Investment Firm Prudential Regime – Public Disclosures

July 2025

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1. Introduction

This document relates to Thesis Asset Management Limited ("Thesis").

Thesis is subject to the Investment Firm Prudential Regime ("IFPR"), which came into effect on 1 January 2022, the rules for which are set out in the MIFIDPRU section of the FCA handbook.

As a MIFIDPRU investment firm, Thesis is required to make public certain information, both qualitative and quantitative, concerning its governance, risk management, financial strength and remuneration.

The requirements for public disclosure are set out in MIDIPRU 8. This document has been produced to comply with those obligations. The disclosures will be updated on an annual basis and will be made available on the company's website (www.thesisam.com).

1.1 Business Overview

Thesis is authorised and regulated by the Financial Conduct Authority ("FCA") with FRN 114354.

Thesis holds the permissions required to provide discretionary investment services to client and also to manage and safeguard clients' assets, for both retail and professional investors. The company has two principal lines of business:

Fund Management

Thesis is appointed by two other group entities, Thesis Unit Trust Management Limited ("Tutman") and TUTMAN LLP "LLP" to manage portfolios, most frequently alongside other discretionary managers in multi-manager funds. Thesis provides advice on asset allocation, stock selection and currency hedging.

Custody and execution

Thesis provides a custody and execution-only trading service for wealthy families and high net worth individuals, or their advisers. It does not offer advice but simply offers to use its expertise and infrastructure to execute trades and maintain safe-custody of the assets.

1.2 Classification

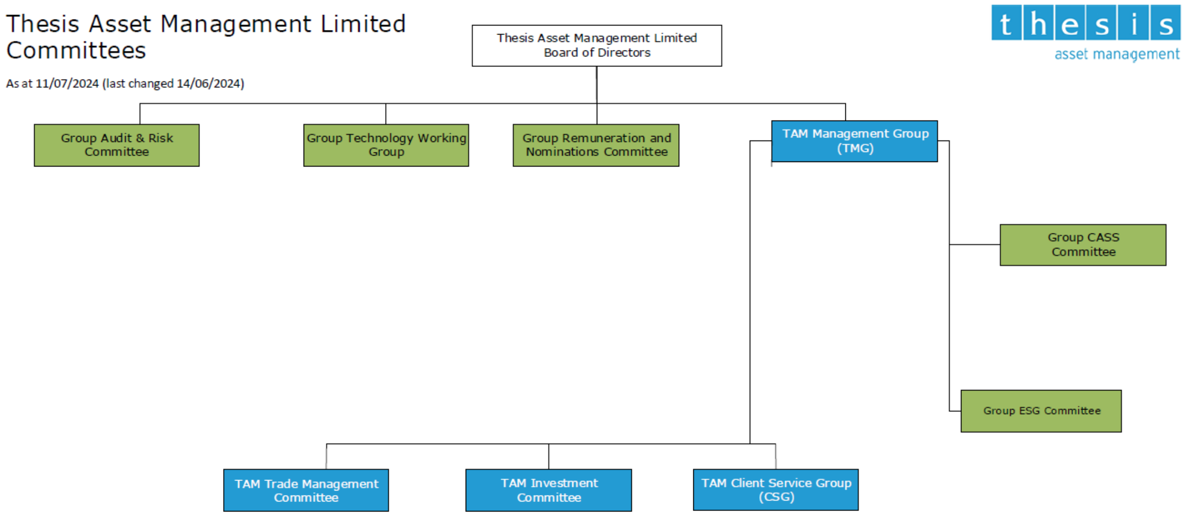
All businesses subject to MIFIDPRU are classified as Small and Non-Interconnected ("SNI") or Non-Small and Non-Interconnected ("Non-SNI").

To qualify as an SNI, a business must meet certain qualitative criteria and not exceed a number of quantitative thresholds. One of the latter criteria is that the business must not hold client money or safeguard client assets. As Thesis does hold these permissions and undertake this activity it is automatically treated as a Non-SNI firm.

2. Governance

2.1 Structure

The governance framework operates through the structure below.



The terms of reference for the Board and all committees are reviewed and approved annually. A number of the committees operate across the group but their terms of reference make explicit that they have a responsibility to report to the Thesis Asset Management board.

2.2 The Board

The Board currently comprises three executive directors and three non-executive directors, one of whom is the chair.

The Board firmly believes that diversity of experience, perspective and thinking is critical to its ability to create sustainable value and this is reflected in the current Board, whose members have a range of skillsets. The non-executive directors bring independent judgment and their own expertise to the boardroom. They devote sufficient time to make a valuable contribution to Thesis. Each individual Board member is expected to provide strong challenge and contribute ideas and thoughts to bring richness to decision-making. The directors undertake training to progress their skills, knowledge and expertise.

The Board's responsibilities include:

- Developing the strategy for the business and defining its purpose;
- Establishing the culture, values and ethics of the business;
- Ensuring compliance with all applicable regulatory requirements;
- Setting an appropriate level of risk appetite;
- Ensuring the sound operation of the governance and control arrangements;
- Oversight of risk management processes and regulatory compliance; and
- Approving key strategic and operational business decisions, such as significant transactions, initiatives and expenditure.

