IFPR DISCLOSURES

As at 31st October 2023

James Hambro &Partners

IFPR Disclosures

Introduction and content

1. Introduction

James Hambro & Partners LLP ("JH&P LLP") along with its wholly owned subsidiary, James Hambro & Company Limited ("JH&C Limited"), collectively referred to as "JH&P" or "the Firm", is an independently owned wealth management partnership. Approximately 88% of the partnership equity is owned or controlled by 26 members who work within the Firm.

This document sets out information required by the Investment Firms Prudential Regime ("IFPR"), the prudential rules issued by the Financial Conduct Authority ("FCA").

Any changes from the prior version are indicated in the relevant section.

2. IFPR Categorisation

JH&P is categorised as a non-small non-interconnected ("Non-SNI") firm. On account of its size and the nature of its business, JH&P is not subject to certain requirements relating to governance and oversight committees, specifically it is not required to establish Risk, Remuneration or Nomination Committees.

JH&P has permission from the FCA to apply the Group Capital Test and therefore is not required to undertake prudential consolidation.

3. Requirements of the IFPR

The IFPR sets requirements for firms in respect of liquidity, capital adequacy, governance, risk management and remuneration. This document fulfils the firm's obligation to publish certain information in respect of these areas.

The IFPR requires firms to assess, based on their activities, the harms that they can cause to clients, to the firm itself and to the markets. This assessment is then used to determine the amount of capital and liquid assets the firm should hold both for ongoing operations and in the event of winding down the firm. This process is known as the Internal Capital Adequacy Risk Assessment ("ICARA") and is designed to ensure that the firm holds sufficient financial resources at all times in compliance with the Own Funds Adequacy Rule.

4. Basis of preparation

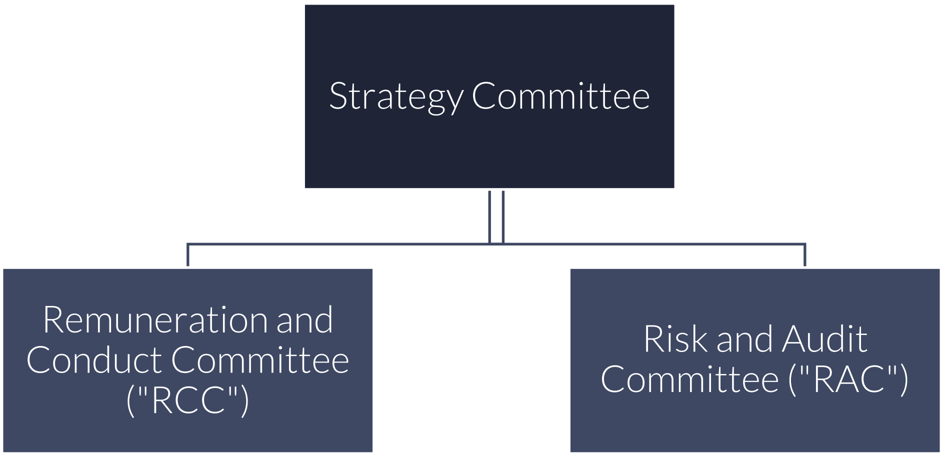
The information in this document is based on the Firm's audited year-end financial statements as at 30th April 2023 except for data taken from the firm's ICARA which was updated as at 31st October 2023.

This document is updated and published annually except in the event of a material change to the activities of the Firm.

5. Governance Arrangements

The Strategy Committee is the firm's Management Body and takes overall responsibility for the firm and its governance arrangements. The firm's governance arrangements were updated in 2023 following an external review.

The firm's key governance committees are set out below:



The Strategy Committee is comprised of founding partners, senior executives and four external non-executive advisors. During the year two new non-executive advisors were appointed, one to Strategy and one to the RAC. Members of the Strategy Committee provide challenge and oversight to the CEO and Executive. All members of the Strategy Committee have significant experience in financial services.

The Strategy Committee is responsible for approving and overseeing the firm's strategic objectives, risk strategy and internal governance. These responsibilities may be delegated to the Risk & Audit Committee ("RAC") and the Remuneration & Conduct Committee ("RCC") in accordance with the Terms of Reference. Delivery of the strategic objectives is the responsibility of the CEO who is advised by the Executive Committee ("ExCo").

