

Millennium Capital Partners LLP – 2023 MIFIDPRU 8 Disclosures

The following disclosures are made pursuant to the United Kingdom Financial Conduct Authority (“**FCA**”) Prudential Sourcebook for MiFID investment firms (“**MIFIDPRU**”) by Millennium Capital Partners LLP (the “**Firm**”). The Firm is authorised and regulated by the FCA and is categorised as a MIFIDPRU Investment Firm as defined in section 143A of the Financial Services and Markets Act 2000. The Firm is not a small, non-interconnected firm for the purposes of MIFIDPRU and meets the conditions specified in rule 19G.1.1R (2) of the Senior Management Arrangements, Systems and Controls Sourcebook of the FCA Handbook (“**SYSC**”).

The Firm is part of a group of related entities which provide asset management services globally, referred to herein as “**Millennium**”, and is engaged as a sub-advisor to certain related entities to provide discretionary investment management services to a number of private investment funds (together, the “**Fund**”). In addition to its own resources and systems, the Firm utilises the resources, systems, and personnel of other entities within Millennium, including those of its managing member, Millennium Capital Management Limited (“**MCML**”), and therefore in certain contexts references to the Firm should be read to include references to the Firm’s utilisation of and reliance upon the resources, systems, and personnel (as applicable) of MCML and Millennium as a whole.

This document is organised into the following sections:

- Section 1: Risk Management Objectives and Policies (MIFIDPRU 8.2).
- Section 2: Governance (MIFIDPRU 8.3).
- Section 3: Own Funds (MIFIDPRU 8.4 and 8.5).
- Section 4: Remuneration Policy and Practices (MIFIDPRU 8.6).

Unless otherwise stated, information set out herein is provided as at 31 December 2023 (the “**Reference Date**”).

1. Risk Management Objectives and Policies

1.1 Risk Management Objective

The board of the Firm (the “**Governing Body**”) has overall responsibility for the management and governance of the risk of the Firm. The Governing Body oversees the Firm’s risk management framework with the objective of maintaining an effective program for the identification, assessment and mitigation of applicable risks in a manner that is proportionate to the nature, scale and complexity of the Firm’s business.

The Governing Body has assessed the Firm’s overall appetite for risk in the operation of its business, seeking to align such appetite for risk with the Firm’s business strategy, which is to manage the portion of the Fund’s assets allocated to it in accordance with the Fund’s investment objectives. To that end, the Firm has considered the risks identified pursuant to the Firm’s Internal Capital Adequacy and Risk Assessment (“**ICARA**”) process and assessed the potential for those risks to impair the Firm’s business strategy, taking into account the impact of mitigating controls. Pursuant to such assessment, the Firm has developed a statement of risk appetite under which inherent risks should be mitigated through

appropriate controls and mitigation such that no residual risk remains assessed as critical pursuant to the Firm's internal risk assessment methodology.

1.2 Key Risk Categories

In accordance with MIFIDPRU 8.2, the following section summarises the Firm's approach to risk management in relation to the categories of risk addressed by MIFIDPRU 4 (own funds requirements), MIFIDPRU 5 (concentration risk) and MIFIDPRU 6 (liquidity risk). All risks set out below are considered in more detail as part of the Firm's ICARA process.

Operational Risk

Operational Risk is the risk of loss caused by inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk. The Firm seeks to minimise operational risk through its risk governance and operational risk framework. On an annual basis, the Firm identifies and assesses its key risks, taking into consideration the design and effectiveness of controls, as part of the ICARA process, which facilitates the Firm's assessment of whether any additional own funds or liquid assets are required in respect of residual risks.

Regulatory Risk

Regulatory risk is the risk that (i) an employee of the Firm engages in conduct which could amount to market abuse, (ii) the Firm engages in, is used to facilitate, or fails to detect financial crime, or (iii) the Firm fails to comply with applicable regulatory requirements. The Firm has a robust compliance program in place, and a clear organisational and governance structure to mitigate this risk.

