TAM Asset Management Limited

MIFIDPRU Disclosure 2023

TAM Asset Management Limited

Authorised and regulated by the Financial Conduct Authority (208243). Registered in England (4077709).
Registered Office: 10th Floor, City Tower, 40 Basinghall Street, London, EC2V 5DE

www.tamassetmanagement.com

1. EXECUTIVE SUMMARY

TAM Asset Management Ltd, referred to as "TAM," "the Firm," or "the Company," holds authorisation and regulation from the Financial Conduct Authority. Operating in accordance with the regulatory capital and liquidity standards for investment firms outlined in the FCA's Prudential sourcebook for MiFID Investment Firms (MIFIDPRU), TAM is classified as a non-SNI MIFIDPRU firm. This document serves to outline the required disclosures under MIFIDPRU, covering risk management procedures, capital status, and remuneration details for TAM.

As 31st October 2023, the Firm's total capital resources amount to £1.27 million, surpassing the minimum Own Funds Requirement of £0.59 million by 133%. This iteration of the document relies on audited financial results for the period up to 31st October 2023, with additional details available in the 'Basis of disclosure' section.

For a comprehensive understanding, it is recommended to read this document in conjunction with TAM's Financial Statements for the 10-month period to October 2023. These statements provide extensive insights into the Firm's business, the markets it operates in, and its strategic approach.

1.1 Introduction

The Investment Firms Prudential Regime ("IFPR") is the Financial Conduct Authority's (FCA) prudential framework for MiFID investment firms, which became effective on January 1st, 2022. IFPR delineates the obligations concerning governance, risk management, remuneration, capital, and liquidity. These obligations are detailed in the FCA's prudential sourcebook for MiFID investment firms, known as "MIFIDPRU".

The purpose of this document is to outline the public disclosures as of October 31st, 2023, pertaining to TAM Asset Management Limited, in accordance with the requirements stipulated for non-significant non-SNI firms as set forth in chapter 8 of the FCA's MIFIDPRU rulebook.

These disclosures are:

- MIFIDPRU 8.3 - Governance arrangements
- MIFIDPRU 8.2 - Risk Management Objectives and Policies
- MIFIDPRU 8.4 and 8.5 - Own Funds and Own Funds Requirements
- MIFIDPRU 8.6 Remuneration Policies and Practices

1.2 Basis of Disclosure

This document sets out the public disclosures of the Firm in accordance with the requirements set out in MIFIDPRU 8.1.13. The disclosures have not been audited and do not form part of the annual audited financial statements and should not be relied upon in making any judgement about the financial position of the Firm.

Unless otherwise stated all figures are as at 31st October 2023, which is based on the Firm's audited results. The Firm has recently changed its financial year end (see below).

1.3 Frequency of Disclosure

Public disclosures are published annually and as soon as practicable after the signing of the Firm's audited Financial Statements. The Firm pays particular attention to the need to publish some, or all disclosures more frequently than annually based on the relevant characteristics of the business.

The Firm has changed its financial year end from 31st December to 31st October. The first Financial Statements to 31st October 2023 covered a ten-month period. Unless otherwise noted, the disclosures in this document are based on the audited Financial Statements for the ten month period to 31st October 2023.

Means of Disclosure

This document is published on the 'Legal and regulatory' section of the Firm's website.

Scope of Application

This disclosure is made with reference to TAM Asset Management Limited only in line with the Public Disclosure requirements.

2. Governance arrangements (MIFIDPRU 8.3)

TAM strives to foster a culture centred on compassion, fairness, and progressiveness. These principles form the basis for TAM's governance framework and risk management practices, emphasizing a dedication to acting in the best interests of clients. Furthermore, TAM carefully considers the preservation of market integrity and the protection of the interests of various stakeholders.

2.1 Governance structure

TAM Asset Management Ltd (TAM) is an independent asset management company majority owned by Amber River Group Limited

TAM's governance structure is designed to ensure effective risk management and aligns oversight with management responsibility. The Board, led by the CEO, holds ultimate responsibility for risk oversight and management. It delegates day-to-day risk management to the Chief Executive Officer and the Executive Committee, supported by various committees to review key risks and develop mitigation strategies.

