



Tatton
Investment Management

Regulatory Disclosures

August 2023



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Tatton is a trading style of Tatton Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority. Financial Services Register number 733471. Tatton Investment Management Limited is registered in England and Wales No. 08219008. Registered address: Paradigm House, Brooke Court, Wilmslow, Cheshire, SK9 3ND.

Regulatory Disclosures

Tatton Investment Management Limited (Tatton) is authorised & regulated by the Financial Conduct Authority. Firm Reference Number 733471. The company is incorporated in England & Wales Company Number 08219008. This document describes Tatton's responsibilities for, and approach to:

1. Consumer Duty
2. Handling Complaints
3. Order Execution Policy
4. Conflicts of Interest
5. Personal Account Dealing
6. Gifts & Benefits Policy
7. Investment Firms Prudential Disclosure for year-end 31st March 2023 including Remuneration Policy



1. CONSUMER DUTY

Consumer Duty was implemented on 31st July 2023 and replaced the previous 'Treating Customers Fairly' (TCF) regime'. Under TCF the FCA sought to ensure firms identify and manage risks that led to or could lead to the unfair treatment of consumers and the delivery of inappropriate outcomes. Firms were expected to 'put the consumer at the heart of their businesses.

The responsibility for delivering these outcomes rested primarily with senior management. However, the FCA were concerned that this was not happening across all sectors/firms and Consumer Duty was introduced.

Consumer Duty was reported as one of the biggest advancements for consumers in more than 20 years. The FCA aims to 'set a higher standard of consumer protection in retail financial markets, where firms compete vigorously in the interests of consumers. The FCA also wants to 'drive a healthy and successful financial services system in which firms can thrive and consumers can make informed choices about financial services and products.

Consumer Duty aims to reduce the extent to which consumers suffer harm in the first place, with firms doing more to consider consumer needs and to take 'reasonable steps' to guard them against foreseeable harm. As with SMCR 'reasonable steps' is considered a particularly high bar to meet.

There are four specific components:

- A new consumer principle - Principle 12 – 'A firm must act to deliver good outcomes for retail customers'
- A new Conduct Rule – Conduct Rule 6 – You must act to deliver good outcomes for retail customers

- A series of cross cutting rules designed to support the initiative
 - Acting in good faith
 - Avoiding foreseeable harm
 - Enabling & supporting retail customers to pursue their financial objectives
- Four outcomes which set out more detailed expectations for firms
 - Products & services
 - Price & value
 - Consumer understanding
 - Consumer support

Meeting the requirements is now the responsibility of all employees at every level throughout the firm and not just senior management. Hence the new Conduct Rule.

As with TCF the consumer has always been at the heart of everything Tatton works to achieve and is articulated in its stated purpose 'to be the provider of choice for independent financial advisers and their end clients. We seek to provide the highest quality investment management and best-in-class IFA support services, with our number one goal being the enhancement of outcomes for both advisers and their clients.'

Policies and working practices

Employees

All Tatton employees have been made fully aware of the requirements with training sessions including a formal regulatory training & testing module and being involved in the review of all business practices as they applied to their specific area during the lead up to implementation.

All role profiles have been updated to include Conduct Rule 6.

Post July 2023 all staff will need to complete annual refresher training and to confirm on an annual basis that they understood how Consumer Duty relates to their role and responsibilities and specifically that they will conduct their role to help provide good customer outcomes.

Tatton holds regular team meetings which provides staff the opportunity to discuss Consumer Duty and discuss their experiences, both positive and negative.

Where an employee becomes aware of a potential risk to providing good customer outcomes then this must be notified immediately to their line manager or Compliance.

Financial Promotions

All Tatton financial promotions including website material undergo a robust review and sign off process with ultimate approval the responsibility of compliance. All promotions are designed to comply with the clear, fair & not misleading requirements but also to ensure that consumers have the information they need to make informed decisions and written in such a way as to promote consumer understanding. To assist with this Marketing hold regular meetings with Adviser firms and where appropriate end-clients to gain feedback which helps inform and further improve our materials.

Product Development

Consumer Duty is considered at all stages in the Product Development process.

Price & Value Assessments

Price & Value assessments are completed for each of Tatton's services at least annually in April.

Target Market Data

Target Market Data is provided for all Tatton's services and fund ranges and reviewed at least annually in April.

Complaints

All complaints are handled according to the FCA DISP rules.

All staff have been trained in complaint identification and procedures and are aware of the actions that must be undertaken if they receive a complaint.

The Head of Compliance is responsible for complaint handling and has the expertise, independence and authority to award compensation if required.

A complaints register is maintained to provide a historic record and an audit trail and will include root cause analysis which will enable any systemic issues to be identified and work needed to address them.

Rule breaches

All rule breaches are investigated thoroughly and reported to Compliance. Should a breach be notifiable this process is managed by the Head of Compliance. All are reported to the Risk & Compliance Committee.

A rule breach register is maintained to provide a historic record and an audit trail and will include root cause analysis which will enable any systemic issues to be identified and work needed to address them.

Monitoring

The annual compliance monitoring plan does not have a monitoring activity devoted to Consumer Duty as it is considered an integral part of each monitoring activity undertaken.

Each measure has a risk rating red, amber or green depending on the result of the review.

Where red or amber ratings are obtained then an action plan is put in place to correct/manage the issue. The Head of Compliance will track progress on a monthly basis.

Record Keeping

Financial promotions register.
Complaints register.
Rule breach register.
Issues log.