Business Risk

Business risk is the risk of loss inherent in the relevant operating, business and industry environment, which may impact a firm's ability to carry out its business plan or desired strategy. The Firm's primary exposure to business risk relates to the risk of termination of related-entity contractual arrangements for investment management, which could arise, for example, if increased costs driven by changes in government policies, regulation or tax made it unviable to continue such contractual arrangements. While such risk is assessed to be low, this scenario is considered in detail as part of the ICARA process, which includes stress testing and wind-down planning to determine the adequacy of the Firm's own funds and liquid assets in that eventuality.

Market Risk

Market risk refers to the potential for uncertainty and losses due to fluctuations in market-driven factors such as interest rates, credit spreads, foreign exchange, commodity prices, and equity prices. The Firm does not have a proprietary trading book and does not carry any material interest rate risk in its non-trading book. The Firm's exposure to market risk relates primarily to any unhedged currency exposure on the balance sheet of the non-trading book.

Concentration Risk

Concentration risk is the risk that may arise from the extent of a firm's relationships with, or direct exposure to, a single client or group of connected clients. In the case of the Firm, this risk primarily relates to the risk of termination of related-entity contractual arrangements, as described above under "business risk" and considered in detail as part of the ICARA process. In addition, credit concentration risk could

arise in respect of cash held with banking service providers and as a result of related-entity receivables. This risk is managed through measures including regular analysis of funding requirements, and regular monitoring and review of the creditworthiness of the Firm's main banking service providers, which are global banking institutions.

Liquidity Risk

Liquidity risk is the risk that a firm, although solvent, either does not have available sufficient financial resources in readily realisable form to enable it to meet its obligations as they fall due, or is only able to access such resources at excessive and/or punitive cost. Such risk could materialise in the event of failure of a banking institution at which the Firm's liquid assets were held. To manage this risk, cash is held at reputable global banks with high credit ratings and exposures are monitored with established escalation protocols designed to deal with material adverse events.

Further scenarios in which liquidity risk could materialise include: inability to convert assets into liquid assets within a reasonable timeframe, including due to legal or operational restrictions; liquid assets not being denominated in the same currency as required material outflows; material mismatches between the maturity of assets and liabilities; and the unanticipated requirement to make a material payment in short order. A range of controls are maintained in respect of such liquidity risks, including scenario and stress testing of cash flow forecasts included as part of the ICARA process.

1.3 Risk Management Policies and Procedures

In addition to the specific risk management arrangements described above, the Governing Body oversees a range of generally applied risk management approaches (utilising, where appropriate, the risk management policies and procedures of Millennium). Such risk mitigations include the following:

- Risk management policies and procedures aimed at managing risks relating to trading and portfolio management, including tailored investment guidelines specifying defined risk parameters, exposure tolerances and portfolio management standards for each applicable portfolio.
- The Firm's organisational structure, which is designed to facilitate functional independence and the management of internal conflicts of interest through arrangements such as ensuring that control functions are independent from the business units they control.
- The Firm's independent compliance function, which maintains policies and procedures that are reinforced through regular training and ongoing monitoring.
- The management information systems of the Firm and Millennium, which are designed to ensure timely escalation of material information to senior management and, where appropriate, the Governing Body.

1.4 Effectiveness of the Risk Management Framework

The Governing Body reviews the effectiveness of the Firm's risk management framework on an ongoing basis and at least annually in connection with the ICARA process. Such review is informed by regular meetings with senior management during which material developments impacting the Firm's risk profile may be brought to the attention of the Governing Body. Such periodic and ongoing assessment of the Firm's risk profile facilitates the Governing Body's ongoing assessment as to whether the risk management framework remains appropriate and whether sufficient own funds and liquid assets are maintained.

2. Governance

As a MIFIDPRU Investment Firm, the Firm is subject to the organisational requirements in SYSC 4.3A.1R.

Under SYSC 4.3A.1R, the Firm must ensure that the Governing Body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, in a manner that promotes the integrity of the market and the interests of the Firm's clients.

Pursuant to the above, the Governing Body maintains ultimate oversight of the governance and operation of the Firm, with a view to ensuring:

- Effective and prudent management
- Appropriate financial and operational controls; and
- Compliance with the requirements of the regulatory system.

