

MIFIDPRU 8 Disclosure

As at 31st March 2025

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1. Background

Thornbridge Investment Management LLP (the “**Firm**” or “**Thornbridge**”) is authorised and regulated in the UK by the Financial Conduct Authority (the “**FCA**”). The Firm has permission from the FCA to manage unauthorised Alternative Investment Funds (“**AIF**’s”) as a Small Authorised UK AIFM (Sub-Threshold) and has permissions to conduct Markets in Financial Instruments Directive (“**MiFID**”) activities as an investment manager, providing investment management services to collective investment funds.

The provisions for public disclosure of the Firm’s risk management objectives and policies, governance arrangements, own funds requirements and approach to remuneration are set out in [MIFIDPRU 8](#) of the FCA Handbook. Under the Investment Firms Prudential Regime (“**IFPR**”) and the MIFIDPRU section of the FCA Handbook, Thornbridge is categorised as a “**non-SNI**”, which means that the Firm is not a small and non-interconnected investment firm. This document has been produced in order to meet the MIFIDPRU 8 disclosure obligations as applicable to non-SNI firms.

The Firm may control but not hold client money & assets and has limited its activities to be unable to carry on the MiFID investment service and activity of placing of financial instruments without a firm commitment basis (Annex 1, Section A7 of MiFID).

This disclosure has been prepared on an individual firm basis and is based on the audited financial statements as at 31st March 2025.

2. Governance Arrangements

The governing body of Thornbridge is represented by the members of the partnership (the “**Board**”) which has the overall responsibility for the Firm and approves and oversees the implementation of Thornbridge’s strategic objectives, risk strategy and internal governance. The Board comprise two executive directors both of whom perform senior management functions (“**SMF**”) under the Senior Managers and Certification Regime. SMFs are also allocated to Thornbridge’s Compliance Officer. As a small firm with only two members of the Board, it is not possible to segregate the duties of these senior managers in the same way as a larger firm, however the Board is mindful of the need for effective and prudent management of the Firm. The Board has implemented procedures to identify potential conflicts of interest so that these can be appropriately disclosed and / or action taken to put the interests of clients first.

The Firm is not required to maintain remuneration, audit or nomination committees and, given its nature, size and complexity, it does not consider it appropriate to do so. It is also not required to maintain a risk committee, however it takes the monitoring of risks very seriously and maintains an active risk committee which meets formally at least once each month and more often if needed.

Thornbridge values the innovation and creativity that diversity of thought brings to the Firm and understands that diversity, equality and inclusion play a critical role in establishing strong governance and maintaining a healthy culture within the business. The Firm has implemented a formal Equality, Diversity and Inclusion Policy.

3. Risk Management Objectives and Policies

The governing body for the risk framework within the Firm is the Board, which is responsible for determining the Firm's business strategy and risk appetite, taking into account the risks that the Firm is likely to meet.

As discussed in the previous section, the Firm takes the monitoring of risks very seriously and has appointed a risk committee which meets at least monthly and reports to the Board quarterly. The risk committee comprises 2 members of the senior management team, COO, Head of Fund Operations, CRO, and Senior Compliance Manager. The Board is responsible for implementing the risk framework and ensuring on-going compliance.

The primary area of the Firm's business is investment management of which an understanding of risk is an inherent part of the process. We believe that risk management involves an ongoing learning process to address questions around evolving technologies, new regulations and unfamiliar or inadequate processes and procedures of our counterparties, each of which may create unintended consequences for our Firm. Thornbridge's risk management framework incorporates an analysis of the impact of each material risk on the Firm, its clients and counterparties, and on the market, the probability of each risk occurring and the procedures in place for mitigation. The risk management process results in updates to the various components of the Internal Capital Adequacy and Risk Assessment ("ICARA") process and provides periodic management information to the Firm's board, focusing on business and operational risk management issues, including any notification that the Firm is likely to breach an early warning indicator regarding the Firm's own funds and liquid assets requirements under IFPR.