Management Information (MI)

Consumer Duty is an agenda item at the Tatton Risk & Compliance Committee, chaired by the Consumer Duty Champion and a full suite of MI is produced for this. Any issues or areas that that may lead to concerns being raised are discussed and appropriate action taken. The MI is also included in the Tatton Board pack along with any actions taken or recommended to be taken which need Board approval.

Risk reports

Risk & Compliance Committee reports to Board
Compliance Monitoring reports to Risk & Compliance Committee and the Board
Compliance reports to the Board

Regulatory Change

The Head of Compliance is responsible for advising senior management of any change in regulatory requirements and updating processes and procedures as required.

2. HANDLING COMPLAINTS

We hope you won't have cause to complain, but if you are unhappy with something we have, or haven't done then please tell us. By letting us know you are unhappy you give us the

opportunity to put matters right for you and to improve our services for all our clients.

You can contact us by:

Letter – please address it to:

The Head of Compliance, Tatton Investment Management Limited, Head of Compliance 17 St Swithin's Lane, London EC4N 8AL

Telephone: **020 7139 1470**

Email: enquiries@tattonim.com

Or in person at our offices.

Whichever way you choose to contact us please be assured that we will:

1. Provide you with a summary of our internal complaints process when we write to acknowledge your complaint or if you request one from us.
2. Contact you promptly to let you know that we are looking into your concerns and give you an indication of when you can expect to hear from us again.
3. Keep you regularly updated and, if it looks like our investigation may take more than eight weeks from when you first contacted us, we will write to you with an update.
4. Consider your complaint thoroughly and, once our investigations are complete, we will send you a final written response setting out what we have found and what our decision is / what we propose to do; and,
5. Inform you of your right to refer the matter to the Financial Ombudsman Service.

Sometimes a concern may not be about our service. If this is the case, we will pass it on to the correct party and give you full details.

Please contact us if you would like a copy of our complaints handling procedures.

3. ORDER EXECUTION POLICY

Our Order Execution Policy sets out the approach that Tatton Investment Management Limited (Tatton) takes to achieve the best possible result for our investors. We treat all investors with honesty, fairness, and professionalism and always in their best interests.

All Tatton clients are classified as retail clients for achieving best execution.

The policy should be read in conjunction with other contractual information.

This document provides information about our Order Execution Policy as required by the Market in Financial Instruments Directive (MiFID and MiFID II) and the Financial Conduct Authority (FCA) under COBS 11.2A.22R.

This policy is available directly from us upon request or online at our website www.tattoninvestments.com

Scope

Our responsibility for best execution applies when we are:

- Executing an order in a financial instrument or
- Transmitting an order in a financial instrument to another party for execution during:
 - Portfolio management
 - Investment activities as an investment manager of an undertaking for collective investments in transferable securities ('UCITS Fund')
 - Investment activities as an alternative investment fund manager and
 - Carrying out an order provided by an investor.

Financial instruments include:

- Shares in companies, securitised debt and bonds, warrants, options, futures and convertible bonds, securitised cash settled derivatives and shares in investment trusts.
- Money Market instruments
- Units or shares in alternative investment funds and UCITS Funds
- Certain options, futures, swaps and forward rate agreements (including foreign exchange forward transactions)
- Derivative instruments for transferring credit risk; and
- Financial contracts for difference and structured products.

Order placement

Due to the nature of our business, orders are typically generated by investments, disinvestments or an adjustment to the investments selected by the Tatton investment team.

Order execution factors

Order execution factors include the following:

- price,
- cost,
- speed of execution,
- likelihood of execution and settlement,
- size and nature of the order and
- any other consideration relevant to the execution of the order.

Tatton aims to take all sufficient steps to obtain the best possible result for its clients on a consistent basis but relies on other FCA regulated parties for the execution of these. Before we engage a third party to execute them Tatton will always conduct robust due diligence on the third party and where required will monitor their performance in relation to this.

By transmitting an order to another party for execution, Tatton will place reliance on that other party. This means Tatton's best execution obligation will have indirect application. Tatton annually reviews the governance of 'any third- party's execution policy to ensure they meet both the regulators and Tatton standards.

Tatton - Model Portfolio Service

In its role as a discretionary investment portfolio manager offering a portfolio management service exclusively to clients who hold their investments through a UK adviser investment (wrap) platform, Tatton invests in Collective Investment Schemes (CIS). These are financial instruments so technically fall under the best execution requirements; however, the portfolio trades are in open ended funds and not exchange traded. Orders are usually arranged directly with a third-party product provider or their appointed administrator.

The CIS is the only venue in which to transact orders. An individual CIS will state in its prospectus the way subscriptions and / or redemptions can be purchased / made. This information will include how frequently liquidity will be provided, the time frames for the calculation of the net asset value and receiving orders. All orders will be executed directly with the CIS in question. All activities are undertaken per the requirements set out in the FCA Collective Investment Schemes (COLL) handbook.

All portfolios managed by us are held on UK adviser investment (wrap) platforms as Tatton is not permitted to hold or control client monies or assets.

In most instances, Tatton places its trading instruction(s) at the model portfolio level using the platform portfolio trading capability.

Consequently, trade execution and custody of assets is entirely under the control of the respective platform and Tatton cannot be held responsible for any third- party failures.

Tatton – Funds

In its role as an investment manager of UK mutual funds, regulated by the FCA under the UK's Non-UCITS Retail Scheme (NURS) rules, the FCA best execution requirements do apply.

In respect of the Tatton Oak and Tatton Blended Fund Ranges we submit orders to Valu-Trac as Authorised Corporate Director and rely on their best execution policy.