- *Executive Management Committee*
- *Compliance and Risk Committee*. While it is not required under MIFIDPRU 7.3.1R to establish a risk committee, TAM has established one as it is a non-SNI firm that meets the conditions set out in MIFIDPRU 7.1.4R
- *Product and Governance Committee*
- *Investment Committee*

The Board maintains a balance between executive and non-executive directors. It meets at least four times a year, supplemented by ad-hoc meetings as needed. Business departments are accountable for preparing reports circulated a week in advance.

The governance framework oversees the business to ensure alignment with TAM's risk management, conflict of interest, and compliance policies. The Board ensures risks are identified and taken within the approved appetite levels.

In accordance with SYSC4.3A.1R, TAM's Board:

(1) Have overall responsibility for the firm.
(2) Approve and oversee the implementation of the firm's strategic objectives, risk strategy and internal governance.
(3) Ensure the integrity of the firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system.
(4) Oversee the process of disclosure and communications.
(5) Is responsible for providing effective oversight of senior management.
(6) Monitor and periodically assesses:
  a. The adequacy and the implementation of the firm's strategic objectives in the provision of investment services and/or activities and ancillary services.
  b. The effectiveness of the firm's governance arrangements; and
  c. The adequacy of the policies relating to the provision of services to clients and take appropriate steps to address any deficiencies.

Has adequate access to information and documents which are needed to oversee and monitor management decision-making

2.2 MIFIDPRU 8.3.1 (2)

The firm is required to disclose the number of executive and non-executive directorships in organisations outside of the group that pursue predominantly commercial objectives (as of 31st October 2023).

Table 1: Directorships

Name	Position	External Directorships held*		Internal Directorships held**	
		Executive	Non-Executive	Executive	Non-Executive
Lester Petch	Chief Executive Officer	4	0	1	0
Clare Wickert	Chief Operation Officer	3	0	1	0
James Penny	Chief Investment Officer	0	0	1	0
Leonard Oram	Non-Executive Director	0	0	0	1
Roderick Sutherland	Non-Executive Director – resigned 31st December 2023	1	0	0	1

* Positions held in externally
** Positions held in TAM Asset Management Limited

2.3 MIFIDPRU 8.3.1 (4) Culture Of Diversity, Equity, and Inclusion Policy (DEI)

TAM is committed to fostering Diversity, Equity, and Inclusion (DEI) across all levels of our organisation. Our dedication is exemplified through our comprehensive Culture DEI Policy, designed to create an environment where diversity isn't just acknowledged but celebrated as a cornerstone of our organisational ethos. This policy articulates TAM's steadfast commitment to:

a) **Objectives and Targets:** Our Diversity on the Management Board outlines clear objectives aimed at enhancing diversity within our team. This includes setting targets for increased female representation on our management body. We are dedicated to achieving greater gender diversity and fostering an inclusive environment reflective of diverse perspectives and experiences.

(b) **Achievement:** To date, we have made significant strides in advancing our diversity objectives. However, while progress has been made, we acknowledge there is still work to be done to fully achieve our targets and ensure our leadership reflects the diversity of our community and stakeholders.

(c) Shortfalls and Proposed Actions:

(i) Reasons for Shortfall: The size of our business and very low employee turnover present challenges in achieving our diversity targets. Limited opportunities for turnover within the management body and staff may contribute to a slower pace of change.

(ii) Proposed Actions: TAM remains committed to seizing opportunities for diversification as they arise. With our recent acquisition by the Amber River, there may be opportunities to expand our team and board, effectively creating openings for diversifying our leadership. We will actively assess and capitalise on such opportunities to enhance diversity within our management body. Additionally, we are taking steps to address this shortfall withing a team. We aim for a minimum of 50% women's representation on staff recruitment shortlists. To support career advancement for women, we implement flexible programs, particularly accommodating working parents. Additionally, we promote and implement flexible work arrangements to recognise and accommodate diverse needs, acknowledging that individuals may thrive under different working conditions.

