Umbra Capital Partners LLP
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IFPR: MIFIDPRU annual disclosures

December 2022

Introduction

As a MIFIDPRU investment firm, Umbra Capital Partners LLP ("Umbra" or the "LLP") is required to conduct an Internal Capital Adequacy and Risk Assessment ("ICARA"). We are required to comply with the disclosure requirements under the Investment Firms Prudential Regime (IFPR), which is set out in the FCA Handbook MIFIDPRU 8.

For the purpose of prudential regulations, we are classified as an "SNI" (small and non interconnected investment firm) and are subject to the basic requirements. We are required to provide a level of detail in our disclosures that is appropriate to our size and internal organisation, and to the nature, scope, and complexity of our activities.

Risk Management

The Board of Directors of Umbra Partners Ltd (the "Board") general responsibility is to supervise and direct the management of the business of the company and its subsidiaries, including Umbra Capital Partners LLP in the interest and for the benefit of its shareholders and employees. The Board meets semi-annually.

The Management Committee of Umbra Capital Partners LLP consists of the individual Members of UCP and the UPL represented by its Directors. The Management Committee members hold joint responsibility for the conduct of UCP's business and are involved in its day-to-day business activities and operations, pipeline management, mandate prioritization, assessing financial performance against forecasts and resource management, maintaining a complete understanding of what key risks the business faces to be able to adequately monitor these risks and implement remedial action where required. Formal Management Committee meetings take place at least three times per annum.

Umbra has a low risk appetite in respect to investing and to managing business and operational activities. This is reflected in the firm's governance, controls and activities. The firm recognises that a certain level of risk needs to be accepted to enable the firm to grow and start up new business lines or products. Umbra does not handle client money nor does it have a high volume of trading activity.

Umbra Capital Partners LLP is well positioned for further growth and its capital resources are sufficient to operate its business and to comply with its regulatory capital requirement. The Firm has a strong pipeline of potential wealth management, advisory and capital clients that would bring the firm to profitability and a positive cashflow. The Firm has continual conversations with its investors concerning the financial position of the firm to keep them abreast of developments and the capital and liquidity needs. Additional investment from existing or new investors is one potential element of the approach to ensure requirements are met.

Remuneration

UCP considers its Remuneration Policy to determine any risk that may arise in relation to the Firm's capital resources. UCP does not have any individuals that are remunerated with guaranteed variable remuneration. The Firm structures its remuneration policy so that it minimises the employee's appetite from diverging from that of UCP. The discretionary variable elements of the remuneration packages are structured so allow for a reduction if necessary.

Reputational risk is defined as the risk of damage to the Firm's reputation that could lead to negative publicity, costly litigation, a decline in the customer base or the exit of key employees and therefore directly or indirectly to a loss of revenue. The Firm has strong systems and controls in place including a robust due diligence process. The existing experience of the partners and relationship managers ensure effective private capital investment management, Wealth portfolio management, professional client handling and thorough legal documentation, minimising risks of reputational damage.

Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of a firm's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. The Management Committee has responsibility to formulate and implement strategic decisions for the Firm. UCP has strategic plans in place to steer the direction of the company together with a governance structure whereby the directors of UCP meet at Management Committee meetings to discuss strategic progress and make amendments to the direction of the company as necessary.

The Firm is authorised and regulated by the Financial Conduct Authority and as such is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code ("the RemCode") covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

Our policy is designed to ensure that we comply with the RemCode and our compensation arrangements:

1. are consistent with and promotes sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA has sought to apply proportionality in the first instance by categorising firms into three levels. The Firm falls within the FCA's proportionality level three and as such this disclosure is made in line with the requirements for a Level three.

The Firm is required to disclose certain information on at least an annual basis regarding their Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the Firm. The disclosure is made in accordance with UCP's size, internal organisation and the nature, scope and complexity of the Firm's activities. Aggregate compensation to Code Staff is outlined in the Firm's financial statements.

1. Summary of information on the decision-making process used for determining the Firm's remuneration policy.

- The Firm's policy has been agreed by the Remuneration Committee in line with the RemCode principles laid down by the FCA.
- Due to the size, nature and complexity of the Firm, we are not required to appoint an independent remuneration committee.
- The Firm's policy will be reviewed as part of annual process and procedures or following a significant change to the business requiring an update to its internal capital adequacy assessment.

- BIPRU Investment Management Firm - The Firm's ability to pay bonuses is based on the overall performance of the Firm overall once its fees from acting as a distributor and introducer have been calculated and profits earned from its portfolio management activities determined.

2. Summary of how UCP links between pay and performance.

- Individuals are rewarded based on their contribution to the overall strategy of the business.
    - Investment Generation
    - Investment Trading
    - Sales & Marketing
    - Operations
- Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the Firm.

Own funds requirement

As a SNI MIFIDPRU firm, Umbra Capital Partners LLP's Own Funds Threshold Requirement consists of the greater of:

Requirement	**£'000**
Highest of:	
(A) Permanent minimum requirement	75
(B) Fixed overhead requirement ("FOR")	210
(C) K-factor requirement(N/A)	-
(D) Own fund requirement (Max. A, B or C)	210
(E) Additional own funds requirement	20
Own funds threshold requirement (D plus E)	230
Own funds at 30/09/2022	352
Own funds surplus	**122**

The firm's capital requirements are determined by the outcome of its ICARA process.

The own funds requirement is the minimum requirement of capital the firm is required to hold taken as the higher of permanent minimum requirement and the fixed overhead requirement for a SNI firm.

The additional own funds requirement is the amount of capital identified by the Firm which is necessary to mitigate risks to ensure the viability of the firm throughout economic cycles and to ensure the Firm can be wound down in an orderly manner.

The Firm's own funds threshold requirement is the sum of the Firm's own funds requirement and its additional own funds requirement. This is the amount of own funds it needs to hold at any given time to comply with the OFAR.

Umbra Capital Partners LLP meets 100% of its own funds requirement with CET1 Capital.