For the Sinfonia Fund Range, we submit orders to IFSL as Authorised Corporate Director and rely on their best execution policy.

Throughout the execution of orders Tatton cannot be held accountable for any third-party failures.

Tatton will ensure that it maintains the Financial Conduct Authority regulatory permissions required to permit trading as a Discretionary Fund Manager and will actively monitor compliance with its Order Execution Policy. We will regularly, and at a minimum, annually review the policy and notify you of any material changes.

Tatton – AIM portfolio

Tatton also offers an Alternative Investment Market (AIM) portfolio service to retail clients. The portfolios are held on UK adviser investment (wrap) platforms where trading takes place using the platforms preferred broker. Custody of assets is also arranged through the platform.

In most instances, Tatton places its trading instruction(s) at the model portfolio level

using the platform portfolio trading capability. The platform will then send the aggregated instructions to its preferred broker who will action them according to the agreed and contractual (between platform and broker) Best Execution Policy. Consequently, Tatton is not directly responsible for the trading execution on client portfolios as it must adhere to, the platforms 'Best Execution Policy' for all the AIM trades. This responsibility is carried out by the relevant platform dealing desk from orders placed by Tatton.

Tatton will, during normal trading, give guidance pertaining to prices to the platform's dealing desk in the form of limit orders and direct discussions with the dealing desk.

Tatton views best execution in a holistic way in the context of the whole portfolio and not purely on a single trade by trade basis. Best execution, in this context, can only be achieved through single bulk orders that are directed by Tatton due to the nature of certain trades, such as illiquidity. Single bulk orders will ensure the fair and equal treatment of all clients across all portfolios and platforms as well as limit unnecessary disruption across client portfolios.

Where Tatton, as the discretionary manager, initiates, and sources a transaction and directs the trade to the relevant dealing desk then the best execution duties will be transferred to Tatton and the best execution factors will be adhered to as set out below.

When orders are placed, the same execution factors as for funds and the model portfolio service are considered.

Tatton will generally give price a higher relative importance but will also consider the other execution factors noted above to obtain Best Execution which may not result in the best

available price. Other considerations may include the liquidity of the market which may make it difficult to execute an order. Tatton cannot be held responsible for any failures in third parties or messaging infrastructure during the execution of orders.

Market abuse e.g. Front-Running is explicitly prohibited, and Tatton has a Personal Account Dealing policy in place to mitigate the risk of this activity occurring.

The AIM Investment Market is the only execution venue available for AIM stocks.

Tatton will actively monitor compliance with its Order Execution Policy which will be reviewed at least annually.

4. CONFLICTS OF INTEREST

Background

The European Securities and Markets Authority considers that since the introduction of MiFID the expanding range of investment activity has increased the potential for conflicts of interest (COI) between those different activities and the interests of their clients. Therefore, under MIFID II the steps firms need to take to prevent or manage COI and disclose appropriately has been enhanced.

COI is covered in detail in FCA Handbook SYSC Chapter 10.

What is a conflict of interest?

Broadly, a COI will entail "a risk of damage to the interests of a client". In identifying a COI, firms must consider whether the firm or a person directly or indirectly linked by control to the firm:

1. is likely to make a financial gain, or avoid a financial loss, at the expense of the client

2. has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome
 3. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client
 4. carries on the same business as the client; or
 5. receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.
- b. One client of the firm and another client hat arise or may arise when the firm provides its service. This includes COI caused by the receipt of inducements from third parties or by the firm's own remuneration and other incentive structures which may adversely affect the interests of its clients.

Examples of a COI are when the business model of one firm has the potential to influence the actions taken by another individual or firm, for example, as the result of a direct or indirect financial interest or when a staff member has a business interest which is in direct competition with Tatton.

Regulatory requirements

Tatton will:

1. Maintain a comprehensive COI policy available to all on its website at www.tattoninvestments.com as part of its Regulatory Disclosures Document. This document will be reviewed at least annually
 2. Maintain a detailed record of all COI and update the Tatton Board accordingly
 3. COI is an agenda point for all Tatton Board Meetings
 4. Take all appropriate steps to identify and to prevent or manage COI between:
 - a. The firm, including its managers and employees or any person directly or indirectly linked to them by control, and a client of the firm; or
5. If these arrangements are insufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Tatton will clearly disclose in detail the COI to the client in the Discretionary Management Agreement before any service is provided including,
 - a. A specific description of the conflicts of interest that arise in the provision of investment services or ancillary services
 - b. A statement confirming that the organisational and administrative arrangements Tatton has in place to prevent or manage that conflict are insufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented
 - c. An explanation of the risks to the client that arise because of the COI; to enable the client to take an informed decision with respect to the service in the context of which the COI arises.
 6. Have effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a COI where the exchange of that information may harm the interests of one or more clients
 7. Ensure that its remuneration policy does not have a direct link between the remuneration of staff engaged in an activity on behalf of clients and the remuneration of staff engaged in another activity where a COI may arise in relation of those activities.

8. Ensure that procedures are in place to manage effectively where any staff member is sequentially involved in services where this may affect the proper management of COI
9. Ensure that measures are in place which will prevent or limit any person from exercising inappropriate influence over the way in which a member of staff carries out their role.

Procedure for disclosing and managing conflicts of interests

Tatton recognises that all staff are entitled to manage their own affairs in privacy. However, work must also be carried out in an environment that is free from any suggestion of improper influence.

All employees are required to disclose any other business interests they may have when they join the firm. These will be recorded on the firm's application form. (All staff registered with FCA (Approved Persons) are subject to an annual "fit and proper" check which includes a review of other business interests).