Thornbridge considers that the potential for harm associated with its business strategy is low. Notably, the Firm does not engage in proprietary trading, underwriting, placing, clearing or settlement activities, hold significant on balance sheet exposures or provide custody services or services to retail clients. The Firm's business strategy reflects its low-risk appetite towards conduct risk; prudential risk; reputational risk; legal, compliance and regulatory risk; financial crime risk; data and cyber security risk; and sustainability risk. The Firm is remunerated by the investment funds under management. The fees are calculated by reference to assets under management (during the funds' investment period) and are therefore a predictable source of income. Furthermore, the investment strategies pursued by the Firm on behalf of clients do not employ the use of borrowing from third parties on a substantial basis.

The Firm has engaged a number of Appointed Representatives, the activities of whom may extend to raising finance for third-party funds or corporates, undertaking corporate advisory work, undertaking and distributing investment research, providing advice to suitably classified investors and acting as an intermediary for illiquid or hard-to-value assets. These activities are within the expertise and core skills of Senior Management of investment management and investment analysis across a wide range of asset classes. Appointed Representatives are not permitted to manage client assets.

Senior Management maintains a regular dialog with each Appointed Representative to discuss their activities and enable an assessment of the risk profile of the business being conducted. Senior Management works with the Firm's Appointed Representatives to ensure that clients are appropriately classified (as having sufficient knowledge, experience and wealth) and that investment risks are appropriately communicated. Each individual monitors and reports any external interests so that potential conflicts of interest with other activities of the Firm can be appropriately reviewed, disclosed and action taken if deemed necessary. A detailed review is conducted at least annually of each Appointed Representative's financial information and a Compliance Monitoring Plan is applied to each of them at least quarterly.

The Firm has applied a three-stage approach to dealing with material harms:

- (1) *Identification*: the Firm's business model was assessed to identify all material harms that could result from:

- a. the ongoing operation of the Firm's business; and
 - b. the winding down of the Firm's business.
- (2) *Systems and controls*: the Firm considered each material harm identified and determined whether it is appropriately mitigated by the Firm's systems and controls.
- (3) *Additional own funds or liquid assets*: for those material harms which were not appropriately mitigated by the Firm's systems and controls, the Firm assessed whether it should hold additional own funds and/or liquid assets to mitigate the harm appropriately.

The Firm's assessment of harms is dynamic and forward-looking and seeks to take into account the potential for harms to evolve through the course of an economic cycle. In carrying out this process the Firm has referred specifically to the FCA guidance on identifying and assessing the risk of harm.

The Firm is committed to managing risks applicable to the business and maintaining an effective internal control structure including proper monitoring and reporting of such risks. Risk monitoring and reporting processes involve reviews at least bi-annually and give consideration to the amount and type of risk that is deemed appropriate in order to fulfil the Firm's business objectives and operate within regulatory constraints. The Firm's Board discusses and reviews risk issues from time to time with external service providers and advisors such as the Firm's auditors (Azets Audit Services), external compliance consultants and fund Administrators – whenever applicable. Formal external compliance reviews have been undertaken by our compliance consultants from time to time on an ad-hoc basis, during which no material adverse comments or deficiencies were noted.

[MIFIDPRU 8.2.1](#) requires the Firm to disclose its risk management objectives and policies for the categories of risk addressed by:

- (1) [MIFIDPRU 4](#) (risks to own funds requirements);
- (2) [MIFIDPRU 5](#) (concentration risk); and
- (3) [MIFIDPRU 6](#) (liquidity risk).

Risks to Own Funds Requirements ([MIFIDPRU 4](#))

The level of own funds required to be held by the Firm reflects, amongst other factors, the potential harm that might be incurred by Thornbridge, its clients and the markets in which it operates. Thornbridge's assessment of its own funds and liquid assets looks through the following non-exhaustive list of risks, arising from its activities:

- Harms from managing investments;
- Harms from executing and/or receiving and transmitting client orders;
- Harms from dealing in investments;
- Harms from marketing and distribution activities;
- Harms from the actions of appointed representatives or tied agents;
- Harms from reporting and disclosures;
- Harms from conflicts of interest;
- Harms from business development and management of cost bases;
- Credit risk;
- Outsourcing risk;
- Operational risk;
- Cybersecurity and IT systems failure risk;
- Data protection risk;
- Legal, regulatory and compliance risk;
- Group risk; and
- Reputational risk.

