



ACADIAN ASSET MANAGEMENT (UK) LIMITED ('THE FIRM')

MIFIDPRU 8 DISCLOSURE

For the year to 31 December 2023

1 BACKGROUND INFORMATION

1.1 Introduction

This disclosure is made in relation to Acadian Asset Management (UK) Limited (“the Firm”). The Firm is authorised and regulated by the UK Financial Conduct Authority (“FCA”) as a Markets in Financial Instruments (“MiFID”) firm and subject to the rules and requirements of the FCA’s Prudential Sourcebook for MiFID Investments Firms (“MIFIDPRU”). For the purposes of MIFIDPRU, the Firm has been classified as a non-small non-interconnected investment firm (“non-SNI”). The Firm has produced this public disclosure in line with the rules and requirements of MIFIDPRU 8, as applicable to non-SNI firms.

The Firm is a wholly-owned subsidiary of Acadian Asset Management LLC (“Acadian LLC”) which offers asset management services to professional investors managing both equity and alternative strategies. All strategies are integrated with sustainable investing capabilities and are based on solid data-driven research and innovation from its experienced investment specialists. Acadian LLC is an investment adviser firm incorporated in Delaware and registered as an investment fund adviser with the United States Securities and Exchange Commission.

The Firm is not a member of a UK Consolidation Group. The disclosures have been prepared on an individual basis.

The Firm believes that its qualitative disclosures are appropriate to its size and internal organisation, and to the nature, scope and complexity of its activities.

This disclosure has been ratified and approved for disclosure by the Board of the Firm.

The annual audited accounts of the Firm set out further information which complements the information in this disclosure. The audited accounts are freely available from UK Companies House.

This document does not constitute any form of financial statement on behalf of the Firm. The information contained herein has been subject to internal review but has not been audited by the Firm’s external auditors.

1.2 Objectives

This document sets out the public disclosure under MIFIDPRU 8 for the Firm as of 31 December 2023, which is the Firm’s accounting reference date.

As a MIFIDPRU investment firm, we must establish and implement disclosure requirements to provide investors, stakeholders and wider market participants an insight into how the Firm is run.

1.3 Disclosure timing requirements

The Firm is required to publicly disclose the information specified in this Policy on an annual basis.

The Firm will consider making more frequent public disclosure where particular circumstances demand it, for example, in the event of a major change to its business model or where a merger has taken place.

1.4 Governance

Given the size, internal organisation and the nature, scope and complexity of the activities of the Firm it does not have a separate supervisory function or Remuneration Committee, therefore the supervisory function will be undertaken by the Firm’s Governing Body. The Governing Body of the Firm is the Firm’s Board. The Governing Body is responsible for approving and maintaining this Policy and overseeing the implementation of this Policy which will align the Firm’s remuneration practices with its risk tolerance.

The Board is responsible for reviewing and approving remuneration, and to ensure remuneration policies across the Firm are consistent with the promotion of effective risk management. For further details on the Firm’s Remuneration Policy, please see our website here: <https://www.acadian-asset.com/-/media/files/contact-us-pdfs/2023-remuneration-disclosure.pdf>

The Board meets regularly and is composed of:

- Ian Shea SMF 1/ SMF 3
- Oliver Close SMF 3
- Olivier Systchenko SMF 3

2 OWN FUNDS

2.1 Own funds requirements – MIFIDPRU 4

When assessing the adequacy of the Own Funds Requirement, the Firm has considered the key risks to the Firm's operating model. Due to our prudential classification as a Non-SNI, the Firm's own funds requirement is based on the higher of the Permanent Minimum Requirement ('PMR'), the Fixed Overheads Requirement ('FOR') or the K-Factor Requirement ('KFR'). The Firm's FOR as at the Firm's year-end 31 December 2023 is £2,732,000.

2.2 Concentration risk- MIFIDPRU 5

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

2.3 Liquidity risk - MIFIDPRU 6

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement, being at least 1/3rd of its FOR.

