

# Regulatory disclosure statement

Wealth Club Asset Management Limited  
For period ending 30 June 2023



## Background

This document sets out regulatory disclosures required by the Financial Conduct Authority under its Investment Firms Prudential Regime (IFPR).

The IFPR is the prudential regime for MIFID investment firms with effect from 1 January 2022, replacing the European Capital Requirements Directive. This document sets out disclosures that WCAM is required to make publicly available under IFPR and includes:

- Governance arrangements
- Risk management objectives and policies
- Own funds
- Own funds regulatory requirements
- Remuneration policy and practices.

The year end for the business and its investment firm group is 30 June.

The financial data provided in this disclosure is calculated as at 30 June 2023, which is WCAM's financial year end, in accordance with MIFIDPRU.

This disclosure replaces CRD Pillar 3 disclosure requirements.

## Frequency and means of disclosure

These Disclosures will be issued on an annual basis, made available on Wealth Club's website.

## Principal activities and structure of Wealth Club Asset Management

Wealth Club Asset Management (WCAM) is a wholly owned subsidiary of Wealth Club Limited, and its principal activities are administration and safeguarding of client assets and client money, and portfolio management.

WCAM is regulated by the Financial Conduct Authority, reference number 400139 and has its registered office at 20 Richmond Hill, Bristol BS8 1BA. It is categorised as a non SNI MIFIDPRU investment firm.

WCAM's business is a non-advisory one, designed to allow High Net Worth and Sophisticated investors to hold unlisted or private equity investment opportunities not available on mainstream investment platforms – such as single company EIS-qualifying shares or private market funds.

## Governance (MIFIDPRU 8.3)

Non-SNI firms are required to disclose certain information including:

- An overview of the firm's governance arrangements.
- The number of directorships held by each member of the governing body (charities and directorships of group entities are excluded).
- A summary of the firm's policy on promoting diversity

- Whether the firm has established a risk committee.

The management body of WCAM (the Board) has ultimate responsibility for the overall management of the firm and for and overseeing the wider Wealth Club group’s strategy. The Board oversees and is accountable for WCAM’s governance arrangements, establishing and monitoring the effectiveness of the firm’s corporate governance framework, and approving the firm’s policies, strategic direction, and risk appetite.

The Board reviews public disclosures specific to the WCAM business and has approved this Regulatory Disclosure.

The Board meets quarterly, with ad hoc meetings scheduled as needed. As at 30 June 2023, the Board comprised five directors. Details of the directorships held by each director are set out in the table below.

Director	Number of directorships held*	Other directorships
Alex Davies – CEO	1	3
Gayle Bowen – Finance Director	1	0
Marta Caricato- Marketing Director	1	0
Sheridan Leech – Client Services Director	1	0
Ruth Richards -Compliance Director	1	0

\* Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives and other directorships within the Group are not included.

## Diversity

All appointments to the Board are made on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective.

At the reporting date, 60% of Board positions were held by women.

Wealth Club values diversity and is committed to promoting diversity within the workplace by seeking to ensure that all individuals are treated fairly, with dignity and respect and by recognising and encouraging individual contribution within the organisation. We believe that anyone who joins the business should benefit from the opportunity to develop, progress, and succeed within the company.

## Risk committee

WCAM is not required to establish a risk committee under MIFIDPRU 7.3 as it meets the conditions set out under MIFIDPRU 7.1.4R.

Risk, remuneration and nomination committees do not apply to a non-SNI MIFIDPRU investment firm where the value of the firm’s on-balance sheet assets and off-balance sheet items over the

preceding 4-year period is a rolling average of £100 million or less; or the value of the firm's on-balance sheet assets and off-balance sheet items over the preceding 4-year period is a rolling average of £300 million or less.

## Risk management objectives and policies (MIFIDPRU 8.2)

The Wealth Club board is accountable for all risks assumed in the business and is responsible for the execution of appropriate risk management. Oversight of risk and controls management within WCAM is carried out by senior management.

Directors meet on a regular basis. They manage the firm's risks through a framework of internal policies and processes with regard for relevant laws, standards, principles and rules.

The firm has risk management policies and procedures to identify, assess, mitigate, monitor and manage applicable risks.

## Risk of harms

Under IFPR there is a requirement to identify and manage risks resulting in material harms arising from the ongoing operation of the firm's business to its clients, the market in which the firm operates, and the firm itself; as well as harms that might result from winding down the firm's business.