It is the responsibility of each member of staff to bring potential or actual conflicts of interest to the attention of the Head of Compliance as soon as they become aware of them.

Tatton will ensure that if a Senior Manager, or any other of its employees who has a material interest in a transaction to be arranged, Tatton will not arrange or enter the arrangement unless it can be demonstrated that the firm has dealt with the Customer fairly.

All staff must adhere to the following procedure in cases where a potential COI exists:

- The staff member must advise the Head of Compliance of the potential COI in writing

- Tatton will advise the Customer, in writing, of the potential COI
- The Customer must provide Tatton with their consent to proceed, in writing
- A copy of both letters will be retained by the Head of Compliance who will authorise the transaction to proceed, and
- Copies of both letters, together with the Head of Compliances written authorisation to proceed must be retained as part of the audit trail.

The firm will maintain a COI register which will be kept under regular review. COI is an agenda item at the Tatton Board meeting.

5. PERSONAL ACCOUNT DEALING POLICY

The market abuse regime was introduced in December 2001 and has been updated to take account of the requirements of the Market Abuse Directive. The main provisions of the regime are set out in the Financial Services and Markets Act 2000 (FSMA). FCA have set out in more detail the sorts of behaviour that may amount to market abuse in the Code of Market Conduct, which forms chapter 1 of the Market Conduct Sourcebook (MAR 1).

One of the categories of market abuse defined in FSMA is the misuse of information where that information is relevant and not generally available. It is an offence to deal based on such information and to require or encourage someone else to deal. One factor to be considered when assessing whether behaviour amounts to market abuse is whether the person concerned has acted in accordance with the standards expected of them given their position in relation to the market. Tatton expects all staff to observe the highest standards in relation to their personal dealings. The market abuse regime

is a civil regime and, in cases where market abuse has occurred, the FCA can impose an unlimited financial penalty.

The UK also has a criminal insider dealing regime, which is set out in the Criminal Justice Act 1993 (the Act). This makes it a criminal offence for an individual who has information as an insider to deal in securities (including shares, debentures, warrants and options) on a regulated market. FCA may decide, in concluding investigations into a potential misuse of information or insider dealing case, that the behaviour is sufficiently serious to justify a criminal prosecution. An offence under the Act is punishable by a custodial sentence and/or a fine.

It is important that proper arrangements are in place, which allow Tatton and you to show that individual investment decisions have not been influenced by information made available to you, confidentially, in the course of our business.

Under the FCA “personal account dealing rules”, firms are required to monitor staff dealings in securities, derivatives (this includes spread betting), and shares. The rules do have some exceptions which are noted below.

The Head of AIM maintains a ‘restricted’ list of AIM stocks that are held in the Tatton AIM Portfolio or on the shortlist for near term investment.

It is Tatton’s policy that **all** dealings in AIM stocks on the Tatton restricted list, including within SIPPs and Pension Drawdown Accounts, must be approved by Chief Investment Officer or Head of AIM Investment in his absence **before** any purchase or sale is instructed.

In addition, permission to trade Tatton Asset Management plc stock **must** always be sought from the Finance Director before any trading takes place.

In respect of the Model Portfolio Service a decision has been made to instruct the Investment Committee to maintain a list of all small, mid -cap and new funds used. This list is reviewed at each Investment Committee and any changes made to the list are at the Investment Committees sole discretion. The list is available on the Tatton Intranet for transparency. All employees who wish to place any trade are expected to check that the fund is not on the list prior to any activity.

In addition, approval must also be sought from the CIO or the Head of Portfolio Management in his absence, for all types of exposure to funds and securities for the period between the dates of the Pre ICM-Meeting and that of confirmation that all platform updates have been completed.

However, there are exceptions to this which are investments into:

- personal pensions
- life policies
- regular investment schemes which invest at pre-set times e.g. same date each month, and
- large cap collective investment schemes.

All relevant investment transactions conducted by a member of staff on their own account must be recorded on Tatton’s personal account dealing register held by the Head of Compliance. Notification must be made to the Head of Compliance promptly together with the confirmation of permission to trade where required.

6. GIFTS & BENEFITS POLICY

Tatton requires that all staff are aware of our policy in respect of gifts and inducements which may constitute an offence under the Bribery Act.

The Money Laundering Reporting Officer (“**MLRO**”) is responsible for Anti Money laundering, Bribery and Corruption within Tatton, overseen jointly by the firm’s Directors.

The MLRO for Tatton is the Head of Compliance.

Procedure

The FCA Rules on inducements, updated for MiFID II, set out three categories of benefits which may be paid or accepted from any party if paid or accepted in accordance with the FCA Rules. The three categories are as follows:

1. Payments necessary for the provision of investment services
2. Third party research received in accordance with the FCA rules; and
3. Fee, commission, or non-monetary benefit.

Payments necessary for the provision of investment services

Any payment or benefit which enables or is necessary for the provision of investment services by Tatton, such as custody costs, settlement and exchange fees, regulatory levies or legal fees and which, by its nature, cannot give rise to conflicts with Tatton’s duty to act in the client’s best interests, shall not be considered an inducement under the FCA Rules.

Third party research

Any third-party research received by Tatton will be paid out of the firm’s own resources and therefore will not be considered an inducement under the FCA Rules.

Fee, commission, or non-monetary benefits

This Policy deals specifically with fees, commissions, or non-monetary benefits. It is Tatton’s policy not to pay or accept any: (a) fees or commissions; and (b) non-monetary benefits unless the exclusion applies as per the below.