The firm participates in several initiatives aimed at increasing diversity. It does not set targets for diversity or inclusion.

As the firm is not a significant SYSC firm, there is no limit on the number of directorships that members of the Management Body may hold. Three executive members of the management body hold 15[1], 3[2] and 1 directorships respectively.

Regular and ad hoc reporting from the Finance, Compliance and BCRM[3] functions enables the Strategy Committee and its delegated bodies to oversee the firm's financial and operational controls, compliance with the regulatory system and the policies relating to the provision of services to clients

The membership of the RAC is comprised of three non-executive partnership advisers. The membership of the RCC is comprised of the Chairman, CEO and two non-executive partnership advisors.

6. Risk Management

6.1. Risk Management Structure

Members of the ExCo are responsible for the day-to-day management of the firm's risks. The CEO is responsible for ensuring the members of ExCo discharge this responsibility.

BCRM leads the firm's risk assessment processes and maintains the Risk Management Framework for approval by the RAC.

The RAC, ExCo and CEO will receive management information directly from business heads, in particular the Heads of Finance, Compliance and BCRM. Where it considers necessary, the RAC will commission third parties to review specific risk exposures. Plans to retain an internal audit service have been postponed and the firm will continue to rely on third party risk reviews.

[1] Of which four relate to the same group and five are entities holding or administering personal assets. Another is a national charity.
[2] For entities all within the same group
[3] Business Controls and Risk Management

6.2. Risk Appetite

JH&P has a Risk Management Policy and Framework ("RMPF") in place which is designed to ensure that the firm manages risk to within its risk appetite.

The RMPF defines risk appetite as the level of risk the firm is prepared to tolerate and has the capacity to absorb in order to achieve its objectives. The risk appetite is set with reference to the level of harm that an unmitigated risk might pose to the firm, its clients or the market. The level of harm dictates the speed and nature of the required response to an identified risk.

6.3. Effectiveness of Risk Management Processes

BCRM is responsible for designing and implementing risk management processes, including management reporting, which are consistent with the RMPF and which support management in discharging their risk management responsibilities. Compliance is responsible for providing second line oversight of the controls in place to mitigate regulatory risk. The RAC is responsible for assessing the effectiveness of this structure on a periodic basis.

6.4. Risk Strategy

Approval of the firm's risk strategy is reserved to the Strategy Committee which may delegate the responsibility to the RAC. On at least an annual basis, the RAC will review and approve the RMPF including the firm's risk appetite.

6.5. Risk Management Objectives and policies – Own funds and liquidity requirements

In normal market conditions, the firm aims to hold own funds and liquid assets substantially in excess of the own funds and liquidity requirements, and at all times in excess of the early warning indicator requirement. Additional own funds are held where indicated by the Internal Capital Adequacy Risk Assessment ("ICARA") and Firm Wide Risk Assessment ("FWRA").

The FWRA is conducted annually to identify and assess the firm's material risks and is a key input to ICARA and the calculation of own funds and liquidity requirements set out below. FWRA input data is refreshed quarterly to ensure any material changes are identified promptly.

Regular financial forecasting and monitoring of capital and liquidity by the RAC, Executive Committee and Finance gives the firm the ability to respond well in advance of any potential threats to capital or liquidity.

Annual scenario testing stresses the assumptions on which the FWRA and ICARA are based. In its extreme stressed scenario, the firm aims to hold own funds and liquid assets in excess of the minimum requirements, using additional sources of liquidity if necessary.

6.6. Risk Management Objectives and Policies – concentration risk

For JH&P, concentration risk arises primarily in respect of revenue, client money and assets, and corporate cash.

Revenue is diversified between different services and revenue streams. No single client or group of related clients account for a material part of the firm's revenue.

Regular monitoring and due diligence are undertaken on banking and custody counterparties.

Banking counterparties must confirm that they treat our clients' funds as client money. A key requirement for UK banking counterparties is that client money is held as part of the bank's core retail banking services ("inside the ringfence").