(iii) Timeline for Actions: The timeline for implementing these actions will be dictated by the emergence of opportunities. We recognise that the pace of diversification is dependent on external factors such as business growth and changes in leadership. Therefore, our actions will be responsive to these factors, ensuring that we capitalise on opportunities as they arise while maintaining a steadfast commitment to our diversity objectives.

3. Risk Management Objectives and Policies (MIFIDPRU 8.2)

TAM Asset Management Ltd (TAM) operates as a MIFIDPRU non-SNI firm, primarily providing model portfolio investment management services and ancillary administration. The firm's core activity involves discretionary management of risk-rated model portfolios for retail clients, predominantly accessed through regulated intermediaries such as Independent Financial Advisors (IFAs). TAM's client base mainly comprises UK-based IFAs, and has approximately £900 million of assets under management (AUM), primarily held on the Pershing platform.

3.1 Strategies and processes used to manage each of the categories of risk (MIFIDPRU 8.2.2)

TAM's risk management approach meets the standards set in MIFIDPRU 8.2.1R, aligning with regulatory norms and industry best practices. The firm's leadership has endorsed an internal assessment of potential harm linked to our business strategy. TAM understands that risk is evaluation is vital for navigating business challenges successfully. We meticulously assess and balance risks to align

with our strategic goals, aiming for improved performance and shareholder value while prioritising client interests and regulatory compliance.
To effectively manage various risk categories, TAM has established robust strategies and processes. Our Risk Management Framework ensures alignment between strategy and risk appetite, facilitates capitalising on opportunities, transparently manages risks, and maintains adequate capital and liquidity reserves. This framework delineates clear objectives and procedures for risk identification, assessment, and mitigation across the organisation.

In line with MIFIDPRU 8.2.2R(1), the firm's Board has formally approved the statements of potential harms associated with TAM's business strategy, as outlined in this section of the disclosure document. This ensures full compliance with the regulatory requirement for Board oversight. TAM's Risk Appetite Statement specifies permissible risk thresholds for each category, informed by statutory obligations. Key Risk Indicators (KRIs) and ongoing assessments continually monitor risk effectiveness, with quarterly board reviews ensuring oversight and accountability.
The Risk Governance Framework further outlines risk monitoring, assessment, and management processes, ensuring alignment with TAM's risk appetite and strategic goals.
Additionally, all staff members actively contribute to risk identification, through reporting mechanisms that inform senior management and governance committees of issues to ensure informed decision-making.

For a detailed breakdown, please refer to the accompanying table detailing risk categories, potential harm, and TAM's mitigation strategies.

Risk Category	Statement of Potential Harm	Summary of Strategies and Processes
Own Funds Requirements	Insufficient own funds may jeopardise financial stability, regulatory compliance, and ability to meet client obligations, leading to regulatory sanctions, client losses, and reputational damage.	Conduct regular stress testing within ICARA framework to ensure sufficient capital reserves. Maintain conservative approach to capital allocation and monitor capital adequacy ratios. Adjust capital levels in response to changing market conditions.
Liquid Asset Adequacy	Inadequate liquidity may lead to operational disruptions, client dissatisfaction, and reputational damage, posing significant threats to financial stability and regulatory compliance.	Maintain ample liquidity reserves to meet client obligations and operational needs. Conduct regular liquidity stress tests to identify potential vulnerabilities. Implement contingency plans to mitigate liquidity constraints.
Risk Management Governance	Ineffective risk governance may result in failure to identify, analyse, and respond to potential risks adequately, leading to harm to clients, markets, or the firm, impacting financial stability and regulatory compliance.	Cultivate a robust risk culture, instilling a proactive attitude, and setting the right tone across all facets of the organisation. Actively manage risks that pose potential threats to the business model, performance metrics, and overarching objectives. Integrate risk management seamlessly into all activities and decision-making processes. Define a clear risk appetite that delineates the boundaries within which risk will be prudently managed. The TAM Board bears the overarching responsibility for risk management, ensuring that the instituted systems and controls align with the nature and scale of TAM's business.

