Atlantic House Investments Limited

IFPR Disclosure

For The Year Ended 30 June 2024

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Overview

Background

The Investment Firms Prudential Regime ("IFPR") is the FCA's new prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms.

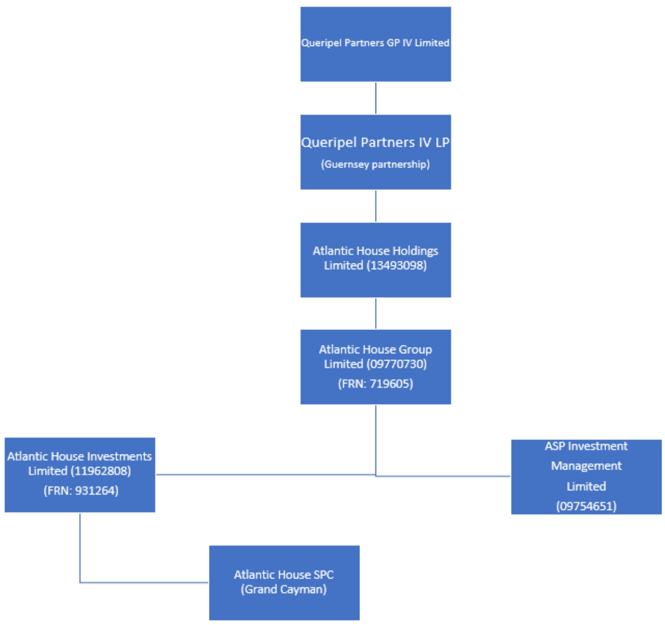
The IFPR came into effect on 1st January 2022 and its provisions apply to Atlantic House Investments Limited ("AHI") as an FCA authorised and regulated firm. The IFPR has been implemented by way of a new chapter "MIFIDPRU" which replaced BIPRU in the FCA Handbook (the "Handbook"), accompanied by amendments to other Handbook chapters.

The public disclosure is an important part of the IFPR because it increases transparency and confidence in the market and gives stakeholders and market participants an insight into how the Firm is run.

Structure

AHI is a subsidiary of Atlantic House Group Limited and via Atlantic House Holding Limited is majority-owned by Queripel Partners GP IV Limited.

Atlantic House Group Limited Organisation Structure Chart



Principal Activities

Atlantic House Group Limited and its subsidiaries primarily acts as an Asset Manager, providing investment management to mutual funds, segregated mandates, model portfolio services and arranging bespoke derivative brokerage services to professional clients and advisers. It is authorised and regulated by the Financial Conduct Authority (FCA) FRN: 931264.

Basis of Disclosure

This document has been prepared following the disclosure rules set out in the FCA MIFIDPRU 8, pertaining to the UK IFPR.

They are:

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

Firm Categorisation:	Non-SNI MIFIDPRU Investment Firm
Applies to:	AHI is required to disclose only on an individual entity basis
Reference Date:	This document has been prepared as at 30th June 2024, which is the Firm's accounting reference date and financial year-end.
Disclosure Frequency:	This Disclosure is published annually alongside the Statutory Accounts, or more frequently, if the business undergoes a significant change.
Disclosure Location:	AHI website | Resources | Legal/Polices

Risk Management Objectives and Policies (MIFIDPRU 8.2)

The identification of risks and harms are logged in the Key Risk & Harms Assessment table under the three categories of Firm, Client and Markets.

The Key Risk & Harms Assessment table is reviewed quarterly by the Head of Compliance and updated if any new risks or harms are identified that may impact the Firm. Any changes are presented to the Risk & Audit Committee and either new/revised controls are implemented or additional capital is held to cover the risk.

Board Risk Statement

The business is managed by Executive Directors and a Senior Management Team who are attentive to developments in the market, compliance issues in the conduct of the business and the management of the financial risks associated in the running of this type of company. Due to this and the business of the company, AHI is assessed as having a low risk profile.

Statement of Risk Appetite

Risk appetite is an articulation of the risk AHI is prepared to accept in pursuit of its strategy, duly set and monitored by the Risk & Audit Committee and integrated into its strategy and business plan.

