

Sapia Partners LLP

September 2024

MIFIDPRU 8 Disclosure

Introduction

Regulatory Context

Sapia Partners LLP (“Sapia” or the “Firm”) is authorised and regulated by the Financial Conduct Authority (“FCA”) (Firm Reference Number, “FRN”, 550103).

This Disclosure has been prepared in accordance with MIFIDPRU 8, which has the regulatory aim of providing stakeholders and market participants with an insight into how Sapia is run. The Disclosure should also aim to help stakeholders make more informed decisions about their relationship with the Firm.

Frequency

This Disclosure covers the period from **1 January 2023 to 31 December 2023**, and subsequent updates will be made on at least an annual basis as of the Accounting Reference Date (“ARD”), which is 31 December each year, and will be publicly disclosed when the Firm files its financial statements with Companies House.

The Firm may choose, at its own discretion, to make more frequent public disclosures where a particular circumstance requires this in the opinion of the Firm’s Senior Managers.

Proportionality

The level of detail provided in the Disclosure is proportionate to the size and internal organisation of the Firm and also proportionate to the nature, scope and complexity of the Firm’s business activities.

The Firm is classed as a **SNI Investment Firm**, and as it has no additional tier 1 instruments in issue, therefore, the Firm is only required to disclose its remuneration policies and practices, as per MIFIPRU 8.1.

Changes to Information disclosed

This is the Firm’s second Disclosure under MIFIFPRU 8. The Firm has reviewed its approach to disclosing its remuneration for Staff, since the previous Disclosure, on the basis that most Staff members are employed on behalf of both Firms by a service entity which is a cost center.

Verification

The information contained in this document has not been audited by the Firm’s external auditors, as this is not a requirement, and does not constitute any form of financial statement and must not be relied upon in making any judgement on the Firm.

Level of Application

These disclosures are made by the Firm on a solo basis as required by MIFIDPRU 8.1.7R.

Background

Sapia is classed as a sub-threshold Alternative Investment Fund Manager (“AIFM”), with MIFID top up permissions.

In the course of its business and its FCA authorisation, Sapia provides:

1. A regulatory hosting platform, as a Principal Firm, for a number of Appointed Representatives (“ARs”);
2. Discretionary investment management on behalf of clients (“Clients”), where the Firm is appointed as a portfolio manager or a delegated portfolio manager to funds; and
3. Alternative Investment Fund Manager (“AIFM”) services to Alternative Investment Funds (“AIFs”).

The Firm is part of an Investment Firm Group (“IFG”), comprising IQEQ Group’s regulatory hosting business, which includes another FCA authorised and regulated firm, G10 Capital Limited, and in this context, a service entity that employs c50 individuals directly (“Employees”). The Senior Management Function (“SMF”) holders, who are employed by IQEQ Group, but seconded to the IFG are also classed as Employees.

A number of individuals are seconded (“Secondees”) into the Firm’s business on an ongoing basis, to manage monies under the Firm’s AIFM permissions. Secondees who work exclusively on AIFM activities are not in scope of this Disclosure. If there were Secondees performing MiFID activities, they would be in scope of this Disclosure, but there are no such Secondees.

In the context of this Disclosure, in-scope Secondees and the Employees are referred to, collectively, as Staff. Therefore, the remuneration of all Staff involved with activities (1) and (2) above, as performed by the Firm, have been considered in the Firm’s Remuneration Policy (“Policy”) and this Disclosure.

MIFIDPRU 8.6 – Remuneration

Due to the scope of its regulatory permissions and associated activities, Sapia is subject to the ‘MIFIDPRU Remuneration Code’ with respect to its’ MIFID activities.

As all Employees are associated with both MIFID and AIFM activities, the Firm complies with the MIFIDPRU Remuneration Code with regard to all Employees. The Firm’s Secondees are not subject to the MIFIDPRU Remuneration Code, for the reasons noted above.

The Firm has not identified any Material Risk Takers in the context of its MiFID activities, as it is not required to, as it is an SNI Investment Firm.

Qualitative Disclosure

The Firm has in place a Policy which has been approved by its governing body in the form of its Senior Managers. The Policy’s overarching aim is the promotion of sound and effective risk management, whilst reducing conflicts of interests and encouraging good conduct amongst Staff.

The purpose of the Policy is to set out how the Firm provides remuneration in a manner that is consistent with the MIFIDPRU Remuneration Code. The main objective of the financial incentives is to attract, motivate and maintain high-calibre Staff.

The remuneration strategy has been designed to ensure consistency with the risk profiles of clients and with the objectives set out in the Firms’ business plan as well as to ensure that there is no conflict of interest between Staff and clients (including investors from time-to-time), as well as compliance with the FCA’s Conduct of Business rules.

In seeking to discourage risk-taking which is inconsistent with its internal risk limits or with the risk profile of the funds and portfolios that Sapia manages, each Staff member's approach with respect to sustainability risks, where relevant, stemming, in particular, from climate-related events or from society's response to climate change are considered.

The Firm does not believe it is proportionate to have a standalone Remuneration Committee.

The Firm considers the factors below, which integrate sustainability risk, in its approach to remuneration for all Staff:

- Sapia and the IFG's overall regulatory capital and liquidity position;
- The maintenance of an appropriate surplus of regulatory capital and liquidity which is consistent with the IFG's risk appetite;
- The performance of individual Staff members with respect to quantitative financial metrics;
- Each Staff member's contribution to the implementation of Sapia's sustainability initiatives;
- A qualitative assessment as to whether the Staff member has demonstrated sound and effective risk management behaviour in relation to sustainability risks;
- Assessment of the performance of personnel against non-financial metrics, such as good conduct; and
- The performance of the Firm and the IFG as a whole.

Quantitative Disclosure

Sapia considers that there is a single business area in this context, and the total remuneration paid to Staff, as required under MIFIDPRU 8.6.8R (4) can be found below.

The variable remuneration reflects such remuneration paid with respect to performance over the financial year (even if paid following the end of the year).

Fixed Remuneration	Variable Remuneration	Total Remuneration
£3,240,666	£357,453	£3,598,119