The firm has no appetite for using counterparties with a higher risk of default. Counterparty credit risk is monitored, and credit risk takes priority over diversification. The firm has in place limits regarding the levels of client money that can be placed with a single counterparty.

Although the firm uses different custodians depending on the requirements of the client and the portfolio, it does not specifically aim to diversify these custodians. The counterparty credit risk of custodians is monitored.

6.7. Measurement, mitigation and management of identified risks

The RMPF sets out the governance and high-level processes for the measurement, mitigation and management of identified risks.

The FWRA is conducted annually to identify and assess the firm's key material risks. Input data is refreshed quarterly to ensure any material changes are identified promptly.

Department heads are responsible for managing the risks arising from the activities of their teams. Risk Management information is produced for senior management by BCRM. Financial information is produced by the Finance function.

7. Potential for harm associated with the firm's business strategy

The firm has identified the key risks associated with its business strategy which have the potential to cause material harm to clients, the markets and the viability of the firm. These risks and the triggers which can cause them to crystallise are set out in the FWRA and are monitored by BCRM and overseen by the RAC.

Due to the nature of its activities, JH&P is exposed primarily to operational, regulatory and business strategy risk (it does not trade on its own account). This includes the risks to clients arising from the products and services provided by the firm. Clients are exposed primarily to market risk and counterparty risk, and to any risk which would interrupt the business of the firm.

8. Capital and Liquidity

In accordance with MIFIDPRU 8.4 the firm must disclose certain information in respect of its own funds. Note that the firm's own funds are wholly comprised of LLP members' capital which qualifies for the highest category of own funds instrument, Common Equity Tier 1 ("CET-1").

9. Composition of regulatory own funds (OF1)

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	14,515	
2	TIER 1 CAPITAL	14,515	
3	COMMON EQUITY TIER 1 CAPITAL	14,515	
4	Fully paid-up capital instruments	14,515	Shareholders' equity - 2

9.1. Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements (OF2)

		a Balance sheet as in published/ audited financial statements As at period end	b Under regulatory scope of consolidation As at period end	c Cross-reference to template OF1
5	Total Assets	37,653		
6	Total Liabilities	14,358		
7	Total Shareholders' equity	23,295		4[4]

9.2. Own Funds Requirement ("OFR")

The firm's OFR is £5.633m, being the highest of the Permanent Minimum Capital Requirement (£150,000), the K-factor requirement and the Fixed Overheads Requirement. Additional Own Funds calculated from the ICARA are included in the K-factors below. The Own Funds Threshold Requirement("OFTR") also includes additional own funds which do not relate to K-factors. The Fixed Overheads Requirement is in excess of the OFTR.

We provide the following information in accordance with MIFIDPRU 8.5. All figures calculated as at 31st October 2023.

K-Factor[5]	Own Funds Threshold Requirement
Sum of K-AUM, K-CMH, K-ASA	4,222
K-COH	3
Total	4,225

Fixed Overheads Requirement	**Value (£,000)**
Fixed Overheads Requirement	5,633

9.3. Assessing Adequacy of Own Funds

As at 31st October 2023, own funds were more than twice the OFTR.

Regular financial and cashflow reporting and forecasting alongside routine risk management processes and reporting provide management with sufficient information to regularly assess the adequacy of the firm's own funds.

10. Remuneration

10.1. Approach to remuneration for all staff

JH&P aims to remunerate its staff in a way that encourages responsible business conduct, fair treatment of clients and which avoids conflicts of interest in the relationships with clients.

[4] After the year end, £0.856m of profits for the year to 30th April 2023, calculated after tax, were converted into additional LLP members' capital, increasing it from £13.659m to £14.515m

[5] Only those K factors relevant to JH&P are shown

It aims to ensure that staff avoid excessive risk taking in the delivery of their responsibilities and to allow management to build a safe, sustainable and adequately capitalised business.

Discretionary bonuses will not be paid where this would result in the retention of insufficient capital reserves.

The firm's partnership structure encourages long term decision-making through the ownership of partnership equity.