AHI accepts that risk is inherent in any business and the Board has determined that their appetite for risk is as follows:

Impact	**Critical**	Acceptable	Tolerated	Unacceptable	Unacceptable
	High	Acceptable	Tolerated	Tolerated	Tolerated
	Medium	Acceptable	Acceptable	Acceptable	Tolerated
	Low	Acceptable	Acceptable	Acceptable	Acceptable
		Rare	**Unlikely**	**Possible**	**Likely**
		Probability			

Unacceptable - No appetite and immediate action must be taken to reduce the impact and/or likelihood of the risk occurring.

Tolerated - Appetite exists however must ensure that an action plan is devised to increase mitigation.

Acceptable - Appetite exists however, keep current action plan/mitigation under general review.

Risk identification for ICARA

When risks are identified they are captured on the Key Risk & Harms Assessment table. In order to be included in the ICARA they need to meet certain key criteria, agreed by the Board. Those risks that fall into the categories of being Possible or Likely **and** High or Critical will need to be factored into the ICARA.

Impact	**Critical**	Non-ICARA	Non- ICARA	ICARA Impactful	ICARA Impactful
	High	Non- ICARA	Non- ICARA	ICARA Impactful	ICARA Impactful
	Medium	Non- ICARA	Non- ICARA	Non- ICARA	Non- ICARA
	Low	Non- ICARA	Non- ICARA	Non- ICARA	Non- ICARA
		Rare	**Unlikely**	**Possible**	**Likely**
		Probability			

Governance

- The Firm has appointed an SMF16 Head of Compliance.
- The Firm holds a monthly OpCo meeting with the CEO, Head of Compliance (SMF16), Head of Finance and HR and the Head of Fund and Counterparty Oversight to discuss any issues.
- The firm has an Executive Committee which sits once a quarter. The Head of Compliance (SMF16) sits on ExCo.

- The Firm has a Risk & Audit Committee (RAC) which meets quarterly where a risk dashboard is produced for the committee to review and discuss. The Head of Compliance (SMF16) sits on the RAC.
- The Key Risk & Harms Assessment table is regularly reviewed and linked to our business strategy to ensure concentration risk compliance. The Own Funds Requirements and Liquidity is addressed in our ICARA and checked on a quarterly basis.

Strategies and processes used to manage each of the categories of risk

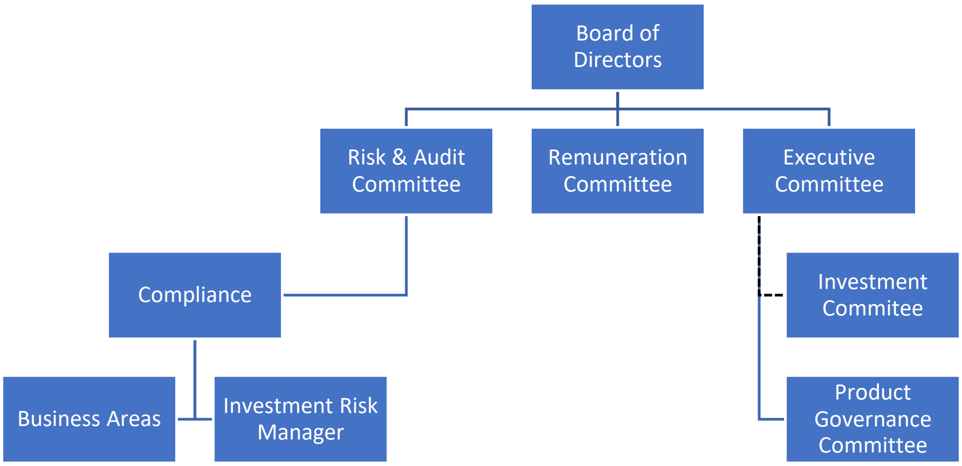
Risk Category	Nature of Risk	Controls to Mitigate the Risk
Own funds requirements	ICARA document does not represent the correct risks for the firm and not completed in line with regulatory requirements.	The ICARA document outlines the firm's capital and liquidity requirements including alert triggers. The ICARA states the Own Funds Threshold Requirement (OFTR) i.e. minimum capital to be held and includes a calculation template to show the OFTR, OFR, BLAR, LATR and the wind down trigger. The firm is currently more than capitally adequate of the Early Warning Trigger and there is more than sufficient resource available should the firm require greater capital which can be injected in using the excess CET Tier 1 Capital held by the firm.
Concentration risk	The risk that a large proportion of Atlantic House's business is concentrated with very few clients or very few markets impacting potential revenue loss.	There are two sources of revenue, Solutions and ASPIM. Solutions structured products could be less available or less attractive (perhaps due to a lack of dividends, a lack of volatility or negative interest rates), so it remains the volatility aspect, which has increased, that makes these deep out of the money options both available and relatively attractive which is counter-cyclical to the Funds business. The ASPIM aspect of Atlantic House is a move to diversify the business model and client base. In addition, Atlantic House holds significant surplus cash to mitigate potential loss of revenue form a large client withdrawal.
Liquidity	a) Risk of lack of liquidity in the funds	a) Investments for the funds are in tradable instruments which are liquid