Under the Firm's governance arrangements, the Governing Body seeks to ensure that conflicts between the interests of the Firm and the interests of a client (or, where applicable, between the interests of multiple clients) are avoided or managed appropriately in a manner that promotes the integrity of the market and the interests of clients. This is achieved through measures including (i) the adoption, and periodic review, by the Governing Body of a conflicts of interest policy which identifies relevant areas of the Firm's business that could give rise to such conflicts and the various mitigants that the Firm has put in place either to avoid such conflicts or to manage them such that the risk of prejudice to the Firm's clients has been reduced to an appropriate level; and (ii) the establishment of specific procedures for managing ad hoc conflicts that arise which are not covered by the Firm's conflicts of interest policy.

The Governing Body meets at least quarterly, in connection with which it receives reports from management in relation to key business and oversight areas. The Governing Body is assisted by the Firm's oversight functions, including compliance, risk management, human resources and finance, which are responsible for the implementation and maintenance of a range of oversight policies and procedures, as well as the timely provision of management information to the Governing Body on an ongoing basis.

These arrangements assist the Governing Body in efforts to ensure that:

- It properly monitors, assesses and makes changes in respect of any deficiencies found in relation to: (i) the adequacy/implementation of the Firm's strategic objectives; (ii) the effectiveness of the Firm's governance arrangements; and (iii) the adequacy of policies relating to the provision of services to clients.
- It has adequate access to information and documents which are needed to oversee and monitor senior management decision-making.

While the Firm is not required to maintain a risk committee under MIFIDPRU 7.3.1R, the Governing Body's oversight and management with respect to risk is further supported by Millennium's global oversight committees and risk management function, which operate across Millennium.

The Firm values the innovation and creativity that diversity of thought brings to the Firm and believes that diversity and inclusion play a critical role in effective governance and positive business outcomes. The objectives of the Firm's policy with respect to diversity within the Governing Body include the objective of ensuring that (i) the members of the Governing Body possess a wide range of knowledge, skills,

experience and personal qualities in order to advance the Firm's business strategy; and (ii) the criteria defined for any vacancy on the Governing Body do not place any candidate with a protected characteristic at a disadvantage.

Appointments to the Governing Body are made on merit against objective criteria defined on a case-by-case basis in light of the specific vacancy, consisting of skills, experience, knowledge and personal qualities, having regard to the objectives described above. The Governing Body reviews and assesses the extent to which such objectives have been achieved on an ongoing basis.

None of the members of the Governing Body held additional directorships falling within the scope of MIFIDPRU 8.3.1R (2) as at the Reference Date.

3. Own Funds

3.1 Own Funds Disclosure under MIFIDPRU 8.4 and 8.5

Please refer to Appendix 1, which sets out:

- Details of the Firm's K-Factor Requirement ("**KFR**") and fixed overheads requirement ("**FOR**") as at the Reference Date in accordance with MIFIDPRU 8.5.1R.
- Details of the Firm's own funds, including their composition and main features in accordance with MIFIDPRU 8.4.1R.

3.2 Approach to Assessing Adequacy of Own Funds

The Firm monitors its own funds and liquid assets levels on an ongoing basis and details are presented to the Governing Body at least quarterly to ensure adherence to the required levels. An early warning system is maintained to enable the Governing Body to be alerted in the event that the own funds or liquid assets currently held fall below specified thresholds in excess of the required levels.

In addition, on an ongoing basis and at least annually in connection with the ICARA process, the Firm assesses the adequacy of its own funds and liquid assets by reference to its assessment of applicable risks.

In relation to the above, as part of the ICARA process, the Firm undergoes a risk identification process, which involves consideration of plausible hypothetical scenarios that may occur in relation to the activities that the Firm carries on, including the possibility that certain scenarios may occur simultaneously or that there may be a correlation between connected scenarios.

Identified risks are initially assessed on an inherent basis by reference to the likelihood of materialisation and the severity of harm that could arise in the event of materialisation, taking into account both financial and non-financial impacts. Harm is considered from the perspective of the Firm, its clients and the markets in which it operates. The initial assessment is performed on the basis of severe but plausible assumptions and without reference to the impact of potential mitigations. Each risk is allocated an inherent rating of limited, moderate or critical.

