

# CG Asset Management

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*MIFIDPRU 8 Disclosure*

JUNE 2023

**cgam**

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## 1. Regulatory Context

In accordance with MIFIDPRU 8 the regulatory aim of the disclosures is to enable stakeholders and market participants to have an insight into how CG Asset Management Limited (“CGAM” or the “Firm”) is run. They should also aim to help stakeholders make more informed decisions about their relationship with the Firm.

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## 2. Frequency

This Disclosure covers the period 1st May 2022 to 30th April 2023, and subsequent updates will be made on at least an annual basis as of the Accounting Reference Date (“ARD”), which is 30th April each year, and will be publicly disclosed when the Firm files its financial statements with Companies House.

The Firm may choose, at its own discretion, to make more frequent public disclosures where a particular circumstance requires this in the opinion of the Firm’s management.

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## 3. Proportionality

The level of detail provided in the qualitative disclosures is proportionate to the size and internal organisation of the Firm and also proportionate to the nature, scope and complexity of the Firm’s business activities.

This disclosure has been made in line with the requirements which apply to CGAM as a MIFIDPRU Investment Firm, which is classed as Small and Non-Interconnected (“SNI”) with no Additional Tier 1 Capital in issue.

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## 4. Changes to Information disclosed

This is the Firm’s first Disclosure under MIFIDPRU 8.

Therefore, there are no significant changes or amendments for CGAM to disclose.

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## 5. Verification

The information contained in this document has not been audited by the Firm’s external auditors, as this is not a requirement, and does not constitute any form of financial statement and must not be relied upon in making any judgement on the Firm.

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## 6. Background

CGAM is incorporated in the UK and is authorised and regulated by the FCA. The Firm is a CPMI, a full-scope Alternative Investment Fund Manager (“AIFM”), with MiFID top up permissions. As a SNI MIFIDPRU investment firm, that has no additional tier 1 instruments in issue, the Firm is only required to disclose its remuneration policies and practices, as per MIFIPRU 8.1.

These disclosures are made by the Firm on a solo basis as required by MIFIDPRU 8.1.7R.

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## 7. MIFIDPRU 8.6 – Remuneration

CGAM is subject to both the ‘AIFM Remuneration Code’ and ‘MIFIDPRU Remuneration Code’. The Firm considers that the MIFIDPRU Remuneration requirements, for SNI MIFIDPRU investment firms, are in general less demanding than the requirements under the AIFM Remuneration Code. Under SYSC 19G.1.20 R, a firm such as CGAM which is subject to multiple remuneration codes, with provisions imposing different remuneration requirements, only one of which can be complied with, must comply with the most stringent of the relevant provisions.

The Firm, therefore, complies with the most stringent provisions, which it considers are found in the AIFM Remuneration Code, with respect to all of its Staff Members, all of whom are considered to be involved with the AIFs it is AIFM to.

The primary reason for this conclusion, are the requirements to identify Material Risk Takers as remuneration code staff and consider the application of the payout process rules, unless the Firm considers that it is appropriate to disapply the payout process rules.

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## 8. Distributions to Senior Management and Owners

In accordance with the guidance in SYSC 19G.4.4, at the end of each year, the residual profits of the Firm, which is a private limited company, are distributed among the owners (shareholders).

The level of ownership of each shareholder is reflected in the proportion of shares they have. As residual profits are distributed according to the shares and are not linked to work or performance, this is not considered to be remuneration for the purpose of the Firm’s Remuneration Policy.

All other distributions received by Senior Managers (who may also be owners) are classed as fixed or variable, depending on whether they are discretionary and based on performance of the individual or their business unit.

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## 9. Qualitative Disclosures

The Firm has in place a Remuneration Policy which is approved by the Governing Body (the Board of Directors) via the Remuneration Committee at least annually. The Remuneration Policy’s overarching aim is the promotion of sound and effective risk management, whilst reducing conflicts of interests and encouraging good conduct amongst employees.

The purpose of the Remuneration Policy is to set out how the Firm will provide remuneration in a manner that is consistent with the relevant remuneration codes as outlined above, with the main objective of the financial incentives being to attract, motivate and maintain high-calibre employees.

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The remuneration strategy has been designed to ensure consistency with the risk profiles, rules and instruments of incorporation of the funds managed, managed accounts, capital introduction accounts and with the objectives set out in the Firms' business plan and to ensure no conflict of interest between Staff and investors, and compliance with conduct of business rules.

As noted above, while the Firm is not required to identify Material Risk Takers as an SNI MIFIDPRU investment firm, it is required to do so under the AIFM Remuneration Code. The Firm has identified its Remuneration Code Staff accordingly.

The Firm's approach to remuneration for all staff includes:

- CGAM's regulatory capital and liquidity position and the maintenance of an appropriate surplus of capital and liquidity.
- The performance of individual staff members with respect to quantitative financial metrics.
- Assessment of the performance of personnel against non-financial metrics, such as good conduct.
- The performance of the Firm.

In line with the Equality Act 2010, the Firm have developed the following remuneration policies and practices to promote gender neutrality and eliminate any form of discrimination based on protected characteristics, including gender

#### 1) Pay Equity

- a) Objective Evaluation: Compensation decisions are based on objective criteria such as job responsibilities, skills, qualifications, experience, and performance, irrespective of an individual's gender or any other protected characteristic.
- b) Salary Evaluation: Salaries are established for each job role, considering factors that are relevant to the position, ensuring consistency and fairness in pay structures.
- c) Market Research: Market research is conducted to compare our compensation levels with industry standards to ensure that our pay remains competitive, equitable, and unbiased.
- d) Job Descriptions: Job descriptions are established for each position, outlining the required skills, responsibilities, and qualifications. This ensures clarity and transparency in determining compensation.

#### 2) Performance Based Pay:

- a) Objective Performance Evaluation: Performance assessments are conducted that are directly related to job responsibilities and individual contributions. Evaluations are conducted consistently and objectively, free from bias or discrimination.
- b) Merit-Based Increases: Salary increases and bonuses are tied to individual performance, recognising, and rewarding employees based on their contributions and achievements, regardless of their gender.

#### 3) Career Development and Advancement:

- a) Equal Opportunities: CGAM provides equal opportunities for career development and advancement to all employees, irrespective of gender or any other protected characteristic. Promotion decisions are based on merit, skills, qualifications, and performance.

#### 4) Transparent Communication:

- a) Policy Awareness: CGAM ensures that all employees are aware of our remuneration policies, practices, and their rights to a fair and non-discriminatory workplace. This information is communicated clearly through our Remuneration Policy, Compliance Manual, periodic training and periodic staff attestations.

CGAM are dedicated to upholding the principles of equality and non-discrimination in our remuneration policies and practices.

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## 10. Quantitative Disclosures

The Firm considers that it has a single business area (investment management), and the total remuneration paid to Staff as required under MIFIDPRU 8.6.8R (4) can be found below. The variable remuneration reflects such remuneration paid with respect to performance over the financial year (even if paid following the end of the year).

<b>Fixed Remuneration</b>	<b>Variable Remuneration</b>	<b>Total Remuneration</b>
£2,124,497.09	£1,686,080.85	£3,810,577.94