Any key changes of policy will be developed by the RCC and approved by the Strategy Committee.

The Strategy Committee is responsible for approving the Remuneration Policy and delegates oversight of its operation to the RCC. The Strategy Committee and relevant management will consult with external advisers where necessary to develop its approach to remuneration.

Distribution of residual profit is treated as the benefits of ownership and is not remuneration.

10.2. Fixed Remuneration

All staff receive fixed remuneration in the form of a base salary (fixed drawings for partners) which is set with reference to market rates for the staff member's experience and the requirements of the role. The firm uses external consultants to benchmark staff compensation. No member of staff is required to achieve certain targets to earn their fixed remuneration.

10.3. Variable Remuneration

All other remuneration is categorised as variable.

All staff are eligible for an annual discretionary bonus based on the performance of the firm (via the size of the bonus pool as approved by the RCC) and individual performance, assessed through the firm's annual appraisal and associated processes.

The bonus for one member of staff, who is not a member of senior management, is calculated on a formulaic basis. Adherence to specific requirements including conduct is required in order to be entitled to this award which is paid out of the same overall bonus pool as discretionary awards.

In addition, new senior staff may be offered a time limited opportunity to earn equity from existing partners based on their contribution to the business. Relevant staff must adhere to specific requirements including conduct in order to be entitled to these awards.

Senior staff may be invited to join the firm's long-term incentive plan (LTIP) which, if the necessary criteria are met, reallocates partnership equity from existing holders. LTIP allocations are determined by the RCC. The LTIP is a multi-year scheme.

Allocation of discretionary variable remuneration places substantial value on engagement with the processes designed to deliver good outcomes to clients and reduce risk. The core categories assessed for the allocation of variable remuneration are: Performance in role/technical contribution; client service and support; risk management and compliance; business development; culture, conduct and corporate citizenship.

The award that an individual receives will vary annually and is dependent on the performance of the firm and individual performance for the role they perform. Individual performance is rewarded across both behavioural and competency-based measures, including consideration of whether the individual consistently displays appropriate risk and compliance behaviours.

The RCC reviews executive management's proposals for the calculation of year end variable remuneration by approving the overall bonus pool, reviewing the process for awarding individual bonus payments and by interrogating any outliers.

10.4. Summary

In the financial year to 30 April 2023 remuneration for all staff totalled £18.3m, of which £6.1m was variable remuneration. Senior management and Material Risk Takers (MRTs)[6] received £2.3m in fixed remuneration and £1.3m in variable remuneration. No member of senior management or MRT received guaranteed variable remuneration, which for other staff totalled £0.1m. No severance payments were paid this year.

10.5. Material Risk Takers ("MRTs")

In accordance with SYSC19G.5, the firm has identified those staff who, by virtue of their role, have a material impact on the risk profile of the firm or of the assets that the firm manages. The firm has identified seven MRTs drawn from: executive members of the Management Body; staff with managerial responsibility for a control function and for the prevention of money laundering and terrorist financing; relevant members of senior management.

10.6. Ex ante and Ex post risk adjustment

Ex ante risk adjustment is effected primarily via adjustment to the annual bonus pool. Management accounts and financial forecasts including for capital and liquidity are prepared as part of the bonus pool calculation and, where indicated by current or future risks, the bonus pool will be adjusted downwards.

The LTIP is risk adjusted by design as it will only vest if the valuation of the firm, which includes financial forecasts, reaches a particular hurdle.

Ex post risk adjustment is applied to MRTs where a proportion of cash based variable remuneration is restricted and is subject to clawback provisions for a limited period.

Clawback is applied when the basis of a previous bonus award has been shown to be erroneous.

JH&P's Conflicts of Interest policy specifically requires any conflicts associated with remuneration to be identified and avoided or mitigated.

[6] Senior management and Other MRTs have been aggregated as splitting the information between those two categories would lead to the disclosure of information about one person only. On the grounds of confidentiality, we have merged these two categories

Regulatory information

James Hambro & Partners LLP
45 Pall Mall, London, SW1Y 5JG
+44 (0)20 3817 3500
www.jameshambro.com

James Hambro &Partners