Tatton may pay or accept the benefit where it is:

1. an acceptable minor non-monetary benefit (further explained below); or
2. a fee or commission paid to or accepted, or non-monetary benefit provided to or received from the client or a person on behalf of the client in connection with the provision of the Tatton service.

At no time must a member of staff either accept or offer a gift, benefit or inducement to expedite work or to give or take advantage of a situation.

Notwithstanding the above, at no time must a member of staff pay or accept any fee, commission, or non-monetary benefit without first considering the section below titled ‘Items requiring authorisation prior to acceptance’.

Acceptable minor non-monetary benefits

Acceptable minor non-monetary benefits may be paid or received by Tatton as long as they are clearly disclosed, capable of enhancing the quality of service provided to a client, are of a scale and nature such that they could not be judged to impair compliance with Tatton’s duty to act in the best interest of the client, and reasonable, proportionate and of a scale that is unlikely to influence Tatton’s behaviour in any way that is detrimental to the interests of the client.

Therefore, where Tatton pays, provides, or accepts a minor non-monetary benefit in

accordance with the FCA Rules, Tatton will inform the client, prior to the provision of the relevant service:

1. Of the existence and nature of the minor non-monetary benefit (which Tatton may describe in a generic way);
2. Where applicable, the mechanisms for transferring to the client the minor non-monetary benefit received in relation to the provision of the relevant service; and
3. The amount of the minor non-monetary benefit or, where the amount cannot be ascertained, the method for calculating that amount. Where Tatton provides the method for calculating the amount, the client will be informed of the exact amount of the minor non-monetary benefit on an ex-post basis.

Where the minor non-monetary benefit is received by Tatton on an on-going basis in relation to an investment service provided to the client, Tatton will inform the client, at least annually, about the actual amount of minor non-monetary benefits received.

Tatton will provide the client with periodic reporting statements to inform the client regarding any minor non-monetary benefits transferred to the client.

Definition of a minor non-monetary benefit

An acceptable minor non-monetary benefit is one which:

1. Is capable of enhancing the quality of service provided to the client
2. Is of a scale and nature that it could not be judged to impair Tatton's compliance with its duty to act honestly, fairly and professionally in the best interests of the client; and consists of Information or documentation relating to a financial instrument or an

investment service, that is generic in nature or personalised to reflect the circumstances of an individual client

3. Written material from a third party that is commissioned and paid for by a corporate issuer or a potential issuer to promote a new issuance by the company, or where the third-party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any firms wishing to receive it or to the general public
4. Participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or investment services
5. Hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned above
6. Research relating to an issue of shares, debentures, warrants or certificates representing certain securities by an issuer which is produced prior to the issue being completed and by a person that is providing underwriting or placing services to the issue on that issue and is made available to prospective investors in the issue; or
7. Research that is received so that Tatton may evaluate the research provider's research services provided that:

- a. It is received during a trial period that lasts no longer than 3 months
- b. No monetary or non-monetary consideration is due (whether during the trial period, before or after) to the research provider for providing the research during the trial period

- c. The trial period is not commenced with the research provider within 12 months from the termination of an arrangement for the provision of research (including any previous trial period) with the research provider; and
- d. The firm makes and retains a record of the dates of any trial period accepted under this rule, as well as a record of how the conditions in (i) to (iii) were satisfied for each such trial period.

Capable of enhancing the quality of the service means that the minor non-monetary benefit is:

1. Justified by the provision of an additional or higher level of service to the client and is proportional to the level of inducements received
2. It does not directly benefit Tatton, its shareholders or employees without tangible benefit to the client
3. It is justified by the provision of an ongoing benefit to the client in relation to an ongoing inducement; and
4. The provision of the service by Tatton to the client is not biased or distorted because of the minor non-monetary benefit.

Benefits paid to or received from the client or a person on behalf of the client

Fees, commission, or non-monetary benefits are acceptable if paid to or accepted by the client or provided by a person on behalf of the client. In this instance, they are only acceptable if that person is aware that such payments have been made on that client's behalf and the amount and frequency of any payment is agreed between Tatton and the client and not determined by a third party. For example, this could be the case where:

1. The client pays Tatton's invoice directly or it is paid by an independent third party who has no connection with Tatton regarding the investment service provided to the client and is acting only on the instructions of the client; or
2. Cases where the client negotiates a fee for a service provided by Tatton and pays that fee.

This could be the case for accountants or lawyers acting under a clear payment instruction from the client or where a person is acting as a mere conduit for the payment.

Items not requiring authorisation prior to acceptance

The following instances are of a minor nature and therefore Tatton staff do not require authorisation from a Tatton Director to:

1. Either provide or accept, where the minor non-monetary benefit is no more than £60 in value; and
2. Received in the course of business.

Additionally, subsistence received during a one-day training course, conference or hospitality given to/by Providers/Introducers/clients with no overnight stay, do not require authorisation from a Tatton Director.

However, any such minor non-monetary benefits received in relation to the provision of a service to the client, must be disclosed to the client.

Items requiring authorisation prior to acceptance

The following instances require authorisation from a Tatton Director:

1. minor non-monetary benefit more than £60 received in the course of business

2. subsistence and accommodation received during a training course, conference or hospitality given to/by Providers/ Introducers/clients which includes overnight accommodation
3. any minor non-monetary benefit that includes an overseas element including trips to continental Europe
4. any minor non-monetary benefit offered to a potential or existing client; and
5. any fee or commission paid, or non-monetary benefit provided from the client or a person on behalf of the client.