	b) Risk of lack of liquidity in Atlantic House.	in normal market conditions but may become illiquid in stressed market conditions. The funds have a concentrated ownership, with a high proportion of AUM being held by just five clients. The stressed market conditions could trigger liquidation by one or more of the clients requiring selling into an illiquid market which would have a negative impact on the remaining fund holders. b) Atlantic House's liquidity mitigated by low overheads, consistent profitability and potential for further cash injection by the owners.

Governance Arrangement (MIFIDPRU 8.3)

Oversight

The Firm has the following governance arrangements in place:



The Board of Directors have ultimate responsibility for the management of AHI and have set up several committees to support the Governance Framework. The Board have also delegated the daily running of AHI to the CEO, who in turn has delegated some tasks to Senior Management and this has been documented in the Management Responsibilities Map under the Senior Management and Certification Regime (SMCR).

At the start of all committee meetings a quorum must be established, and it is a requirement to declare any conflicts of interest.

Although AHI is not classed as a 'Significant Firm' as per SYSC1.5 or classed as an 'Enhanced Firm' under the SMCR the Board agreed that it would be good governance to establish a Risk and Audit Committee and Remuneration Committee as a best-in-class practice.

The Risk and Audit Committee (RAC) is made up of two Non-Executive Directors one of which is the Chairman of the Board of Directors and One Executive Director (CEO) plus Senior Management one of which is the SMF16 & 17 Head of Compliance. The RAC meets once a quarter where a Risk Dashboard is reviewed along with a Compliance Report.

The key role of the Risk Committee is to provide oversight of AHI's risk management framework, risk appetite statement, risk strategy and risk culture.

The Remuneration Committee (RemCo) has oversight of the remuneration policies and practices of AHI. RemCo is aligned to the business strategy and objectives, corporate culture including the long-term interests of its employees and Shareholders. Salary and bonuses are discussed and agreed at this committee. Bonuses are discretionary and are linked to the performance of the business and employee and their compliance status.

The Executive Committee's purpose is to assist the CEO in the performance of their duties within the bounds of their authority as set out in the Terms of Reference, including:

- overseeing people and culture;
- the development and implementation of strategy, operational plans, policies,
- procedures and budgets;
- the monitoring of operational and financial performance;
- the assessment and control of risk; and
- the prioritisation and allocation of resources.

The Investment Committee discusses performance of the Funds by going through the month end factsheets and reviewing Investment Risks and Changes to Mandates. In addition, any breaches or near misses are also discussed and where appropriate new or improved controls implemented. The committee also discuss potential enhancements, strategy changes and new funds opportunities.

The Product Governance Committee has been established to implement and oversee the product governance commitments of Atlantic House Group Limited and Atlantic House Investments Limited. The Committee is responsible for ensuring that the business has effective policies and processes in place to adhere to its commitments in relation to product governance, both internally in respect of the Product Governance and Product Approval policies, and externally, in respect of regulations such as MiFID, Consumer Duty, COLL, PROD UCITS etc.

The Committee encompasses all business lines, namely Atlantic House's funds, Solutions, and Albemarle Street Partners ("ASPIM"). The Committee also provides an escalation point for product governance issues. It sets the direction on such issues and provides oversight to relevant processes, risks and internal controls, escalating to the Atlantic House Group Limited Risk & Audit Committee and/or Board as appropriate.

Directorships

The following Directors held office during the financial year and at the time of publication.

