk management in the long-term interests of the Firm and its clients;
- ❖ Discouraging risk taking which is inconsistent with the risk profile of the funds under management;
- ❖ Supporting positive behaviours by individuals within the Firm (senior and junior, with an emphasis on risk takers) and healthy firm cultures; and

- ❖ Discouraging behaviours that can lead to misconduct (financial and non-financial) and poor client outcomes.

This is achieved by ensuring that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm, stakeholders and of its clients, and by maintaining effective remuneration policy and practices to enable clear decisions regarding remuneration to be made, including decisions that have implications for the risk and risk management of the Firm.

BSCM recognises that remuneration is a key component in how the Firm is able to attract, motivate and maintain high-calibre employees and to sustain consistently high levels of performance, productivity, and results for its customers, who are placed at the heart of its business.

Finally, the Firm's remuneration policy and practices are gender neutral and do not discriminate on the basis of the protected characteristics of any individual in accordance with the Equality Act 2010.

How staff remuneration is determined

Staff remuneration at BSCM 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. This can include salaries, fixed members' drawings, pension arrangements and various other allowances where applicable. Fixed remuneration is determined at the point of hire, and on an annual basis thereafter based on the previous year's appraisal which includes an assessment of performance.

The variable portion of each individuals' remuneration may include bonuses and discretionary profit shares. This variable remuneration is determined on a discretionary basis by way of an annual performance review that all staff are subject to. The ratio between fixed remuneration (i.e. base salary and fixed drawings) and the amount of variable remuneration that is subsequently awarded is determined separately for each individual, without any minimum or maximum ratio being applied at firm level.

The assessment of performance to determine variable remuneration considers financial as well as non-financial criteria, in accordance with the Firm's Remuneration Policy. Where relevant, this includes regulatory compliance, risk management and adherence to mandates, ESG and sustainability objectives. In keeping with the Firm's long-term objectives, the assessment of performance will consider longer-term performance appropriate to the life cycle of the products and services manufactured by the Firm.

Where remuneration is performance-related, then in addition to the performance of the individual the Firm will also consider the performance of the business function in which the individual is engaged, the overall results of the Firm, and where relevant the performance of any portfolio that the individual is responsible for or materially engaged in the management of.

In the case of early termination of a contract any payments will reflect performance achieved over time.

Governance and Oversight

Following an assessment of the size, internal organisation and the nature, scope and complexity of BSCM, the Firm's Governing Body (the "Executive Committee") has determined that it is not required to appoint a Remuneration Committee. The Executive Committee shall be responsible for determining appropriate levels of remuneration and for ensuring that the Firm's Remuneration Policy complies with the requirements of the SYSC 19B and SYSC 19G Remuneration Codes.

The Firm's remuneration policy and practices are reviewed annually by the Executive Committee.

Quantitative Remuneration Disclosure

For the remuneration performance year 01/04/2023 to 31/03/2024, the total amount of remuneration awarded to all staff was £6,409,970, of which £2,713,844 was fixed remuneration and £3,696,126 was variable remuneration. For these purposes, 'staff' is defined broadly, and includes all individuals who perform work for and under the supervision of the Firm. This includes partners, members and employees of other entities in the group where appropriate.