The likelihood of a risk crystallising, the financial impact if it materialises, and the systems and controls in place to mitigate these are reflected in the assessment of own funds and liquid assets. This assessment determines the minimum amount of own funds and liquid assets to be held at all times. The analysis is refreshed as and when risks change, or new risks emerge given business activities, and at least annually.

Concentration Risk ([MIFIDPRU 5](#))

According to [MIFIDPRU 5.2.2G](#), the Firm is required to monitor and control all sources of concentration risk. In accordance with the FCA guidance, the Board has identified the following two concentration risks and has put in place the control strategies discussed below.

- (1) Earnings: the risk that the Firm has a significant amount of its revenue concentrated in a small number of clients, leaving it exposed if it loses one or more of those clients.
- (2) Cash deposits: the risk that the Firm's cash deposits are held with a narrow range of credit institutions, leaving it exposed if one or more of them becomes insolvent.

The Firm's revenue is derived from a diverse client base, which reduces the risk of loss of any one client to an acceptable level and the Firm maintains instant-access cash accounts with two UK banks, one of which typically have a minimum Moody's or S&P rating of "A" which it considers reduces its cash deposit risk to an acceptable level. The ratings of these financial institutions are monitored on an ongoing basis.

The Firm's assessment in relation to each concentration risk is that, given its control strategies, it does not present a material risk to the Firm, its clients or the market.

Liquidity Risk ([MIFIDPRU 6](#))

This is the risk that the Firm, although meeting the required level of own funds and liquid assets, either does not have sufficient resources available to meet its obligations when they fall due or can only secure them at an excessive cost.

Cash is held by the Firm in two UK GBP bank accounts in the name of the Firm and is not encumbered (for example as a result of being subject to a security interest or some other legal restriction which affects the Firm's ability to liquidate, sell or transfer the assets). If fee income is remitted to the Firm in a foreign currency, some foreign currency may be retained for the purpose of funding foreign currency expenses or liabilities and the rest will be converted into GBP to reduce exposure to the risk of currency volatility.

The Firm's principal liabilities are currently denominated in GBP. The Board therefore does not consider that it is materially exposed to any of the following material harms:

- currency conversion risk;
- restrictions on the Firm's ability to access the cash in a timely manner;
- mismatches between the maturity of its assets and its liabilities;
- intra-day obligations which could affect its ability to meet its payment and settlement obligations in a timely manner; or
- any requirements arising from off-balance sheet arrangements.

The Board has also considered the concentration of its funding arrangements. The Firm has a positive net cash flow and is not reliant on debt to satisfy its liquidity needs.

The Board is aware of and has considered the specific liquidity risk factors set out in [MIFIDPRU 7 Annex 1](#), but, owing to the nature of its business and the fact that the majority of the Firm's assets are held as short-term, unencumbered cash, does not consider that any of them present a material risk to the Firm, its clients or the market.

4. Own Funds

Under [MIFIDPRU 8.4.1R](#), non-SNI firms are required to provide public disclosures about their own funds in accordance with a prescribed format contained in Annex 1R of [MIFIDPRU 8](#).

These disclosures are presented in the three tables on the next two pages, based on the most recently audited figures as at 31st March 2025.

All of the Firm's capital resources are held in the form of Common Equity Tier 1 capital ("CET1 capital"). The Firm does not hold any additional Tier 1 capital or Tier 2 capital. Thornbridge's CET1 capital consists of permanent members capital and other reserves.

As at 31st March 2025, Thornbridge complied with the relevant capital regulatory obligations as outlined in the IFPR.