SMF	Name	Other Directorships in scope of MIFIDPRU 8.3.1R (2)
SMF1 & 3	Thomas May – Chief Executive Director	4
SMF3	Andrew Lakeman – Executive Director	2
Retired		
N/A	Antony Stenning – Chief Executive Director 04/11/22	N/A

Diversity and Inclusion

AHI values the innovation and creativity that diversity of thought brings to the Firm and understands that diversity, equity and inclusion play a critical role in establishing strong governance and maintaining a healthy culture from the top as part of delivering higher standards of conduct and success of the business.

The Firm approaches diversity in the broadest sense, recognising that successful businesses embrace diversity at all levels, including the board and senior management. AHI has been building on its diversity, equity and inclusion strategy to increase gender balance.

Own Funds (MIFIDPRU 8.4)

Table OF1 Composition of Regulatory Own Funds

Composition of regulatory own funds			
	Item Amount GBP 000s	**Amount (GBP thousands)**	**Source based on Reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	1,757	
2	**TIER 1 CAPITAL**	0	
3	**COMMON EQUITY TIER 1 CAPITAL**	1,757	
4	Fully paid up capital instruments	0	
5	Share premium	0	
6	Retained earnings	0	
7	Accumulated other comprehensive income	2,383	Audited Account #15
8	Other reserves	600	Audited Account #14
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	
20	**ADDITIONAL TIER 1 CAPITAL**	0	
21	Fully paid up, directly issued capital instruments	0	
22	Share premium	0	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
24	Additional Tier 1: Other capital elements, deductions and adjustments	0	
25	**TIER 2 CAPITAL**	0	
26	Fully paid up, directly issued capital instruments	0	
27	Share premium	0	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
29	Tier 2: Other capital elements, deductions and adjustments	0	

Table OF2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Amount GBP 000s		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	As at period end
Assets				
1	Intangible assets	0		
2	Tangible assets	0		
3	Debtors	4,635		
4	Cash at bank and in hand	1,757		
5	**Total Assets**	**6,392**		
Liabilities				
1	Creditors: amounts falling due within one year	-3,409		
2	Provisions for liabilities	0		
3	**Total Liabilities**	**-3,409**		
Shareholders Equity				
1	Called-up share capital	600		
2	Reserves	2,383		
3	**Total Shareholders' equity**	**2,983**		

Table OF3 Main features of own instruments issued by the Firm

The table below provides information on the CET1 Instruments issued by AHI.

Issuer	**AHI**
Public or private placement	Private
Instrument type	Ordinary
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	600
Issue price (GBP whole number)	£1
Redemption price	N/A
Accounting classification	Ordinary shares
Original date of issuance	05 March 2022
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable; Coupons/dividends; Fixed or floating dividend/coupon; Coupon rate and any related index Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

Own Funds Requirements (MIFIDPRU 8.5)

K-Factor Requirement and Fixed Overhead Requirement

AHI’s capital requirement is calculated as the higher of:

(a) permanent minimum capital requirement of £150,000;

(b) total K-Factor requirement; and

(c) the fixed overheads requirement.

As at 30 June 2024, AHI’s K-Factor of **£553,049** establishes its capital requirement, being higher than the base capital requirement and the Fixed Overhead Requirements.

The table below shows the K-Factor (KFR) and the Fixed Overhead Requirements (FOR)

Amount in GBP 000s		
K- Factor	K-AUM	543
	K-COH (cash and derivatives)	10
	Total	**553**
Fixed Overhead Requirement		405
Own Funds Requirements		**553**

Assessing the Adequacy of Own Funds

Under IFPR, AHI will assess own funds and liquidity requirements set out in the ICARA process and ensure sufficient own funds and liquidity resources are held at all times to meet the Overall Financial Adequacy Rule ("OFAR"). The ICARA process within AHI has been established and was approved by the Board of Directors on 07/11/2023. The adequacy of the ICARA process will be reviewed on an annual basis thereafter, or more frequently, should there be any material changes to the business risk profile or business model.

The ICARA process encompasses various aspects of internal governance with a particular focus on:

- identification, monitoring and mitigation of harms;
- business model planning and forecasting; recovery and wind-down planning; and
- assessing the adequacy of financial resources

As part of the ICARA process, AHI establishes its own funds threshold requirement and its liquid assets threshold requirement. For harms not adequately mitigated through systems and controls or driven by an activity not covered by the K-Factor Own Funds Requirement, AHI assesses whether additional own funds and/or liquid assets are required.

