Cambridge Associates Limited ("CA LTD")

MIFIDPRU 8 DISCLOSURE

Introduction

This disclosure relates to Cambridge Associates Limited ("CA LTD" or the "Firm").

CA LTD, a limited company in England and Wales and authorised and regulated by the Financial Conduct Authority ("FCA"), is an indirect subsidiary of Cambridge Associates, LLC and a privately held investment advisory firm principally owned by employees and clients.

CA LTD is classified under the FCA's Prudential sourcebook for MiFID Investment Firms ("MIFIDPRU") as a non-small and non-interconnected MIFIDPRU investment firm ("Non-SNI MIFIDPRU Investment Firm"). As such, the Firm is required by MIFIDPRU 8 to disclose information on the following areas:

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

The purpose of this disclosure is to provide stakeholders and market participants insight into the Firm's culture and data on the Firm's own funds to allow potential investors to assess the Firm's financial strength.

This document has been prepared by the Firm in accordance with the requirements of MIFIDPRU 8 and approved by the CA LTD Board of Directors ("The Board"). Unless otherwise stated, all figures and data are as at the Firm's financial year-end being 31 December 2023.

There have been no significant changes to the information disclosed since the Firm's last disclosure.

A. Risk Management Objectives and Policies

This section describes CA LTD's risk management objectives and policies for the applicable categories of risk below:

- Business Strategy
- Own Funds Requirement
- Concentration Risk
- Liquidity Risk
- Risk Management Structure

A.1. Business Strategy

CA LTD is an investment management firm focused on discretionary account management and investment advisory services for professional investors. The Firm's strategy is primarily driven by investing client funds with due diligenced, third-party investment managers to create custom, long-term oriented portfolios.

As of 31 December 2023 the Firm has:

- £6,533,122,718 in assets under management ("AUM") in the form of discretionary, segregated account mandates and funds of one; and
- £45,891,804,050 in assets under advice ("AUA").

Given the Firm's business model, investment universe, controls, and control assessment processes, it is the conclusion of the Firm that the overall potential for client harm is low.

A.2. Own Funds Requirement

CA LTD is required to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is at least the higher of the Firm's:

- **Permanent minimum capital requirement ("PMR")** which is defined as the level of own funds required for the Firm to operate at all times. This is set at £75,000 based on the MiFID investment services and activities the Firm currently has permission to undertake;
- **Fixed overhead requirement ("FOR")** which is defined as the minimum amount of capital that CA LTD would need to have to absorb losses if the Firm had to wind down and exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- **K-factor requirement ("KFR")** which is intended to estimate a minimum amount of capital the Firm would need for the ongoing operation of its business based on either the the Firm's assets under management or amount of client orders handled.

CA LTD's own funds requirement is currently set by its KFR, as this is the highest of the three metrics. The potential for harm associated with CA LTD's business strategy, based on the Firm's own funds requirement, is low due to the relatively consistent and stable growth of the Firm's revenues and asset base.

A method adopted by the Firm to manage the risk of breach of the Firm's own funds requirement is the maintenance of a healthy own funds surplus. If the Firm's own funds drop to an amount equal to or less than 110% of the Firm's own funds threshold requirement, the Firm will immediately notify its Board and its regulator. The Board will evaluate and decide upon a course of action to increase the own funds buffer which may include injecting more own funds into the Firm from its parent.

Please refer to Appendix A for further disclosure relating to the Firm's own funds.

A.3. Concentration Risk

As part of the Firm's risk management process, all risk exposure with a loss potential large enough to threaten the solvency or the financial position in general of CA LTD is considered.

The Firm has multiple clients that provide a diverse stream of revenue. Clients are typically large institutional investors that invest for the long term and retain investment advisory services through market cycles. The Firm, therefore, considers that its revenue base is not prone to substantial fluctuations even during stressed market conditions. The risks arising from the strength or extent of a firm's relationships with, or direct exposure to, a single client or group of connected clients, based on CA LTD's business strategy is also low. Finally, the Firm's own cash deposits are maintained with several well-established, multinational institutions.

Based on the above, the Firm has concluded that its concentration risk is low.

A.4. Liquidity

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met and to ensure that it has appropriate (liquid) resources in the event of a stress scenario.

The Firm has established a policy of maintaining capital resources in excess of its capital resources requirement. Most expenses (other than bonuses) are incurred evenly over the year, and similarly, the Firm generates a significant portion of its revenues evenly over the year. Bonus amounts payable are discretionary and based on the financial results of the Firm over the past year. As such, bonus amounts payable do not threaten the Firm's capital adequacy. The Firm has a substantial, stable and reliable institutional client base from which consistent revenues are generated.

