

Fundhouse MIFIDPRU Public Disclosure Document (Capital)

For the period 12m to 31 August 2023

Prepared by:

FUNDHOUSE

This Document is for professional users only and is for the confidential use of clients of Fundhouse and their advisers. Its contents and findings do not constitute investment advice and are for professional users and advisers only. Fundhouse is a discretionary model portfolio provider trading under the name Fundhouse Bespoke Limited and our FCA number is 786601.

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OVERVIEW AND SUMMARY

Fundhouse Bespoke Limited (Fundhouse) is regulated by the Financial Conduct Authority (“FCA”) as an Investment Management firm and subject to the rules and requirements of the FCA’s Prudential Handbooks, including the Sourcebook for MiFID Investments Firms (“MIFIDPRU”) handbook. For the purposes of MIFIDPRU, the Firm has been classified as a small non-interconnected (“SNI”) firm. The Firm has produced this Public Disclosure Document in line with the rules and requirements of MIFIDPRU 8.1, as applicable to SNI firms. This Public Disclosure Document has been prepared based on the financial statements covering the financial period 1 September 2022 to 31 August 2023. The Firm’s main business activity is as an investment manager to risk rated model portfolios for professional and institutional clients.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Firm has implemented and embedded risk management framework, policies, and procedures across all relevant risk areas of the Firm. The Management Board sets the business strategy and risk appetite statement of the Firm, which flows through to the risk management framework implementation across the Firm.

In line with the Firm’s business strategy, risk appetite and risk management framework the Firm identifies and further assesses key risks within the Firm’s Internal Capital and Risk Assessment (“ICARA”) process as referenced within the MIFIDPRU ICARA sections of the FCA Handbook – MIFIDPRU 7.4 – 7.8.

The Firm maintains a risk register, which includes risk assessment in accordance with its internal and external risk exposure. Key risks are reported to the Management Board at the respective meeting.

Own funds requirements – MIFIDPRU 4

As an SNI firm without permissions for dealing as principal or holding client money or client assets, the Firm is subject to a Permanent Minimum Requirement of £75,000.

The Firm calculates its own funds requirements based on the Fixed Overhead Requirement (“FOR”) calculation and is not subject to any K-factor requirements.

The Firm has further assessed any risks facing its business operations within its ICARA and quantified additional own funds and liquidity, where required.

Concentration risk – MIFIDPRU 5.3

The Firm does not conduct any trading on own account and does not have regulatory permissions for dealing as principal. The Firm therefore does not have any concentration risks on or off-balance sheet.

Liquidity – MIFIDPRU 6

The Firm always maintains minimum liquidity in compliance with the Basic Liquid Asset Requirement (BLAR), being at least 1/3 of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the ICARA, the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

OWN FUNDS

Own funds resources

In line with MIFIDPRU 8.4 the Firm has prepared the reconciliation of own funds in line with MIFIDPRU 8 Annex 1 as follows:

Composition of regulatory own funds			
#	Item	Amount	Source
1	OWN FUNDS		
2	TIER 1 CAPITAL		
3	COMMON EQUITY TIER 1 CAPITAL		
4	Fully paid-up capital instruments	£ 207	Eligible Members Capital
5	Share premium	-	-
6	Retained earnings	£168,805	-
7	Accumulated other comprehensive income	-	-
8	Other reserves	-	-
9	Adjustments to CET1 due to prudential filters	-	-
10	Other funds	-	-
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	-
19	CET1: Other capital elements, deductions and adjustments	£	Eligible Members Capital

Own funds: reconciliation of regulatory own funds to balance sheet in the financial statement				
		a	b	c
	Item	Balance sheet as in the financial statements	Under regulatory scope of consolidation	Cross reference to own funds table
Assets – Breakdown by asset classes according to the balance sheet in the financial statements				
1	Tangible Assets - Equipment			
2	Cash	£113,388		
3	Accrued income (debtors)	£75,250		
4	Prepayments			
5	Other debtors			
6	Other current assets			
	Total Assets	£188,638		
Liabilities – Breakdown by liability classes according to the balance sheet in the financial statements				
1	Trade creditors (within one year)	£19,627		
2	Other current liabilities			
	Total Liabilities	£19,627		
Shareholders' Equity				
1	Eligible Members Capital			Section 3.1
	Total Shareholders' equity	£169,012		

Own funds requirements

The Firm calculates its own funds requirements as an SNI firm in line with the rules and requirements in MIFIDPRU 4.3 for SNI firms.

Own Fund Threshold Requirement (OFTR)		
Minimum Own Funds Requirement		
A	Permanent Minimum Requirement ("PMR")	£75,000
B	Fixed Overhead Requirement ("FOR")*	£106,908
C	Minimum Own Funds Requirement (higher of (A) and (B))	£106,908

Firm Capital Requirement	£	106,908
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*To be conservative, we used the full reported costs in the August 2023 Income Statement of £427,633/4. In addition, the Firm has completed its ICARA and analysis to determine its net wind-down requirements and any additional own fund requirements to fund its on-going operations.

The Firm's risk appetite statement and assessment of risks through its risk management framework and risk register form the basis of its ICARA and assessment of the overall financial adequacy rule in line with MIFIDPRU 7.4.7.

The Management Board reviews, challenges, and approves the ICARA and conclusions of own funds requirements.

REMUNERATION ARRANGEMENTS

The Firm has adopted a remuneration policy and procedures that comply with the requirements of chapter 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC").

In accordance with MIFIDPRU 8.6.2 the Firm makes the following qualitative remuneration disclosures:

- The Firm's remuneration policies and practices are reviewed annually to ensure they are appropriate and proportionate to the nature, scale, and complexity of the risks inherent in the business model and the activities of the firm.
- The Management Board, as the Remuneration Committee, is directly responsible for the overall remuneration policy.
- The Firm ensures that its remuneration structure promotes effective risk management and balances the fixed and variable remuneration components for all Staff.
- Variable remuneration is adjusted in line with capital and liquidity requirements as well as the firm's performance.

Fundhouse Remuneration Policy sets out the criteria for setting fixed and variable remuneration. All remuneration paid to staff members is clearly categorised as either fixed or variable remuneration.

Fixed remuneration is based upon a staff member's professional experience and organisational responsibility. It is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration is based upon Firm's annual performance and staff members performance or, in exceptional cases, other conditions.

Total remuneration is based on balancing both financial and non-financial indicators together with the performance of the Firm and the staff member's business unit contribution to the Firm's performance.

The Firm ensures that fixed and variable components of the total remuneration are appropriately balanced; and the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration.

The Firm monitors fixed to variable compensation to ensure SYSC 19G is adhered to with respect to Total Remuneration.

Quantitative Remuneration

All firms are required to publicly disclose certain quantitative information in relation to the levels of remuneration awarded.

As an SNI firm and in accordance with MIFIDPRU 8.6.8, Fundhouse is required to disclose the total amount of remuneration awarded to all staff, split into fixed and variable remuneration.

For the performance year ending 31 August 2023:

- Total fixed remuneration awarded £407026
- Total variable remuneration awarded £0
- Total remuneration awarded £407026