The impact of controls and mitigation is then considered, which includes assessment of the efficacy of the control or mitigation and the ability of the control or mitigation to materially reduce the likelihood or severity of the relevant risk. The inherent risk ratings applied at the risk identification stage are then

reassessed to take into account the impact of available controls and mitigations, and thereafter each risk is allocated a residual rating using the taxonomy described above.

Such residual risk ratings are then evaluated to determine whether it may be necessary or prudent for the Firm to hold additional own funds or liquid assets, including in circumstances in which residual risk ratings fall outside the Firm's statement of risk appetite and other appropriate, proportionate mitigating measures cannot be identified.

This process facilitates the Firm's adherence to the overall financial adequacy rule under MIFIDPRU 7.4.7R to hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that (i) the Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and (ii) the Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

4. Remuneration Policy and Practices

The following disclosures are made pursuant to the remuneration policy and practices requirements under MIFIDPRU 8.6 (the "**Remuneration Rules**").

4.1 Overview

The Firm's approach to remuneration has been developed by the Governing Body and is documented in the Firm's remuneration policy (the "**Remuneration Policy**"). Its practices are designed to be consistent, to the extent possible, with Millennium's global approach, aiming to ensure close alignment of interests between the Firm and the investors in the Fund. Such approach is designed to reflect the nature and complexity of the Firm's business and its business strategy.

The Firm operates in a highly competitive global business environment, with recruitment and retention of talented employees being an important aspect of the Firm's business strategy. Thus, a key objective of the financial incentives offered to the Firm's personnel is to reward performance in the context of the individual's role, focusing, as appropriate, on the individual's contribution to positive client outcomes within the framework of a strong culture of risk management, compliance, and respect for the markets in which the Firm operates.

The total amount of an individual's variable remuneration is generally based on a combination of the performance of the individual and the individual's business unit, taking into account the overall results of the Firm. Further information regarding the factors that may be relevant in this assessment is set out in section 4.5.

4.2 Governance

The Governing Body has developed the Remuneration Policy with input from the Firm's control functions and business units. The Remuneration Policy is designed to avoid or mitigate conflicts of interest, encourage responsible business conduct and promote risk awareness and prudent risk taking.

The Governing Body oversees the implementation of the Remuneration Policy, including oversight to ensure that the fixed and variable components of total remuneration are appropriately balanced and to

ensure appropriate consideration of financial and non-financial factors in the assessment of performance related bonuses. The Governing Body reviews the Remuneration Policy periodically as necessary and no less frequently than annually.

4.3 Identification of Material Risk Takers

Material risk takers (“**MRTs**”) are identified as those individuals whose professional activities are deemed to have a material impact on the Firm’s risk profile or the assets it manages in accordance with the criteria set out in the Remuneration Rules.

The Firm carried out a detailed assessment of the applicable requirements for the identification of MRTs, including the factors and indicators specified in SYSC 19G.5.3R to 19G.5.5G. The Firm considered all types of roles that may have a material impact on the Firm’s risk profile or the assets it manages, using the categories of staff referred to in SYSC 19G.5.3R as a starting point, and taking into account all types of risk involved in the Firm’s professional activities.

Pursuant to this process, as at the date hereof the Governing Body classifies eight individuals as MRTs. Such MRTs fall within the following categories of personnel:

- Members of the Governing Body.
- Heads of global or regional trading business units, including Execution Services.
- Individuals with responsibility for Compliance, IT and Risk.

4.4 Key Characteristics of Remuneration Policies and Practices

The Firm’s remuneration policies and practices are designed to reflect the nature, scale and complexity of the Firm’s business, as well as the key risks impacting the Firm and the assets it manages. To that end, such policies and practices seek to reflect a number of general principles including the following:

- Remuneration policies and practices should be appropriate and proportionate to the nature, scale and complexity of the risks inherent in its business model and activities.
- Remuneration policies and practices should be gender neutral.
- Remuneration policies and practices should be consistent with, and promote sound and effective, risk management.
- Remuneration policies and practices should be in line with the Firm’s business strategy, objectives and long-term interests.
- Remuneration policies and practices should contain measures to manage conflicts of interest, encourage responsible business conduct, and promote risk awareness and prudent risk taking.
- Remuneration policies and practices should seek to ensure that total variable remuneration (i.e., bonuses paid) does not compromise the Firm’s ability to ensure a sound capital base.
- Remuneration policies and practices should seek to ensure that where financial performance is subdued or negative, total variable remuneration will generally be considerably contracted.