WCAM has assessed the material harms that could apply, alongside the impact, within our risk assessment.

## Internal capital and risk assessment (ICARA)

WCAM has transitioned from the internal capital adequacy assessment process (ICAAP) to the Internal Capital and risk assessment (ICARA) under IFPR.

The primary purpose of the ICARA is to ensure a clear, accurate and transparent link between the risk profile of the business and the capital and liquidity held by firms.

The outcome of the ICARA is formally approved by the Board at least annually, with more frequent reviews if there is a fundamental change to the business or the operating environment. The ICARA process is a continuous assessment of the harm a firm may pose to clients and markets as part of its ongoing business and during wind-down.

WCAM 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. The ICARA process is integrated into the firm's procedures and has been approved by the Board. On this basis the Board is satisfied that the Firm has sufficient own funds and liquid assets to meet its Overall Financial Adequacy Rule (OFAR).

## Own funds assessment

WCAM has measured the potential harm that might be incurred to its clients, the markets it operates in and its position within the Group in assessing its own funds requirement.

WCAM has considered a broad range of categories of risks including:

- market
- operational
- regulatory compliance;
- financial crime;
- data;
- operational resilience;
- people;
- concentration
- legal.

## Concentration risk

WCAM places its own money, and client money, with third-party banks. A concentration exposure to banking counterparties could give rise to an increased level of risk. All client money is held in a segregated client money account with appropriate trust status.

## Liquidity risk

Liquidity risk is the risk that WCAM, although solvent, does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at an excessive cost. WCAM maintains adequate liquidity to cover its operating needs. WCAM is committed to the control and management of liquidity to ensure all obligations can be met in a timely manner.

## Conflicts of Interest

The Wealth Club Conflicts of Interest 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 WCAM. If a conflict or potential conflict situation arises, the directors must seek authorisation from the Board.

## Own Funds (MIFIDPRU 8.4)

Firms must provide details of own funds (using the template provided in MIFIDPRU 8 Annex 1R), and a reconciliation of the same information in the firm's report and accounts (where available).

Firms must disclose details of their own funds requirements including the fixed overhead requirement (FOR) and a breakdown of their K-factor requirements. Firms are also required to disclose their approach to assessing their compliance with the overall financial adequacy rule (MIFIDPRU 7.4.7R).

WCAM's own funds are exclusively CET1 capital. As at 30 June 2023 and during the year, the firm complied with all externally imposed capital requirements in accordance with the rules. Tier 1 capital consisted of fully issued ordinary shares, satisfying all the criteria for a Tier 1 instrument, and audited reserves.

## Composition of regulatory own funds

TABLE OF1: Composition of regulatory own funds

TABLE OF1: 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	1,906	
2	TIER 1 CAPITAL	1,906	
3	COMMON EQUITY TIER 1 CAPITAL	1,906	
4	Fully paid up capital instruments	0.1	Page 10 WCAM financial statements, called up share capital
5	Share premium	n/a	
6	Retained earnings	1,906	Page 10 WCAM financial statements, profit and loss account
7	Accumulated other comprehensive income	n/a	
8	Other reserves		
9	Adjustments to CET1 due to prudential filters	n/a	
10	Other funds	n/a	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	n/a	
19	19 CET1: Other capital elements, deductions and adjustments	n/a	
20	ADDITIONAL TIER 1 CAPITAL	n/a	
21	Fully paid up, directly issued capital instruments	n/a	
22	Share premium	n/a	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	n/a	
24	Additional Tier 1: Other capital elements, deductions and adjustments	n/a	
25	TIER 2 CAPITAL	n/a	
26	Fully paid up, directly issued capital instruments	n/a	
27	Share premium	n/a	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	n/a	
29	Tier 2: Other capital elements, deductions and adjustments	n/a	

The table below shows a reconciliation with own funds in the balance sheet where assets and liabilities have been broken down by asset and liabilities classes respectively. The information in

the table below reflects the balance sheet in the audited financial statements as at 30 June 2023.

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

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
Figures in GBP thousands				
		A	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1 above
		As at period end – 30 June	As at period end – 30 June	
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1	Debtors: amounts falling due within one year	927		
2	Cash at bank and in hand	1,506		
	Total assets	2,433		
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1	Creditors, amount falling due within one year	527		
	Total liabilities	527		
<b>Shareholders' Equity</b>				
	Called up share capital	0.1		4- fully paid-up capital instruments
	Profit and loss account	1,906		6 – retained earnings
	Total Shareholder equity	1,906		



Approach to assessing the adequacy of own funds

#### Permanent minimum capital requirement (PMR)

WCAM's PMR is £150,000.