Table 1 – Composition of regulatory own funds as at 31st March 2025

	Item	Amount (GBP '000's)	Source based on ref numbers / letters of the balance sheet in the audited financial statements
1	OWN FUNDS	1,025	
2	TIER 1 CAPITAL	1,025	
3	COMMON EQUITY TIER 1 CAPITAL ("CET1 capital")	1,025	
4	Fully paid-up capital instruments	485	PP8, members capital
5	Share premium (Other Regulatory Capital)	540	PP8, other reserves
6	Retained earnings	196	PP8, other reserves
7	Accumulated other comprehensive income	-	
8	Other reserves	-	NA; broken out above
9	Adjustments to CET1 capital due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM CET1 CAPITAL	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
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, deductions and adjustments	-	

Table 2 – Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements as at 31st March 2025

	Item	Balance sheet in the audited financial statements	Under regulatory scope of consolidation	Cross-ref to Table 1
1	Assets – Breakdown according to the balance sheet in the audited financial statements			
2	Tangible fixed assets	60	N/A	N/A
3	Debtors	1,172	N/A	N/A
4	Cash at bank	1,458	N/A	N/A
5	Total Assets	2,690	N/A	N/A
6	Liabilities – Breakdown according to the balance sheet in the audited financial statements			
7	Creditors: Amounts falling due within one year	1,469	N/A	N/A
8	Total Liabilities	1,469	N/A	N/A
9	Net Assets Attributable to Members	1,221	N/A	N/A
10	Members' Equity – Breakdown according to the balance sheet in the audited financial statements			
11	Members Capital	485	N/A	Item 4
12	Other Reserves	736	N/A	Items 5,6
13	Permanent Regulatory Capital	1,024	N/A	Items 4,5
14	Audited Retained Earnings	196	N/A	Item 6
15	Total Equity Resources of The Firm	1,221	N/A	Items 4,5
16	Loans and other debts due to members	-	N/A	N/A
17	Total members' interests	1,221	N/A	N/A

Table 3 – Own funds: main features of own instruments issued by the Firm as at 31st March 2025

As a limited liability partnership, the Firm does not issue shares. Members have contributed permanent capital to the partnership and, in accordance with the partnership agreement, such capital contributions may not be withdrawn.

5. Own Funds Requirement

As an SNI firm, Thornbridge is obliged to comply with the provisions contained within [MIFIDPRU 4.3.3R](#) by holding the highest of:

- (1) its permanent minimum capital requirement (per [MIFIDPRU 4.4](#));
- (2) its Fixed Overhead Requirement (“FOR”) (per [MIFIDPRU 4.5](#)); and
- (3) its K-Factors Requirement (“K-AUM” and “K-COH”) (per [MIFIDPRU 4.6](#))

In calculating the FOR, the Board has considered the potential harms which could occur during a range of wind-down scenarios and taken into account what is estimated to be a worst-case scenario.

Category of Requirement	As at 31 st March 2025
Permanent Minimum Capital Requirement	£75,000
Fixed Overheads Requirement (taking into account reverse stress testing)	£817,429
K-Factor Requirement (K-AUM + K-COH)	£654,943
Basic Own Funds Requirement (highest of the rows above)	£817,429
Regulatory Capital Resources (Permanent)	£1,024,827
Regulatory Solvency Ratio	125%
Other Available Financial Reserves (Audited Retained Earnings)	£195,992
Total Equity Resources of The Firm	£1,220,819
Solvency Ratio If All Reserves Made Permanent Capital	149%

Additionally, the rules to determine the level of the Own Funds Threshold Requirement (“OFTR”) and the Liquid Assets Threshold Requirement (“LATR”) mandate that additional amounts may have to be held in the event they are needed to support an orderly wind down, and to reflect the assessment of risks that relate to Thornbridge. The Board has determined that the LATR amounted to £827k. In any event, Thornbridge maintains a highly liquid balance sheet which enables the firm to react quickly to risk events, should the need arise.

Under [MIFIDPRU 8.5.2](#), the Firm is required to disclose its approach to assessing the adequacy of its own funds and liquid assets in accordance with the overall financial adequacy rule (“OFAR”) in [MIFIDPRU 7.4.7R](#).