4.5 Components of Remuneration

Personnel remuneration is made up principally of salary and benefits (fixed components) and bonus (variable component), each as discussed in further detail below. The Firm seeks to ensure that the ratio of variable to fixed remuneration is appropriately balanced such that the balance does not lead personnel

to favour their own interests, or those of the Firm, ahead of the interests of the Firm's clients. In respect of MRTs, the Governing Body has established a maximum ratio between the fixed and variable components of remuneration, which takes into account the Firm's business activities and associated prudential and conduct risks and the impact of such MRTs on the risk profile of the Firm and the assets it manages.

Salary levels are determined according to factors including the individual's professional experience and organisational responsibility. Benefits, such as private medical insurance, are generally offered to all personnel and aim to enhance wellbeing and productivity, as well as to allow the Firm to remain competitive as an employer within the context of industry practice.

Variable remuneration awards are determined based on the performance of the individual, as well as the performance of the relevant business unit, taking into account the overall results of the Firm. Such performance assessment takes into account both financial and non-financial criteria.

In relation to individuals, performance assessment may include consideration of the individual's contribution to achieving positive client outcomes, performance in line with business strategy, adherence to the Firm's risk management framework and compliance with applicable rules, policies and procedures. In addition, in respect of financial criteria, variable remuneration awards for certain investment professionals are determined with reference to the performance of the investment portfolio(s) they manage or assist in managing, thereby ensuring alignment of interest between the individual and the Firm's clients. Such individuals' investment management activities are subject to prescriptive risk controls and other mechanisms, which together assist in ensuring that any financial performance and relevant variable compensation awards reflect appropriate risk considerations over a multi-year period.

In relation to business units, performance assessment may include consideration of the business unit's contribution to revenue generation and/or efficiency savings, contribution to the Firm's business strategy, accomplishment of strategic goals, and compliance related performance. In respect of the Firm as a whole, as well as overall financial performance and capital adequacy, performance assessment may refer to accomplishment of strategic goals, overall adherence to risk appetite, and market reputation.

4.6 Risk Adjustment

Variable remuneration is generally determined annually at the end of the calendar year, which coincides with the Firm's business cycle, allowing pertinent current and future risks applicable to the Firm and its business units to be factored into the quantum of the relevant awards.

The Firm retains the right to make ex-post adjustments to variable remuneration awarded to MRTs through clawbacks and malus (where there is any deferral or partial deferral of bonuses) for up to three years following the relevant award. This right may be exercised in the event that additional facts and circumstances come to light following an award of variable compensation that are relevant to the assessment of the individual's performance during the assessment period. This could include a scenario in which an MRT participated in or was responsible for conduct which resulted in significant losses or reputational damage to the Firm, its clients or the markets in which it operates, or otherwise failed to meet appropriate standards of fitness and propriety.

4.7 Guaranteed Variable Remuneration and Severance Awards

Awards of guaranteed variable remuneration are generally only made in the context of hiring new personnel or otherwise where it is determined that such an award is in the interests of the Firm and its clients and does not compromise the Firm's capital base. In respect of MRTs, such guaranteed awards are limited to the first year of service.

Where payments are made in connection with employment termination, amounts awarded will be designed to reflect performance achieved over time and to avoid rewarding failure.

4.8 Quantitative Disclosures

Quantitative disclosures pursuant to MIFIDPRU 8.6.8R in respect of the year ended 31 December 2023 are set out in Appendix 2.

APPENDIX 1

The following table summarises the Firm's KFR and FOR as at the Reference Date in accordance with MIFIDPRU 8.5.1R.