As part of the Internal Capital Adequacy and Risk Assessment ('ICARA'), the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

2.4 Harms associated with business strategy

The Firm has conducted a comprehensive risk identification exercise of potential harms in line with MIFIDPRU 7 Annex 1 across all business lines to ensure that all significant risks are identified. The Firm has developed a comprehensive Risk Register containing all relevant details for each risk that has been identified. All business areas of the Firm have input into the development of the risk register to ensure all areas of potential harm are identified. All risks recorded in the register are categorised in terms of potential harms to clients, the Firm itself or markets. In line with the Firm's business strategy, risk appetite and risk management framework, the Firm identifies and further assesses key risks within the Firm's ICARA process. The Firm maintains a risk register which includes risk assessment and rating methodologies in accordance with its risk appetite statement.

3 GOVERNANCE ARRANGEMENTS

3.1 Directorships

The following information relates to the appointments of Acadian Asset Management (UK) Limited's Directors held in both executive and/or non-executive functions, including any Directorships held at external, commercial organisations as at 31 December 2023.

SMF Function/Role	Name	Number of other external directorships
SMF 1/ SMF 3	Ian Shea	-
SMF 3	Oliver Close	-
SMF 3	Olivier Systchenko	-
SMF 3	Kelly Young (resigned in March 2024)	3
SMF 3	Brendan Bradley (resigned in March 2024)	3

3.2 Diversity

The Firm values the innovation and creativity that diversity of thought brings to the organisation and understands that diversity, equality 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 Firm. The Firm is committed to building a workforce that reflects all aspects of diversity and intersectionality to bring a range of perspectives, ideas and insights to everything the Firm does.

One of the Firm's objectives is to ensure that the composition of the Board is always suitable for it to be an effective decision-making body and to provide successful oversight and stewardship. Suitability of members of the Board is reassessed periodically, in line with the requirements of the SM&CR. The Directors are appointed in accordance with the following suitability criteria:

- Being of good repute;
- Being able to act with honesty, integrity and independence of mind;
- Overseeing, monitoring and challenging management decision-making effectively;
- Possessing sufficient knowledge, skills and experience to perform their duties;
- Being able to commit sufficient time to perform management body functions in a supervisory context;
- Not being restricted from taking up the position by any regulatory requirement.

The assessment of an individual's adequate knowledge, skills and experience will consider:

- The role and duties of the position and the required capabilities;
- The knowledge and skills attained through education, training and practice;
- The practical and professional experience gained in previous positions;
- The knowledge and skills acquired and demonstrated by the professional conduct of the member of the Board.

Recently, the Firm became a partner of the Diversity Project with Ian Shea joining the Advisory Council, Oliver Close joining the Steering Committee and various members of the Firm joining as workstream participants. Acadian is thrilled to partner with this organization to underscore our commitment to further progress diversity and inclusion in the investment industry.

4 OWN FUNDS DISCLOSURE

4.1 Composition of Regulatory Own Funds

The Firm's own funds consist exclusively of CET1 capital, as shown in the table below. As at the Firm's financial year end on 31 December 2023, the Firm complied with all capital requirements.

Composition of regulatory own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	7,286	
2	TIER 1 CAPITAL	950	
3	COMMON EQUITY TIER 1 CAPITAL	950	
4	Fully paid-up capital instruments	950	
5	Share premium	-	
6	Retained earnings	6,336	
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	-	

4.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements GBP (thousands)

The table below describes the reconciliation with own funds in the balance sheet as at 31 December 2023, where assets and liabilities have been identified by their respective classes. The information in the table below reflects the balance sheet in the audited financial statements.

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

		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	2,714		
2	Investments	39		
3	Debtors	8,931		
4	Cash	1,910		
	Total Assets	13,594		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors	4,554		
	Total Liabilities	4,554		
Shareholders' Equity				
1	Called up capital	950		
2	Retained earnings	6,336		
xxx	Total Shareholders' Equity	7,286		

5 OWN FUNDS REQUIREMENTS DISCLOSURE

5.1 Own funds requirement

The Firm's own funds consist exclusively of CET1 capital, as shown in the table below. As at the Firm's financial year end on 31 December 2023, the Firm complied with all capital requirements.

- The Firm calculated its own funds requirements as a non-SNI firm in line with the rules and requirements in MIFIDPRU 4.3.