The potential for harm associated with CA LTD's business strategy, based on the Firm's basic liquid assets requirement, is low due to the relatively stable and consistent growth in the Firm's revenues and its maintenance of a healthy core liquid assets surplus above the basic liquid assets requirement. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions, and significantly above the liquid assets threshold requirement. CA LTD has always had sufficient liquidity within the business to meet its obligations, and there are no perceived threats to this given the cash deposits its holds.

Additionally, it has historically been the case that all debts owed to the Firm have been settled promptly. The cash position of the Firm is monitored by the Chief Financial Officer, and the Firm would be able to call on its parent undertaking for further capital as required. As such, the Firm has concluded that its overall liquidity risk is low.

A.5. Risk Management Structure

CA LTD utilises a "three lines of defence" risk management process and has established various risk committees at global enterprise and local levels responsible for overseeing all regulated risk activities. Governance is a critical piece of the framework as it outlines roles and responsibilities for all individuals at the Firm and whether they are in the first, second, or third line of defence. Risk Governance oversight is comprised of several teams and committees responsible for overseeing risk activities, including determining the Firm's risk strategy, risk appetite and tolerance levels.

The CA LTD Risk Committee seeks to ensure that there are effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Board which also takes overall responsibility for this process and the fundamental risk appetite of the Firm.

The Board meets on a quarterly basis to discuss current projections for profitability, cash flow, regulatory capital management, business planning and risk management. The Board monitors the risk framework through a suite of policies and procedures reasonably designed to ensure compliance with relevant laws, standards, principles, and rules (including FCA principles and rules). These policies and procedures are reviewed at least annually and updated as required.

Annually, the Firm formally reviews its risks, controls, and other risk mitigation arrangements and assesses their effectiveness. The conclusions arising from these reviews inform the overall risk appetite of the Firm.

A formal update on operational matters is provided to the Board on a quarterly basis. Management accounts demonstrating the continued adequacy of CA LTD's regulatory capital are also reviewed periodically.

Appropriate measures are taken where risks are identified that fall outside of the Firm's tolerance levels or where the need for remedial action is required to mitigate weaknesses in controls.

B. Governance Arrangements

This section describes CA LTD's governance arrangements and how risks are identified, managed and mitigated as the Firm pursues its strategic objectives.

Effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to the Firm, its stakeholders, and the wider market are identified, managed, and mitigated.

To fulfil its responsibilities, the Board meets on a quarterly basis. Amongst other things, the Board approves and oversees the implementation of the Firm's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

A key document reviewed, discussed, and ratified by the Board at least annually is the Senior Management Systems and Controls Document ("SYSC Document"), as this demonstrates how the Firm has met its obligations regarding its governance arrangements. The SYSC Document provides the Board with information on the functioning and performance of all aspects of the Firm including the following areas:

- General organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities and finances;
- Employees, including steps taken by the Firm to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure that they are fit and proper persons;
- Policies, procedures and controls for meeting its compliance and financial crime requirements;
- Internal capital adequacy and risk assessment process;
- Outsourcing of critical or material operating functions or activities;

- Record-keeping controls and arrangements;
- Conflicts of interest management;
- Remuneration policies and practices; and
- Whistleblowing controls.

B.1. The Governing Body

The Governing Body for the Firm is the CA LTD Board of Directors; its members are listed below:

Christine Jane Farquhar

Ms. Farquhar is the Global Co-Head of the Credit Investment Group overseeing manager and market research across public, hedge fund, and select private credit investment strategies. Ms. Farquhar serves as the Firm's Chair of the CA LTD Risk Committee, has more than 30 years of industry experience and has been with the firm since 2007. She currently serves as the Chief Executive Officer of CA LTD.

Christopher Randolph Hunter

Mr. Hunter joined Cambridge Associates in 2000 and has more than 30 years of investment experience. Mr. Hunter is a Private Investment Director in the Firm's Private Client Practice. Mr. Hunter has held several leadership roles at the firm during his tenure, most recently as Chief Executive Officer of CA LTD.

Christopher Charles Ivey

Mr. Ivey is the Head of the European Private Client Practice. Mr. Ivey joined Cambridge Associates in 2005 and has over 15 years of investment experience. Mr. Ivey is responsible for overseeing investment teams who work with the firm's European and Middle Eastern family clients. In addition to his leadership role, Mr. Ivey also works directly with clients in multiple capacities, through both discretionary and non-discretionary portfolio management arrangements.

Per the Firm's Code of Ethics, none of the members of the Governing Body hold any other directorships or are involved in other non-Firm business activities that present a risk or conflict of interest to either the Firm or its clients.