Under [MIFIDPRU 7](#), Thornbridge is required to conduct an ICARA, which serves as the means of assessing the key risks to which Thornbridge is exposed.

The ICARA process builds on a number of capital and liquidity requirements to which the Firm is subject:

- as a condition of its authorisation, the Firm is required to have appropriate resources;
- the Firm is subject to the FCA's Principles for Businesses, one of which (Principle 4) is that it maintains adequate financial resources; and
- the Firm is required to meet a Basic Own Funds Requirement and a Basic Liquid Assets Requirement.

The Firm uses its ICARA process to identify whether it is complying with the OFAR and, if it is not, to identify what steps it should take to remedy this.

The risk of some material harms can be reduced through proportionate measures other than holding additional financial resources, for example implementing additional internal systems and controls, strengthening governance and oversight processes or changing the manner in which the Firm conducts certain business.

However, for other harms identified, it may be that the only realistic option to manage them and to comply with the OFAR is for the Firm to hold additional own funds and/or additional liquid assets above its Basic Own Funds Requirement and Basic Liquid Assets Requirement.

The Board has formed a judgment about what is appropriate and proportionate in its particular circumstances, informed by its risk appetite. This has led Thornbridge to conclude that it must hold a higher figure of £817k as the Firm's OFTR. The Firm's own funds held are £1,221k and eligible liquid assets are £1,458k, each measure of which is sufficient to meet the Firm's OFTR and LATR respectively.

The ICARA is conducted at least annually and is reviewed following any significant business change (including changes to strategy or operational environment which suggest that the current level of capital resources is no longer adequate). For the year ended 31st March 2025, taking into account the material harms faced and posed by the Firm, as well as the stress tests it has conducted, the recovery and wind-down plans it has prepared, and the governance framework it operates, the Firm has determined that it satisfies both its OFTR and LATR, and therefore its OFAR, and, as far as the Firm can reasonably determine, it will continue to do so on an ongoing basis.

6. Remuneration Policy and Practices

Qualitative Disclosure

MiFID investment firms which are prudentially regulated by the FCA in the UK (FCA investment firms) are within scope of the MIFIDPRU Remuneration Code (“**the Code**”) in the FCA Handbook at SYSC 19G. As part of the Code, firms are expected to ensure that their remuneration policies and practices (including performance assessment processes and decisions) are clear and documented, which the Board does via the Firm’s Remuneration Policy Statement.

All MIFIDPRU investment firms should disclose qualitative and quantitative information about their remuneration policies, practices and outcomes (see [MIFIDPRU 8.6](#)).

The remuneration requirements can be characterised as basic, standard and extended. Non-SNI MIFIDPRU investment firms are subject requirements of the Code which go beyond the basic requirements and the policies which are applicable to the Firm are described below. The extended requirements of the Code (which include policies around shares, instruments and alternative arrangements; retention; deferral; and discretionary pension benefits) are not applicable to Thornbridge.

The remuneration policies and terms of each Appointed Representative of the Firm are also reviewed by the Firm for appropriateness to ensure that such terms do not conflict with the Firm’s own policy and practices.

The Code applies to performance periods starting on or after 1st January 2022 and the requirements in the Code, as it applies to non-SNI MIFIDPRU investment firms, are set out in [SYSC 19G.1.1R](#).

Remuneration Policy Statement

The Firm’s remuneration policy is documented within its Remuneration Policy Statement, an internal document, which is based on an optional [template, provided by the FCA](#) specifically for the purpose. The template has been designed to cover the full range of FCA investment firms and, as such, not all questions in the template apply to Thornbridge.

The remuneration policy is reviewed, amended if necessary, and adopted at least annually by the Board in its supervisory function with responsibility for overseeing the implementation of remuneration policies.

Proportionality

The proportionality principle in [SYSC 19G.2.4 R](#) requires that a firm’s remuneration policies and practices must be appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the firm.