Record keeping

Any fee, commission, or non-monetary benefit paid to, accepted from, provided to or received from the client or a person on behalf of the client and any minor non-monetary benefits either provided by Tatton or received by Tatton, must be notified to the Head of Compliance and will be recorded on Tatton's Gifts and Hospitality Register.

7. INVESTMENT FIRMS PRUDENTIAL REPORT INCLUDING REMUNERATION POLICY

Background

From 1 January 2022, the UK financial services regulator, the Financial Conduct Authority (FCA) introduced the Investment Firms Prudential Regime (IFPR), which is the regulatory framework for governing the amount and nature of capital that investment firms must hold. The new prudential requirements for investment firms are now set out in the FCA Prudential sourcebook for MIFID investment firms (MIFIDPRU). Under MIFIDPRU, a new framework for regulatory disclosures was introduced. These disclosures cover:

- Risk management objectives and policies (MIFIDPRU 8.2);
- Governance arrangements (MIFIDPRU 8.3);
- Own funds (MIFIDPRU 8.4);
- Own funds requirements (MIFIDPRU 8.5); and
- Remuneration policy and practices (MIFIDPRU 8.6).

This disclosure is in relation to Tatton Investment Management Limited ("the Firm"), a private limited company, incorporated in the United Kingdom, authorised and regulated by the FCA. Under the IFPR's firm categorisation, the firm is categorised as a non-small non-interconnected (non-SNI) MIFIDPRU investment firm. The Firm's reference number is 733471.

The Firm is a wholly owned subsidiary of Tatton Asset Management plc. Tatton Asset Management plc and its subsidiaries are defined as "TAM" or the "Group". TAM consists of two main operating segments: Tatton – an investment manager providing a range of discretionary investment services through on-platform model portfolios and funds to the clients of IFAs; and Paradigm – which provides a wide range of membership-based operational support solutions for IFAs. The Firm is part of the Tatton Operating Segment.

The Firm's disclosure under MIFIDPRU is made annually following the publication of its financial statements. Additional disclosure may be made where appropriate, for example, in the event of a major change in business model.

Governance

Board and Committees

The TAM Board is responsible for setting the Group's values and standards and promotes these values throughout the organisation. The Board is responsible for ensuring that

its obligations to its shareholders and other stakeholders, including employees, suppliers, customers and the community, are understood and met.

The Board has a duty to act in accordance with its powers and the directors must:

Act in accordance with the company's constitution, and

Only exercise powers for the purposes for which they are conferred.

The TAM Board and Group Executive Committee

- TAM has an established board which meets on at least quarterly and consists of:
- Paul Hogarth (CEO)
- Lothar Mental (CIO)
- Paul Edwards (CFO)
- Roger Cornick (Chairman, Non-Executive)
- Christopher Poil (Non-Executive)
- Lesley Watt (Non-Executive)

To meet its responsibilities, the TAM Board has delegated the day-to-day running of the Firm to the CEO and the senior management team through the following committees:

- Risk and Compliance Committee
- Tatton Investment Management Ltd Board
- Tatton Investment Management Investment Committee
- Tatton Investment Management Ethical Investment Committee

The Tatton Investment Management Ltd Board

The Tatton Investment Management Ltd Board consists of Executive and Non-Executive directors of the Firm. The members of the

Tatton Investment Management Ltd Board for the period were as follows:

- Lothar Mental (CEO and CEO of Tatton Investment Management Ltd)
- Paul Edwards (CFO of TAM and Tatton Investment Management Ltd)
- Helen O'Neill (COO of Tatton Investment Management Ltd)
- Justine Randall (Sales Director of Tatton Investment Management Ltd)
- Grant Dempster (Non-Executive)
- Bruce Russell (Non-Executive, Resigned 31 August 2022)

The purpose of the Tatton Investment Management Ltd Board is to review ongoing matters that arise from day to day, and reports and presentations across a range of topics from the business as determined appropriate by the Firms Board. Additional individuals are invited to attend meetings of the Firms Board at the discretion of the Chairman to address planned agenda items pertaining to their particular areas of expertise.

The Tatton Investment Management Risk and Compliance Committee

The Firm is not required to establish a risk committee under MIFIDPRU 7.3 as it meets the conditions set out under MIFIDPRU 7.1.4R, however the Firm has chosen to establish one regardless.

The Firm holds at least quarterly the Risk and Compliance Committees (RCC). The role and scope of the RCC is decided by the Tatton Investment Management Ltd Board. The RCC has delegated responsibility from the Executive Committee and assists the Board in fulfilling its oversight responsibilities.

Its primary role is to monitor the integrity of the financial statements, review internal financial controls, compliance with the regulations, system of controls and risk management. RCC attendees during the period were as follows:

- Paul Edwards (CFO)
- Helen O'Neill (COO)
- Justine Randall (Sales Director)
- Gill Aukett (Head of Compliance)
- Karnvir Cheema (Compliance & Risk Manager)
- Grant Dempster (Non-Executive)

The Tatton Investment Management Investment Committee

The Tatton Investment Management Ltd Board delegates the authority for the day to day management of the Firms portfolio services and fund offering to the Tatton Investment Management Investment Committee which is responsible for delivering core business objectives, implementation and monitoring of

effective risk and compliance policies, approval of new or changed products and regular review of existing products.

Conflicts of Interest

Information for dealing with conflicts of interest is set out in the Conflicts of Interest Policy document which is approved by the Board. The policy sets out how the firm seeks to prevent and deal with conflicts of interest if they arise.

Directors are required to disclose any business interests that may result in actual or potential conflicts of interest with those of the Group or Firm. If a conflict or potential conflict situation arises, the directors must seek authorisation from the Board.