K-Factor Requirement (calculated in accordance with MIFIDPRU 4.6)	The Firm's KFR is:	The Firm's KFR can be further broken down as follows:
	£2.8m	the sum of: - the K-AUM requirement; - the K-CMH requirement; and - the K-ASA requirement, which is: <p style="text-align: right;">£0.7m</p>
		the sum of: - the K-COH requirement; and - the K-DTF requirement. which is: <p style="text-align: right;">£2.1m</p>
		the sum of: - the K-NPR requirement; - the K-CMG requirement; - the K-TCD requirement; and - K-CON requirement, which is: <p style="text-align: right;">£0</p>
Fixed Overheads Requirement	The Firm's FOR, calculated in accordance with MIFIDPRU 4.5, is £83.7m	

Composition of Regulatory Own Funds

Item	Amount (GBP thousands)	Source based on reference numbers / letters of the balance sheet in the audited financial statements
OWN FUNDS	207,584	
TIER 1 CAPITAL	207,584	
COMMON EQUITY TIER 1 CAPITAL	207,584	
Fully paid up capital instruments	10,300	A9
Share premium		
Retained earnings	197,174	A10
Accumulated other comprehensive income		
Other reserves		
Adjustments to CET1 due to prudential filters		
Other funds		
(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
CET1: Other capital elements, deductions and adjustments		
ADDITIONAL TIER 1 CAPITAL	0	
Fully paid up, directly issued capital instruments		
Share premium		
(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
Additional Tier 1: Other capital elements, deductions and adjustments		
TIER 2 CAPITAL	0	
Fully paid up, directly issued capital instruments		
Share premium		
(-) TOTAL DEDUCTIONS FROM TIER 2		
Tier 2: Other capital elements, deductions and adjustments		

**Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet
in the Audited Financial Statements**

		a	b	c template OF1
		Balance sheet as in published / audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
		As at period end	As at period end	
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Tangible Fixed Assets	636		
2	Investment in Subsidiary	6,022		
3	Cash and cash equivalents	142,163		
4	Debtors	692,255		
	Total Assets	841,076		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
5	Creditors: amounts falling due within one year	553,157		
6	Creditors: amounts falling due after more than one year	6,348		
	Total Liabilities	559,505		
Shareholders' Equity				
7	Loans and other debts due to members	74,097		
8	Members capital	197,174		
9	Members capital interests	10,300		
	Total Shareholders' equity	281,571		

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

The CET 1 instruments issued by the Firm consist of LLP members' capital. The instruments have been issued on an ad hoc basis as and when new LLP members have been admitted or when the Firm has required additional capital. The LLP members' capital does not have a nominal value. Its value reflects the amount paid in by the relevant member. Under the terms of the Firm's LLP Agreement, the LLP members' capital is non-convertible and perpetual (it does not have a maturity date), carries no right to dividends, coupon or other forms of income (instead, LLP members may, at the discretion of the Firm be awarded a share in the profits of the Firm at the end of the financial year) and is subject to restrictions on withdrawal in accordance with the requirements of MIFIDPRU 3.3.17 R.

APPENDIX 2

Unless otherwise stated, information is provided in respect of the year ended 31 December 2023. The Firm has relied on MIFIDPRU 8.6.8R (7)(b) in respect of the obligation under MIFIDPRU 8.6.8R (5)(a) (disclosure of guaranteed variable remuneration awards to MRTs) to prevent individual identification of an MRT. The relevant awards, if disclosed, could be associated with a particular MRT or enable an MRT to be identified, since aggregation pursuant to MIFIDPRU 8.6.8R (7)(a) would still lead to the disclosure of information about one or two individuals.

Rule Reference	Disclosure			
MIFIDPRU 8.6.8R (3)	Total MRTs identified under SYSC 19G.5 as at the Reference Date: 8.			
MIFIDPRU 8.6.8R (4)(a)-(c)	Category	Fixed	Variable	Total
	Senior Manager MRTs	£745,423	£76,166,521	£76,911,944
	Other MRTs	£515,345	£9,205,364	£9,720,709
	Other Staff	£118,833,881	£495,063,712	£613,897,593
MIFIDPRU 8.6.8R (5)(c)	Highest severance payment awarded to an MRT: N/A			