B.2. The CA LTD Risk Committee

CA LTD has established a Risk Committee. The purpose of the Risk Committee is to advise the Board on the Firm's overall current and future risk appetite and strategy and assist the Board oversee the implementation of that strategy by senior management. Members of the Risk Committee have the appropriate knowledge, skills, and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

The Risk Committee also:

- Consults with the Global Enterprise Risk and Compliance Committee of the Firm's parent with respect to regional matters which might reasonably be expected to impact the financial, business and/or reputational condition of the Firm and/or group organisation.
- Reviews and comments on enterprise risk reviews.
- Prepares and recommends the annual ICARA report to the CA LTD Board including:
    - preparation of risk appetite statement;
    - formal description of the Firm's risk factors; and
    - the Firm's approach to capital planning (including stress and scenario testing).
- Reviews and recommends the annual MIFIDPRU 8 Disclosure Statement to the CA LTD Board;
- Reviews and recommends the annual Liquidity and Contingency Funding Policy to the CA LTD Board.
- Reviews and recommends the annual Systems and Controls report to the CA LTD Board.
- Reviews and advises the CA LTD Board with respect to portfolio risk management limits.

B.3. The Executive Committee

The Executive Committee meets monthly and is comprised of the senior department heads. The Executive Committee supports the Chief Executive Officer ("CEO") with the day-to-day management of the Firm, business strategy, and in particular:

- Prepares and recommends the annual business plan to the CEO;
- Reviews and comments on proposed policies;
- Drives implementation of policies and procedures approved by the CA LTD Board;
- Reviews and comments on draft budgets and/or financial forecasts;
- Reviews CA LTD Board minutes and materials;
- Monitors the operating and financial performance of the Firm against budgets; and
- Prepares quarterly reports to the CA LTD Board on business performance.

C. Remuneration Policy and Practices

This section describes the Firm's remuneration policy and practices, and how they are consistent with the Firm's risk tolerance and fiduciary obligations to its clients.

As a non-small and non-interconnected ("non-SNI") FCA MIFIDPRU Investment Firm, CA LTD is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code as laid out in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual rewards;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

C.1. Characteristics of the Firm's Remuneration Policy and Practices

The objective of CA LTD's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, CA LTD recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

CA LTD is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

Remuneration at CA LTD is made up of fixed and variable components. The Firm ensures that fixed pay levels are sufficient if variable pay could not be provided in a given year. Fixed based remuneration, i.e., salary, is agreed at the point of hiring the individual and is in line with prevailing market conditions for the role and specific person taking into consideration experience, skill set and qualifications. Consideration is given to external market data and ensuring that fixed pay is in excess of statutory minimums and in line with best practice for the industry.

Please see Appendix B for quantitative remuneration disclosure.

C.2. Governance and Oversight

The Remuneration Policy is reviewed and approved by the CA LTD Board.

In accordance with the size and scale of the Firm, control functions are independent from the business units they oversee, have appropriate authority, and are remunerated sufficiently to attract qualified and experienced staff.

The Firm's Compliance staff are not involved in providing investment services to clients and operate completely independently. Compliance staff are charged with execution and oversight of policies, procedures and controls as agreed with the Board.

C.3. Material Risk Takers

CA LTD is required to identify its material risk takers - those members of staff whose professional activities have a material impact on the risk profile of the Firm (and of the assets that the Firm manages). The types of staff that have been identified as material risk takers at CA LTD are:

- Members of the Board of Directors for CA LTD;
- The most senior individual or individuals for CA LTD responsible for business units that are carrying on regulated activities;
- Staff registered with the FCA as holding a Senior Management Function (i.e. SMF1, SMF3, SMF 16 and SMF 17); and
- Primary Investment Directors.

APPENDIX A

Own Funds

As of 31 December 2023, CA LTD maintained own funds of £4,791,330. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

Composition of Regulatory Own Funds			
		Amount (GBP Thousands)	**Source Based on Reference Numbers/Letters of the Balance Sheet in the Audited Financial Statements**
1	**OWN FUNDS**	**4,791**	**Face of Balance Sheet**
2	**TIER 1 CAPITAL**	**4,791**	**Face of Balance Sheet**
3	**COMMON EQUITY TIER 1 CAPITAL**	**4,791**	**Face of Balance Sheet**
4	FULLY PAID-UP CAPITAL INSTRUMENTS	50	Face of Balance Sheet
5	SHARE PREMIUM	2,526	Face of Balance Sheet
6	RETAINED EARNINGS	2,215	Face of Balance Sheet
7	ACCUMULATED OTHER COMPREHENSIVE INCOME	0	Face of Balance Sheet