The wind-down planning includes triggers (own funds and liquid assets) and timelines. The Firm considers different scenarios that could cause a need to wind-down the business. These underlying drivers could result in the need for different resources (financial and non-financial) during the wind-down period. The Firm sets resources aside so that sufficient own funds and liquid assets are always available to enable an orderly wind-down.

The ICARA process includes AHI's Key Risks and Harms Assessment Table where all key risks are noted and cross referenced to possible ICARA harms (client, market, firm) and where appropriate additional funds to be held noted.

AHI's Own Funds Threshold Requirement **is calculated to be £553,049 this is the amount that we must hold as a minimum.**

Remuneration (MIFIDPRU 8.6)

BIPRU 11.5.18R requires that a firm makes a disclosure of details regarding its remuneration policy.

BIPRU 11.5.20R (2) Firms must comply with the requirements set out in BIPRU 11.5.18 R in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to the General Data Protection Regulation.

Information on the link between pay and performance

Given the relatively small size of the firm, remuneration policy for all remuneration code staff is set by the board. The board review remuneration for code staff based upon individual, both financial and non-financial criteria such as compliance, Senior Management Certification Regime and overall firm performance. Individual performance is also reviewed over an extended period to ensure the long-term objectives of the staff and the firm are not in conflict. The overall level of remuneration is set in the form of a base salary and a bonus. The resources available for bonuses are directly linked to the performance of the firm.

Remuneration means all forms of financial or non-financial benefits or payments made by our firm (directly or indirectly) to individuals who provide investment services to our clients.

For example: cash, shares, options, pension contributions, wage increases, promotions, health insurance, discount or special allowance, expense accounts.

Any remuneration package or incentive scheme we have in place, or may introduce in the future, will not:

- Remunerate or assess performance of our staff in any way that conflicts with our duty to act in the best interest of our clients
- Include any arrangement by way of remuneration, sales targets or otherwise, that could provide an incentive to our staff to recommend a particular product to a retail client where a different product could be offered that would better suit their needs
- Create a conflict of interest that would encourages individuals to act against the interests of any of our clients
- Be solely or predominately based on quantitative commercial criteria

And:

- Will ensure the fair treatment of our clients and the quality of service provided
- Will take appropriate qualitative criteria into account

Remuneration Code Staff can be exempt from certain requirements of the revised code (see exempt rules below) requirements on the basis that the variable proportion of their remuneration i.e., bonuses/commissions are no more than £167,000 and comprises no more than 33% of their total remuneration (salary/benefits-in-kind/discretionary pensions/bonuses) i.e. £500,000.

Exempt Rules

(a) SYSC 19G.6.19R to SYSC 19G.6.21G (Shares, instruments and alternative arrangements);

(b) SYSC 19G.6.22R and SYSC 19G.6.23G (Retention policy);

(c) SYSC 19G.6.24R to SYSC 19G.6.29R (Deferral); and

(d) SYSC 19G.6.35R(2) (Discretionary pension benefits).

Individual Requirements

Basic Requirements ➢ *Remuneration Policy* ➢ *Governance and Oversight* ➢ *Fixed and Variable Remuneration*	All Staff

➢ *Financial and non-financial criteria* ➢ *Restrictions on variable remuneration*	
Standard Requirements ➢ *Ratio of Fixed to Variable Remuneration* ➢ *Performance Assessment* ➢ *Annual review of remuneration policy* ➢ *Ex-ante and Ex-post risk adjustment* ➢ *Non-performance related variable remuneration* ➢ *Discretionary Pension Benefits* ➢ Non-compliance with the MIFIDPRU Remuneration Code	Material Risk Takers only
Extended Requirements ➢ *Shares, instruments and alternative arrangements* ➢ *Deferral* ➢ *Retention* ➢ *Discretionary Pension Benefits* ➢ *Remuneration Committee*	Material Risk Takers whose Variable Remuneration exceeds thresholds

Investment Policy (MIFIDPRU 8.7)

Does not currently apply, due to the minimum threshold limits not been reached.