The FCA acknowledges in its guidance contained within [SYSC 19G.2.5G](#) that the content and level of detail of a remuneration policy may depend on many factors. These include the number of staff the firm employs, the different types of roles and activities carried out by the firm and whether the firm is part of a group with a group-wide remuneration policy.

The Decision-Making Process and Oversight of remuneration policies and practices

In formalising our Remuneration Policy, we relied on the processes and controls already established and in use by the Firm. The size and complexity of the Firm are such that it does not operate a Remuneration Committee but has a small Senior Management team comprising two individuals, who can be expected to exert significant influence in taking decisions about aggregate remuneration. There is an annual review process, though decisions can be taken more frequently if there is a significant change to the business plan.

The link between pay and performance

Remuneration is based on competitive market-based wages and / or profit shares that fairly compensate employees, partners and service providers in view of skills provided, work performed and responsibilities undertaken. Overall remuneration may include an annual incentive compensation reflecting individual performance and responsibility, both short-term and long-term, as well as the Firm's overall performance.

Gender neutral remuneration policies and practices

The Firm comprises a small senior management team of two individuals, who are the designated partners of the Firm. Senior management are collectively and individually supportive of a gender-neutral remuneration policy, meaning that the Firm has a remuneration policy based on equal or equivalent remuneration of male and female employees for equal or equivalent work.

Risk Management

The Firm's remuneration policy is designed to:

- facilitate common, uniform and consistent application of relevant regulatory provisions on remuneration;
- ensure remuneration practices do not encourage risk-taking (including sustainability risks), which is inconsistent with the firm's risk appetite or the risk profile of the funds; and
- develop, implement and maintain a culture of ensuring that we meet our clients' best interests.

Incentives are discretionary and there is no culture of excessive risk-taking in either the management of the business or client portfolios.

Investment decisions are taken in a team environment without reliance on a star manager.

Performance adjustment

Performance adjustment refers to the process and mechanisms by which a firm adjusts an individual's variable remuneration, including the deferred portion. The adjustments take account of the financial situation of the firm as a whole and the performance of the firm, the business unit and the individual concerned. This may be in response to a specific crystallised risk or adverse performance outcome, including those relating to misconduct.

The FCA has published guidance which provides further detail of their expectations on malus and clawback, including how these should be used in an effective, timely, consistent and transparent way.

Conflicts of Interest

The Firm recognises that individuals may have outside interests. Disclosure and transparency about such interests is considered fundamental to fostering an approach to ensure the interests of clients are treated above those of the Firm or any individual.

The Firm feels that its Remuneration Policy appropriately addresses potential conflicts of interest and that the Firm's authorised persons are not rewarded for taking inappropriate levels of risk.

Categorising fixed and variable remuneration and the balance of fixed and variable components of total remuneration

For the two members of the Firm, there is no fixed remuneration. Remuneration is expected to comprise a split of the LLP's profits, which are dependent on the financial success of the business, and to a lesser extent on the extent on the success of the Firm's Appointed Representatives.

Remuneration and capital

There are no guarantees in respect of variable remuneration, which can therefore be adjusted to facilitate the protection of the capital base if so required.

Assessment of performance

Assessment is undertaken individually, normally on an annual basis, though can be more often if considered desirable by the Senior Management team.

Quantitative Disclosure

Under [MIFIDPRU 8.6.8\(2\)R](#), a non-SNI MIFIDPRU Investment firm such as Thornbridge must disclose the following information:

<i>Year ended 31st March 2025</i>	<i>Senior Managers plus Material Risk Takers</i>	<i>Other Staff</i>
Fixed remuneration (including pensions)	See Note below	653,728
Variable remuneration (excluding NI and pensions)		109,000
Total remuneration		762,728
Number of individuals	2	10

Note: In accordance with [MIFIDPRU 8.6.8\(7\)R](#), details of remuneration paid to Seniors Managers and Material Risk Takers is not disclosed here because doing so would lead to the disclosure of information about one or two people.

There were no severance payments or guaranteed variable remuneration awards awarded during the financial year.

The small size and lack of complexity of the Firm mean that it is not meaningful to provide analyses of the aggregate remuneration by business segment.