Directorships

The following directors have held office in executive and non-executive functions throughout the financial year ending 31 March 2023:

Name	Group Directorships	Other Directorships in scope of MIFIDPRU 8.3.1R(2)
Lothar Mental	6	0
Paul Edwards	9	0
Helen O'Neill	1	0
Justine Randall	1	1
Grant Dempster	1	0

Diversity

The Group is committed to fostering a diverse and inclusive culture across the organisation, supporting employees, customers, and suppliers, regardless of their background. We recognise the importance of promoting diversity and inclusion across our organisation and believe that a diverse workforce brings a variety of perspectives and ideas that enhance our ability to provide innovative solutions to our clients. To ensure that we attract, develop, and retain a diverse workforce, we are committed to creating a workplace culture that is inclusive and welcoming to all. Our diversity and inclusion policy reflects our commitment to providing a work environment that respects the dignity and worth of all individuals.

TAM is actively involved in industry initiatives aimed at promoting diversity and inclusion in the financial services sector. As a member of The Diversity & Inclusivity Finance Forum and became a signatory of the Women in Finance Charter in February 2022.

Own Funds

Composition of Regulatory Own Funds

The table below summarises the composition of regulatory own funds for the Firm as at 31 March 2023, including audited profits for the year to 31 March 2023. The Firm's own funds are exclusively CET1 capital. Tier 1 capital consisted of fully issued ordinary shares and audited reserves, satisfying all the criteria for a Tier 1 instrument as outlined under IFPR. As at 31 March 2023 and during the year, the Firm complied with all externally imposed capital requirements in accordance with the rules set out under IFPR.

	Item	Amount (£'000)	Financial Statements Reference
1	OWN FUNDS	16,801	
2	TIER 1 CAPITAL	16,801	
3	COMMON EQUITY TIER 1 CAPITAL	16,801	
4	Fully paid-up capital instruments	1,100	Note 11
5	Share premium	-	
6	Retained earnings	16,119	Statement of changes in equity
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	(418)	
19	CET1: Other capital elements, deductions & adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid-up, directly issued capital instruments	-	
22	Share premium	-	
23	TOTAL DEDUCTIONS FROM ADDITIONAL EQUITY TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions & adj	-	
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	-	

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

The table below shows the breakdown of the total available regulatory capital reconciled to the capital shown on the balance sheet in the Firm's audited financial statements:

	Balance Sheet as in audited financial statements (£'000)		Cross reference to own funds
Assets			
1	Tangible fixed assets	117	
2	Intangible fixed assets	328	Item 11
3	Debtors	9,504	
4	Financial assets	123	
5	Corporation tax assets	174	
6	Deferred tax assets	90	Item 11
7	Cash at bank and in hand	8,334	
	Total Assets	18,670	
Liabilities			
1	Trade and other liabilities	1,451	
	Total Liabilities	1,451	
Shareholders Equity			
1	Called up share capital	1,100	Item 4
2	Retained earnings	16,119	Item 6
	Total Shareholders Equity	17,219	

Own Funds Requirements

Own Funds Requirement

Under IFPR the Firm’s capital requirement is calculated as the higher of:

- 1. Own Funds Requirement which is the higher of:
 - a. Permanent Minimum Capital Requirement of £75,000 (PMR);
 - b. Fixed Overhead Requirement (FOR); and
 - c. K-Factor Requirement (KFR).
- 2. Own Funds Threshold Requirement (OFTR).

Own Funds Requirements		£'000
Permanent Minimum Requirement		75
Fixed Overhead Requirement		1,633
K-Factor Requirement		2,237
Own Funds Requirement		2,237

Own Funds Threshold Requirement

The OFTR supplements the own funds requirement via the Internal Capital Adequacy and Risk Assessment (ICARA), which is the means by which the Firm assesses the level of capital that adequately supports all of the relevant current and future risks in its business, taking into account potential periods of financial stress during the economic cycle as well as a potential wind-down scenario; the OFTR is the higher of the two.

The Firm reviews the adequacy of the ICARA process at least once every 12 months and following any material change in the firm's business or operating model.

The ICARA process document and associated external disclosures have been reviewed in detail by senior management and therefore has

had senior management input throughout the document’s development.

The ICARA process has been developed from a risk review of the Firm and its annual budget exercise. It is therefore already integrated into the firm’s procedures and has been approved by the Board.

To ensure the Firm meets its ongoing capital needs and liquidity requirements, these are reviewed each month in the management accounts which are distributed to the management team and the Board.

On this basis the Board are satisfied that the Firm has sufficient own funds and liquid assets to meet its Overall Financial Adequacy Rule (OFAR) both as to amount and quality to ensure that:

a) it is able to remain financially viable throughout the economic cycle, with the ability to address material potential harm that may result from its ongoing activities; and

b) its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Remuneration Policy

The Firm’s remuneration policy is set by Tatton Asset Management plc and its Board of Directors, and covers Tatton Asset Management Plc (TAM) and its subsidiaries (The Group). The purpose of this remuneration policy is to contribute towards achieving strategic objectives by attracting, appointing, motivating and retaining key talent while meeting our regulatory and legal requirements. The Group believes an effective framework for remuneration establishes a direct relationship between the long-term evaluation of performance and an appropriately matched incentive structure. It seeks therefore to ensure its remuneration practices are transparent and structured to reward long-term performance and sound risk management in a way which is consistent with the Group's culture. Achieving this outcome aligns the long-term interest of our stakeholders with those of our personnel and helps ensure the sustainable long-term success of the Group.