#### Fixed overheads requirement (FOR)

WCAM's FOR is one quarter of its previous financial year's annual relevant expenditure.

#### K-factor assessment

WCAM's K-Factor requirement is the sum of:

- **K-AUM requirement** – this is 0.02% of WCAM's average assets under management held on behalf of clients as measured on the last business day of each month during the previous fifteen months excluding the most recent three months;
- **K-CMH requirement** – this is 0.4% of WCAM's daily average client money held in segregated accounts during the previous nine months excluding the most recent three months;
- **K-ASA requirement** – this is 0.04% of WCAM's daily average assets held on behalf of clients during the previous nine months excluding the most recent three months; and
- **K-COH requirement** – this is 0.1% of WCAM's daily average value of the orders that it handled on behalf of clients during the previous six months excluding the most recent three months. This includes equity and fund trades.

#### K-Factor Requirement and Fixed Overheads Requirement

The table below shows the K-factor requirement ("KFR"), the permanent minimum requirement, and the total amount of fixed overheads requirement ("FOR"). The highest of these drives the own funds requirement.

Amount (GBP thousands)

Total sum of K-Factors	192
Permanent minimum requirement	150
Fixed Overheads Requirement ("FOR")	77

Own funds

Own funds: Level of own funds held (£000s)	Own funds threshold (£000s)	Excess held (£000s)
1,906	150	1,756

Liquidity

Core liquid assets (£000s)	Liquid assets threshold (£000s)	Excess held (£000s)
1,506	185	1,321

## Remuneration

The aim of the remuneration policy is to ensure that remuneration arrangements reward employees appropriately, but also promote sound and effective risk management. In particular, the remuneration arrangements aim to avoid excessive risk-taking. It is also designed to ensure that, when taking decisions about remuneration, the impact of reward arrangements on WC's long-term sustainability are considered.

This policy applies to all legal entities of the WC Group.

The Group remuneration approach, aimed at ensuring the competitiveness and the effectiveness of its policies, is based on the following key principles:

1. that remuneration structures drive ethical behaviour of employees.
2. there is clear governance around remuneration decisions.
3. remuneration programmes should drive both business results and desired behaviours which, overall, aim to align the interests of individual employees with the long-term interests of WC and its customers.
4. the remuneration structure must avoid incentives that would encourage employees to take unnecessary and/or excessive risks.
5. sustainability of business and alignment of remuneration with corporate results and individual performance.
6. to retain and develop key talent at all levels of the organisation.

## Material Risk Takers (MRTs)

In accordance with the FCA rules, the Company is required to identify the categories of staff whose professional activities are deemed to have a material impact on the risk profile of the Company. These are referred to as 'Material Risk Takers', and WC ensures that it applies all of the necessary remuneration requirements to these staff, taking into account the size and complexity of the business, and how it is organised internally.

'Material Risk Takers' are identified in line with the criteria included within relevant guidance, but broadly, they include Senior Management, and those individuals whose role means they can expose the Company to material risk.

## Compensation Arrangement

The Company aims to deliver total remuneration (which may be a combination of fixed and variable compensation) at a level that is aligned to the market for each individual role, whilst also rewarding the overall performance of the Company's business and the individual's performance.

Remuneration can be made up of a combination of two broad components:

- basic fixed remuneration (e.g. salary plus any allowances) in line with the employee's professional experience and role within the Company.
- variable remuneration (e.g. corporate bonus) that reflects performance.

Any variable remuneration is based on the performance of the Company, the business unit and the individual concerned.

### Variable Remuneration

Staff receive a fixed salary paid monthly. A discretionary bonus may be awarded which is dependent on the overall profitability of the Company. An individual's share of the bonus pool is dependent on a number of factors including responsibilities, contribution to the Company and length of service. The company also has discretion to grant share options.

### Aggregate remuneration for Material Risk Takers

In the performance year ending 30 June 2023, there were 8 Material Risk Takers.

WC is required to disclose the aggregate remuneration of MRTs. For the financial year ending 30 June 2023 the aggregate annual remuneration was £1,231,478. This is comprised of fixed pay, variable pay and benefits in kind in accordance with the rules.

Due to the limited number of MRTs, the firm considers it appropriate to disclose only aggregate remuneration across all MRTs so as not to prejudice individuals with regard to disclosure of personal information.