



MIFIDPRU 8 Disclosure

Based on audited financial statements for the year ending 31 December 2024

1. Scope and purpose

This disclosure relates to Cambridge Investments 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.

A Conflicts of Interest Policy and Register is in place to manage and promote integrity of the market, and the best interests of clients. To support the governing body to achieve 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.

The Firm is not required to establish Risk, Remuneration or Nomination Committees as part of its governance arrangements, as set out in MIFIDPRU 7.1.4R.

2.1 Governance Structure

The responsibility for governance and business oversight of Cambridge Investments rests with its directors and the relevant FCA Approved Persons. The terms of reference of the Board requires it to meet formally at least twice a year, but further meetings may take place to sign off key regulatory documents, including the ICARA.

The Board is responsible for promoting the long-term success of Cambridge, approving the overall strategy and business plan and ensuring an appropriate system of internal control and risk management.

An Investment Committee meets on a quarterly basis and plays a key role in supporting the Board by providing oversight and guidance on investment-related matters.

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

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.

Member of the management body	Number of directorships held (executive and non-executive) (details of modifications/waivers if applicable)
Julie Hepworth	41
James Bruce	1

2.3 Diversity statement

Cambridge Investments 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, there is an aim to promote diversity on the management body.

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 two 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.

Own funds requirements

In determining the Firm's own funds requirement, Cambridge 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 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.

Market risk

Like all financial services businesses, the Firm is exposed to downturns in the market. The Firm tries to mitigate this through a close focus on costs and through ongoing investment-oriented communications with both financial planners and end investors to Cambridge's investment strategies. The underlying investment approach is typically one that embraces a diversified mix of the major asset classes. The diversified approach to portfolio construction reduces the direct impact on Cambridge's income from equity market downturns and the ability to continue ongoing operations or conduct an orderly wind down.

Market sensitivity is factored into our financial modelling, an area which is reported to the Board on a monthly basis in order to help the company understand the financial impact of market downturns.

Operational risk

The Firm is exposed to the risk of disruption to its operations arising from system failures, inadequate processes or management stretch. This risk is mitigated by having policies and procedures in place and ensuring the business has a strong, experienced and capable senior management team who work alongside a number of key external relationships who support the Firm in times of difficulty.

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 risk of liquidity impacting the firm is limited due to the Firm not dealing on its own account, it does not hold client money and the Firm's assets are deemed to be readily realisable with the vast majority being held either in cash or by way of recoverable intercompany loans. At the year end, the company had no external debt and sufficient liquid cash reserves to finance

the working capital of the company. The Firm has undertaken that in the future 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.

Credit risk

The Firm's credit risk is primarily attributable to its trade receivables. A rigorous system of credit controls is applied, and receivables are continually monitored. The amounts presented in the balance sheet are net of allowances for doubtful debts.

4. Own Funds

Cambridge's own funds consist entirely of CET1 capital. Throughout 2024, and at the Firm's financial year end on 31 December 2024, the Firm remained in compliance with all regulatory capital requirements, including the IFPR.

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

MIFIDPRU 8 Annex 1 template

Composition of regulatory own funds			
	Item	Amount (GDP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	10193	Note 15 & 16
2	TIER 1 CAPITAL	10193	Note 15 & 16
3	COMMON EQUITY TIER 1 CAPITAL	10193	Note 15 & 16
4	Fully paid-up capital instruments	-	
5	Share premium	-	
6	Retained earnings	10191.6	
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	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	

25	TIER 2 CAPITAL	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and Adjustments	-	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial Statements

Figures are given in GBP thousands unless noted otherwise.

		A	B	C
		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 assets	4.4		Note 10
2	Trade debtors	735.0		
3	Amounts owed by Group undertakings	7965.0		
4	Other debtors	252.4		
5	Prepayments and accrued income	82.7		
6	Deferred taxation	1.6		
7	Cash at bank and in hand	1370.0		Note 12
	Total Assets	10411.1		

Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements

1	Trade creditors	52.0		
2	Other taxation and social security	6.2		
3	Other creditors	4.6		
4	Accruals and deferred income	155.8		
	Total Liabilities	218.6		Note 13

Shareholders' Equity

1	Ordinary shares	1		Note 15
	Total Shareholder's equity	1		

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 (GDP thousands)
Permanent minimum capital requirement	75
Fixed overhead requirement	2097
K-Factor requirement	553.3

5.1 Overall K-factor requirement

As required by MIFIDPRU 8.5, the firm is required to include the K-factor requirement as part of its Own Funds Requirement. Details of the applicable K-factors have been listed below:

Assets for which the firm is responsible		
K-Factor	Requirement (GDP thousands)	The sum of (GDP thousands)
K-AUM (Assets under management)	0.02% of the AUM (2,766,516)	553.3 (as at 31/12/24)

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.

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.

When considering individual performance, the Firm considers both financial and non-financial metrics. To not 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 is required to implement and maintain 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.

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
James Bruce, Investment Manager and Board member	2	
Julie Hepworth, Board member		

Risk adjustment and variable remuneration

The Firm can use clawbacks and malus, which are written into employee contracts, on variable remuneration paid to mitigate against the risk of misconduct, poor performance or a decrease in profits. Variable remuneration is structured to reward long term observance to the Firm's values.

In determining whether to apply malus or clawback provisions or adjustments, the Firm will consider the following circumstances:

- Where the employee received the award based on materially inaccurate audited publicly reported financial statements
- Where the employee knowingly engaged in providing materially inaccurate information relating to audited publicly reported financial statements; or
- Where the employee materially violated any risk limits established or revised by senior management and/or risk management; or
- Where the employee engaged in gross misconduct.
- Where an employee failed to comply with their obligations, or has engaged in behaviour or misconduct that breaches their obligations
- Where the employee 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 employee 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 employee 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.

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.

Remuneration components

All components of remuneration are categorised as either fixed or variable.	
Fixed	Variable
Salary	Discretionary bonus
Drawing on fixed profit shares	Discretionary pension benefits
	Carried interest

6.2 Quantitative disclosures

Total Remuneration (GDP thousands)				
Remuneration Type	Senior management	Other material risk takers	Other Staff	Total
Number	1	1	3	6
Fixed remuneration	88.5	0	109.2	197.7
Variable remuneration	3	0	2.7	5.7
	91.5	0	111.9	£203.4

Guaranteed Variable Remuneration	
Total amount during the financial year	Number of material risk takers receiving awards;
-	-

Severance Payments	
Total amount made during the financial year	Number of material risk takers receiving awards
-	-

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