		This top-level oversight extends to setting the organisational culture, establishing a clear function of duties, and managing conflicts of interest. Robust risk management framework, with oversight from the Risk and Compliance Committee, operating as a subcommittee of the Board. Operational controls, spanning business delivery management, tactical controls within business processes and systems, and meticulous risk identification, underpin the business operations. Executive and committees, including TAM Risk & Compliance, assume central roles in risk identification, assessment, management, and reporting, backed by the support of broader functions.

4. Own Funds (MIFIDPRU 8.4)

Tier 1 Capital

The Firm's Own Funds capital is set out in Table 2 below. An explanation of what the Firm's Tier 1 capital comprises is given underneath the table.

Table 1: OF1 – Composition of Regulatory Own Funds:

	Item	Amount (£'000)	Source based on reference. numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	1,027	
2	TIER 1 CAPITAL	1,027	
3	COMMON EQUITY TIER 1 CAPITAL	1,027	
4	Fully paid up capital instruments	350	Note 20
5	Share premium	0	
6	Retained earnings	677	Note 1
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	

11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	
19	CET1: Other capital elements, deductions and adjustments	0	

Table 2: OF2 – Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		Balance sheet as in published/ audited financial statements	**Cross-reference to Table 1**
		As at period end	**As at period end**
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*			
1	Intangible Assets	0	
2	Tangible Assets	9	
3	Investments	0	
4	Debtors: amounts falling due within one year	755	
5	Cash at bank and in hand	1,610	
	Total Assets	2,374	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*			
1	Creditors: amounts falling due within one year	1,348	
	Total Liabilities	1,348	
1	Share Capital	350	4
2	Retained Earnings	677	6
	Total Shareholders' equity	1,027	

The Firm's Tier I capital comprises 3,500 ordinary shares of £100 each and retained earnings of £676,751.

The retained earnings figure in the table are taken from the audited financial statements as at 31st October 2023.

5. OWN FUNDS REQUIREMENT (MIFIDPRU 8.5)

5.1 K-Factor Requirement and Fixed Overheads Requirement

The table below shows the K-Factor Requirement ("KFR"), broken down into three. groupings and the amount of Fixed Overheads Requirement ("FOR") that are applicable to the Firm.

The Firm's Own Funds Requirement is calculated as the higher of the Fixed Overhead Requirement and the K-factor requirement, being the sum of the K-AUM, K-CMH, K-ASA and K-DTF requirements.

During the financial period ended 31st October 2023, the Firm maintained surplus capital resources at all times to satisfy minimum capital resources.

Table 3: KFR and FOR

Item		Amount (GBP thousands)
K-Factors	K-AUM 86, K-CMH 0, and K-ASA 0	86
	K-DTF and K-COH	-
	K-NPR, K-CMG, K-TCD and K-CON	n/a
Fixed Overheads Requirement ("FOR")		595

5.2 Approach to assessing the adequacy of Own Funds

Under IFPR requirements the Firm has to assess its capital and liquidity requirements to ensure compliance with the Overall Financial Adequacy Rule ("OFAR"). This is performed on an ongoing basis by looking at all capital requirements, which includes the Own Funds calculations as set out above, the ICARA assessments and wind down calculations, as well as monitoring levels of liquid funds against both FCA and internal risk tolerance thresholds.

ICARA assessments of capital needed to mitigate harms to client, firm and markets are performed using a combination of scenario-based capital models, stress tests using 'severe but plausible' events, and a wind-down assessment that demonstrates the Firm has sufficient capital and liquid resources to wind down its regulated activities in an orderly manner.

Liquid funds monitoring is performed using forward-looking assessments, as well as liquidity-specific stress tests to calibrate internal thresholds.

The Firm has always complied with OFAR requirements.