8	OTHER RESERVES	0	Face of Balance Sheet
9	ACCUMULATED OTHER COMPREHENSIVE INCOME	0	N/A
10	ACCUMULATED OTHER COMPREHENSIVE INCOME	0	N/A
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	N/A
19	CET1: OTHER CAPITAL ELEMENTS, DEDUCTIONS AND ADJUSTMENTS	0	N/A
20	**ADDITIONAL TIER 1 CAPITAL**	**0**	
21	FULLY PAID UP, DIRECTLY ISSUED CAPITAL INSTRUMENTS	0	
22	SHARE PREMIUM	0	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
24	ADDITIONAL TIER 1: OTHER CAPITAL ELEMENTS, DEDUCTIONS AND ADJUSTMENTS	0	
25	**TIER 2 CAPITAL**	**0**	
26	FULLY PAID UP, DIRECTLY ISSUED CAPITAL INSTRUMENTS	0	
27	SHARE PREMIUM	0	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
29	TIER 2: OTHER CAPITAL ELEMENTS, DEDUCTIONS AND ADJUSTMENTS	0	

Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements				
	Balance Sheet as in Published/Audited Financial Statements		Under Regulatory Scope of Consolidation	Cross-Reference to Above Template
	12/31/2023		12/31/2023	
Assets - Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	TANGIBLE ASSETS	3,163	2,978	Face of Balance Sheet
2	DEBTORS	17,706	19,652	Face of Balance Sheet
3	INVESTMENTS	8,950	8,950	Face of Balance Sheet
4	CASH AT BANK AND IN HAND	20,019	16,400	Face of Balance Sheet
xxx	**TOTAL ASSETS**	**49,838**	**47,980**	**Face of Balance Sheet**
Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31,009	29,197	Face of Balance Sheet
2	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	3,932	3,889	Face of Balance Sheet

xxx	**TOTAL LIABILITIES**	**34,941**	**33,086**	**Face of Balance Sheet**

Shareholders' Equity (in £'000)				
1	CALLED UP SHARE CAPITAL	50	50	Face of Balance Sheet
2	SHARE PREMIUM ACCOUNT	2,526	2,526	Face of Balance Sheet
3	PROFIT AND LOSS ACCOUNT	12,321	12,318	Face of Balance Sheet
xxx	**TOTAL SHAREHOLDERS' EQUITY**	**14,897**	**14,894**	**Face of Balance Sheet**

Own Funds: Main Features of Own Instruments Issued by the Firm
CA LTD's own funds consist of common equity tier 1 capital. The main features of the own funds issued by the Firm are highlighted below:
Share Capital
Share Premium

Own Funds Requirements

The Firm is required to maintain own funds that are always at least equal to the Firm's own funds requirement. The own funds requirement is the minimum requirement of capital the Firm is required to hold, taken as the higher of the Permanent Minimum Capital Requirement ("PMR"), the Fixed Overhead Requirement ("FOR") or the K-Factor Requirements ("KFR").

The below illustrates the core components of CA LTD's own funds requirements:

Requirement	**£'000**
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	6,661
(C) K-Factor Requirements ("KFR")	11,941
- K-AUM – *Risk arising from managing and advising on investments*	11,396
- K-COH – *Risk arising from order execution and reception and transmission of orders*	0
- *Additional own funds for risks from ongoing activities not captured*	545
(D) Own Funds Requirement (Max. [A, B, C])	11,941

CA LTD is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on CA LTD to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The Firm remains financially viable throughout the economic cycle with the ability to address any material potential harm that may result from its ongoing activities; and
- The Firm's business can be wound down in an orderly manner minimising harm to clients and other market participants.

Where CA LTD determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm must maintain 'additional own funds required for winding down' above the FOR that are deemed necessary to mitigate the risk. Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations' above the KFR that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm's own funds threshold requirement is the higher of:

- The Firm's PMR;
- The sum of the Firm's FOR and its additional own funds required for winding down; and
- The sum of the Firm's KFR and its additional own funds required for ongoing operations.

This is the amount of own funds that CA LTD is required to maintain at any given time to comply with the OFAR.

To determine the Firm's own funds threshold requirement, CA LTD identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds required to cover the residual risk which is approved on at least an annual basis by the Governing Body.

APPENDIX B

Quantitative Remuneration Disclosure

The below table quantifies the remuneration paid to staff in the financial year 1 January 2023 to 31 December 2023.

Period: 2023				
		Senior Management	**Other Material Risk Takers**	**Other Staff**
Total Number of Material Risk Takers		3	7	163
Remuneration Awarded	**Fixed (£)**	1,267,371	1,172,604	16,373,865
	Variable (£)	566,800	476,685	4,729,850
	Total (£)	1,834,171	1,649,289	21,103,715
Guaranteed Variable Remuneration	**Amount (£)**	0	0	145,985
	# Staff Awarded	0	0	5
Severance Payments	**Amount (£)**	0	0	46,897.72
	# Staff Awarded	0	0	3
Highest Severance Payment Awarded to an Individual (£)		29,612.50		