Responsibility

The Group’s Boards adopt and annually review this Remuneration Policy and have overall responsibility for overseeing its implementation.

The Remuneration Committee is responsible for approving the Group’s remuneration policy and decisions generally, including its compliance with the Remuneration Code, subject to any applicable exemptions.

This will include approving the overall remuneration budgets for salary increases and bonus payments.

- The Remuneration Committee is also responsible for agreeing levels of remuneration awarded to:
- CEO and direct reports;
- Executive Directors;
- Directors of Subsidiaries; and
- Any employee with a salary exceeding £100,000

In particular, the Remuneration Committee is responsible for directly overseeing the remuneration of the senior officers in risk management and compliance functions in the Firm and across the wider Group.

Material Risk Takers

All organisations within the scope of the Remuneration Code are required to identify and maintain a record of their Material Risk Takers (MRTs). The Remuneration Committee will assess which of its members of staff are MRTs on an annual basis, and it will update its assessment as necessary throughout the year.

MRTs are identified in line with the criteria included within relevant guidance, but broadly, they include the Firm’s Senior Management, and those individuals whose role means they can expose the Firm, or the funds it manages for clients, to material risk.

Components of Remuneration

The Group sets remuneration to enable it to attract, motivate and retain the people it needs for each phase of its growth.

All employees are entitled to certain contractual benefits which include salary and various benefits which are reviewed from time to time.



There are specific Bonus Schemes related to specific employees. All eligible employees are entitled to participate in the Bonus Schemes. Variable remuneration (e.g. corporate bonus, long term incentive plans, sales incentive schemes) reflects performance and may be subject to performance adjustment. Any variable remuneration, including any deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Group as a whole, and is based on the performance of the Firm and the Group, the business unit and the individual concerned.

In taking any remuneration decisions the Group seeks to ensure an appropriate ratio between the fixed and variable components of total remuneration and to ensure that:

- fixed and variable components of total remuneration are appropriately balanced; and
- the level of the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Pay levels across gender are reviewed periodically and the Group / Remuneration Committee is confident that men and women are paid fairly for the same and similar jobs. Nevertheless, where gender pay gaps are identified, the Group will take steps to identify factors contributing to the gap and shall take mitigating action.

Variable Remuneration

The Group has a number of separate bonus schemes which separately incentivise the delivering of the Group strategic objectives. The list is as follows:

- Company general bonus scheme;
- Business Unit Sales Incentive Scheme;
- EMI Plan; and
- SAYE Scheme.

The “Company General Bonus Scheme” is made available to all employees of the Firm and a range of other employees within the wider Group. It is set through the annual budgetary process and is based on delivering the strategic aims of the business.

The Group’s Bonus Schemes are set as to guard against having incentive schemes in place which encourage employees to take inappropriate risks. For example, making decisions which increase the likelihood of a Bonus Award without due regard to the longer-term interests of the Group.

The main objective of this scheme is to retain, recognise and reward individual employee performance. Performance is considered in the context of both non-financial and financial factors.

The Group EMI Plan grants options to a range of employees and new hires, the share options follow a standard vesting schedule over a three-year period. The EMI Options vest at the end of a three-year performance period and vesting is dependent on the Group achieving the vesting criteria which is reviewed and set by the remuneration committee. Participation is available to open to all Executive Directors, the Firm employees and a range of other employees within the wider Group.

Total variable remuneration, as per the Bonus Schemes is discretionary. All Bonus Awards including any deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Firm and the wider Group as a whole, and justified on the basis of the performance of the Firm and the wider Group, the relevant business unit and the individual employee concerned. The total variable remuneration will be reduced including through malus or claw back arrangements where the financial performance of the Firm or the wider Group is subdued or negative.

The Bonus Award relating to the EMI scheme is payable against specific vesting criteria and is subject to malus or clawback arrangements as set out in the rules of the EMI scheme.

The Group ensures that any measurement of performance used to calculate variable remuneration components or pools of variable remuneration components:

- takes into consideration all types of current and future risks and takes into account the cost and quantity of the capital and the liquidity required; and
- takes into account the need for consistency with the timing and likelihood of Firm and the wider Group receiving potential future revenues incorporated into current earnings.
- The Group must ensure that the allocation of variable remuneration components within the Firm and the wider Group also takes into account all types of current and future risks.

Quantitative Remuneration Disclosure

The tables below provide an overview of the aggregate total remuneration paid by the Firm to staff identified as Senior Management, Other Material Risk Takers (MRTs) and to its other staff.

	Senior Management	Other MRTS	Other Staff
Permanent Minimum Requirement	7	7	32
Fixed Remuneration	£1,008,793	£477,220	£1,752,744
Variable Remuneration	£322,669	£70,390	£620,115
Total	£1,331,462	£547,610	£2,372,860

No severance payments were made during the year to 31 March 2023. The exemption set out in MIFIDPRU 8.6.8R(7)(b) was relied upon for obligation 8.6.8R(5)(a) (the disclosure of the total amount of guaranteed variable remuneration awards made during the financial year and the number of MRTs receiving those awards) to prevent individual identification of a MRT.





Tatton Investment Management Limited

17 St Swithin's Lane, London EC4N 8AL

E: enquiries@tattonim.com

T: 020 7139 1470

www.tattoninvestments.com

All calls to and from our landlines and mobiles are recorded to meet regulatory requirements

Tatton is a trading style of Tatton Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority.

Financial Services Register number 733471.

Tatton Investment Management Limited is registered in England and Wales No. 08219008.

Registered address: Paradigm House,
Brooke Court, Wilmslow, Cheshire, SK9 3ND.