6. Remuneration – MIFIDPRU Remuneration Disclosure

6.1 Introduction

The MIFIDPRU Remuneration Code applies to TAM as a non-SNI firm, under SYSC 19G of the FCA Handbook. This code entails specific rules governing the remuneration policies and practices of staff whose professional activities significantly impact the risk profile of the Firm or the assets it manages, termed Material Risk Takers (MRTs). However, it is important to note that SYSC 19G applies to all staff, while also establishing specific requirements for the variable pay of MRTs. The disclosure provided here pertains to the qualitative and quantitative information for the period ending 31st October 2023.

6.2 Remuneration philosophy

TAM's remuneration philosophy is deeply rooted in our culture of integrity, professionalism, and client focus. We seek individuals who not only possess the necessary skills but also demonstrate risk mindfulness and a commitment to upholding our values. Our aim is to foster an environment where employees are not only successful but also conduct themselves with the highest ethical standards. The remuneration structure is crafted to attract and retain individuals who align with our culture and conduct principles, ensuring that our team is dedicated to serving clients with excellence and integrity.

The firm takes into consideration the guidance set out by the FCA when determining its approach to remuneration for all staff. We recognise that fixed and variable components of staff remuneration must be appropriately balanced to mitigate conflicts of interest between staff incentives and the best interests of our customers. To this end, the firm has constraints in place that promote sound decision-making.

To provide clarity and enhance our commitment to effective remuneration practices, we outline the objectives of the firm's financial incentives, which include:

- Promoting sound and effective risk management in the long-term interests of the firm and our customers.
- Limiting risk-taking and avoiding conflicts of interest.
- Ensuring alignment between risk and individual reward.
- Supporting positive behaviours and fostering a healthy firm culture.
- Encouraging responsible business conduct.
- Discouraging behaviour that can lead to misconduct and poor customer outcomes.
- Aligning employees' interests with the firm's long-term strategy and objectives.
- Being gender neutral, in line with the Equality Act 2010.

We believe that by articulating these objectives, we can further enhance our remuneration philosophy and its alignment with our overall strategic goals.

6.3 Remuneration governance

In terms of governance, TAM meets the conditions specified in SYSC19G.1.1R(2) and thus is not mandated to establish a dedicated Remuneration Committee. However, the firm adheres to general principles that ensure remuneration policies are aligned with effective risk management practices and the long-term interests of the business.

6.4 Remuneration – general principles

When determining remuneration levels, TAM considers both qualitative and quantitative factors. The different components of remuneration include:

- **Fixed Remuneration:** This includes salaries, regular and non-discretionary pension contributions
- **Variable Remuneration:** This encompasses discretionary bonus awards and other performance-related incentives.

Financial metrics such as overall firm performance and business unit contributions, along with non-financial measures like individual conduct, client focus, and risk awareness, play integral roles in this evaluation process.

TAM's approach to remuneration is straightforward yet carefully structured, with risk considerations embedded in the overall operations. Individual compliance reviews contribute to the assessment process, ensuring that remuneration aligns with the firm's objectives and risk profile.

Remuneration for all staff, including Material Risk Takers (MRTs), may consist of both fixed pay and performance-related discretionary bonuses. MRTs are identified according to the criteria set out in SYSC 19G, while the TAM Board retains the discretion to designate other employees whose roles may significantly impact the firm's risk profile.

The Board is committed to considering risk factors throughout the remuneration process, ensuring that incentives support long-term value creation without encouraging excessive risk-taking.

6.5 Eligibility for guaranteed variable remuneration.

TAM did not award any guaranteed variable remuneration or severance pay in 2023.

Material Risk Takers

The remuneration of senior management (all Code Staff) and staff whose activities might have a material impact on TAM's risk profile is outlined below. There are no material risk takers outside TAM's senior management. None of the remuneration is associated with share or share-linked compensation.

Remuneration Application

£'000	Senior Management	Other Material Risk Takers	All other staff
Number of staff	5	0	10
Total Fixed Remuneration (£'000)	444	0	596
Total Variable Remuneration (£'000)	383		223
Total Remuneration (£'000)	797		819