Own fund requirements as at 31 December 2023	£,'000
Permanent Minimum Capital ("PMC")	75
Fixed Overhead Requirement ("FOR")	2,732
K-factor Requirement ("KFR")	759
Minimum Own Funds Requirement (higher of PMC, FOR and KFR)	2,732

5.2 Compliance with Overall Financial Adequacy Rule

In line with the provisions relating to the Overall Financial Adequacy Rule ('OFAR') set out in MIFIDPRU 7.4.7R, Acadian Asset Management (UK) Limited is also required to disclose its approach to assessing the adequacy of the Firm's own funds.

ICARA process

Within the annual ICARA process, the Firm is required to identify and assess the following:

- any material/key risks that arise from its activities;
- any material harms that may be caused to the clients, the market or the Firm itself as a result of its activities; and
- whether, at all times, the Firm has sufficient own funds and liquid resources to meet the Overall Financial OFAR.

The OFAR requires that the Firm holds own funds and liquid assets which are adequate (both in amount and quality) to ensure that:

- the Firm can remain financially viable throughout the economic cycle and be able to address any material potential harm; and
- the Firm's business can be wound down in an orderly manner with minimal impact on consumers and other market participants

The process of embedding the ICARA process within the Firm has been completed and the adequacy of the ICARA process will be reviewed on an annual basis thereafter, or more frequently, should there be any material change 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; and
- assessing the overall effectiveness of the risk management of the Firm.

As part of the ICARA process, the Firm establishes its own funds threshold requirement and its liquid assets threshold requirement to comply with the OFAR and to ensure the Firm can remain viable, addressing any potential harm from ongoing activities, and can wind-down in an orderly way. For harms not adequately mitigated through existing systems and controls, the Firm assesses whether additional own funds and/or liquid assets are required.

The recovery action planning contains appropriate recovery actions to restore own funds and/or liquid resources to avoid breaching threshold requirements and early-warning-indicators to assist the Firm when approaching trigger levels and set out credible actions to help reverse or repair any adverse trends.

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 available at all times to enable an orderly wind-down.

Risk management

The Firm maintains a formally documented Risk Register that is established based upon the Firm's business plan and approved by the Board. Each risk within the Risk Register is cross-referenced to possible ICARA harms (client, market, firm) and assessed to determine its materiality to the Firm. It also includes a description of the controls put in place to mitigate the risk.

The Board defines the Firm's risk appetite, which reflects its appetite and/or tolerance in relation to all identified material risks and is therefore, aligned to the Risk Register. The Firm's overall risk appetite must be such that its own fund and liquidity requirements as captured in the ICARA process are maintained within its risk bearing capacity or capital resources. All material risks identified in the Risk Register are assessed to determine appropriate own funds and liquidity reserves. Regular stress testing and scenario analysis is undertaken to ensure these reserves are sufficient to meet current and future obligations under a variety of stressed conditions.

Own funds adequacy

Acadian Asset Management (UK) Limited assesses the adequacy of its own funds on a regular basis against a variety of own funds requirement assessments. In maintaining the Firm's own funds requirements within the risk appetite, early warning indicators have been established. These are agreed as part of the annual own funds planning process and reviewed annually.

Levels of own funds usage against limit are monitored annually.

Own funds adequacy

The Firm has an established liquidity risk management framework based on the Firm's approved liquidity risk appetite in order to ensure that:

- the basic liquid asset requirement ('BLAR') is met; and
- the liquid assets threshold requirement is determined.

The Firm further assesses its compliance with liquid asset threshold requirement which is based on the sum of BLAR and an additional liquid asset requirement determined during the ICARA process, to ensure liquidity adequacy in stressed conditions and during an orderly wind-down as part of its OFAR compliance from a liquidity perspective.

Liquidity risks are identified through ongoing liquidity management and monitoring, which contribute to the development of the Firm's liquidity risk management framework and formulating stress testing scenario design and key assumptions.

The Firm's monitoring and reporting of its liquidity position is undertaken through established reporting against the key liquidity metrics. Any triggers or breaches would be escalated in line with the escalation framework.