2.3 Committees and Working Groups

The Board is supported by the following committees, which report to it directly:

Committee	Description
Remuneration and Nominations	Oversees all aspects of remuneration in the business, including bonus awards and annual pay review. The committee is also responsible for director level recruitment. The committee meets at least 3 times per annum.
Audit and Risk	Receives reports from the first and second line teams as well as from internal and external auditors. It has a mandate to review all risk categories, including business, strategic and group and to assess the effectiveness of the external auditors and integrity of the firm's financial reporting. The committee meets 3 times per year
Technology Working Group	Responsible for monitoring developments in the technology industry and their applicability to financial services.
Management Group	Operates under the delegated authority of the CEO. The committee meets monthly and is responsible for the management and oversight of all operational activities within the business.

2.4 Other Directorships

The 6 directors of the Company hold other directorships, outside the group, as set out in the table below.

Name	Role	No of Other Directorships (for active, profit-seeking organisations)
Nicola Palios	Non-Executive Chair	6
David Tyerman	Executive Director, CEO	0
Stephen Mugford	Executive Director	0
Matthew Hoggarth	Executive Director	0
Daniel Mytnik	Non-Executive Director	16
Vincent Smith	Non-Executive Director	11

2.5 Policy on Diversity

Thesis is committed to encouraging equality, diversity and inclusion among our workforce, and eliminating unlawful discrimination.

The commitment to a diverse and inclusive workplace is set out in the Group Equality, Diversity and Inclusion policy, which is promotes a culture of equality, fairness and respect for everyone in our employment and to oppose and eliminate all forms of unlawful discrimination.

The aim is for our workforce to be truly representative of all sections of society, and for each employee to feel respected and able to give their best. Our aim is to create a working environment free from bullying, harassment, victimisation and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of all staff are recognised and valued.

The organisation, in providing products and/or services and/or facilities, is also committed to preventing unlawful discrimination of customers or the public.

Currently, across the group, 44% of directors and 60% of the senior management team are female. The group also performs an annual diversity survey of staff in which a broader set of measures is assessed.

3. Risk Management Objectives and Policies

3.1 Risk Framework

Thesis operates a fully documented risk framework designed to ensure controls exist to preserve both the financial strength and the reputation of the Company, protect client assets and to meet regulatory obligations.

The Board has approved an enterprise risk management policy which sets out the high level principles to be followed to achieve sound risk management in the business. This is delivered through:

- The articulation and quantification of risk appetite statements;
- The assignment of roles and responsibilities throughout the business; and
- A strong risk culture sponsored by senior management and followed by all employees.

Within the business, the first line teams have primary responsibility for identifying and managing risks. The second line compliance and risk teams operate independently of the first line teams and report to the CEO and to the audit and risk committee.

Thesis does not currently have an internal audit function. The third line of oversight is, therefore, performed by the audit and risk committee and Board.

3.2 Risk Assessment

Risk Appetite

The Board is responsible for articulating the risk appetite of the business. That appetite has been considered and specified for each identified category of risk. Management of the business within these appetites is the responsibility of the first line teams and the Management Group.

The audit and risk committee receives information from the second line risk function that allows it to monitor the risk exposure across the business. That committee will also make recommendations to the Board, as appropriate, on possible changes to the risk appetite.

Identification

The Thesis group has defined a risk taxonomy designed to capture all the key activities that give rise to risks. From that taxonomy, Thesis has identified those that apply to it and has captured each of the specific risks arising in a risk register, together with information on the controls that are in place to manage or mitigate those risks.

3.3 Material Risks

The business recognises 5 primary categories of risk to which it is exposed. These are: credit and counterparty risk; liquidity risk; operational risk; business risk; and group risk.

Credit Risk

This is the risk that a counterparty will not meet their financial obligations to the business. This risk relates primarily to banking and the risk that the Company may not be able to access funds it has deposited with a bank.

The Company manages this risk in the following ways:

- by placing cash only with large, well-capitalised banks with a strong credit rating and tier 1 capital ratio or in AAA-rated money market funds;
- by setting limits on the amount that may be held at any one institution;
- by performing an annual review of the institutions it uses, including customer service experience.

Liquidity Risk

This is the risk that the Company will be unable to meet its liabilities as they fall due. Thesis manages this risk by maintaining a significant level of financial resources, much of which is held as cash in instant access accounts or cash money market funds.

Operational Risk

This is a broad category of risk which recognises that any process can fail or be subject to error and so harm the business either directly as a financial loss, or indirectly by damaging its reputation or by causing harm to its clients who then withdraw their business. The principal risk areas recognised are described below.

Dealing and Settlement	This is the risk that errors might occur as part of the trading cycle on client portfolios. These errors could result in the business trading an incorrect stock, recording activity on an incorrect portfolio or making incorrect payments. Thesis has implemented a range of automated and manual controls to minimise the risk of all such errors and has an incident management process to ensure that any errors or near-misses are fully reviewed and action taken to prevent recurrence.
Technology	Thesis takes a conservative approach to IT risks and maintains a comprehensive set of policies and procedures. These are designed first to prevent unwanted intrusion to its systems and second to detect it promptly should it occur. Staff receive regular awareness training from the IT team and communication about emerging threats.
Conduct	This recognises that the business of the Company is conducted by individuals and that their behaviours, attitudes and motivation are fundamental to the delivery of good outcomes for investors and, by extension, the Company. The business has a clearly articulated Purpose and a set of Values, both of which place the interests of investors in its funds at the heart of the business. These statements are integrated into many of the employment processes in the business, from recruitment to appraisals and team meetings. Annual training is also provided to all staff on conduct issues.

Business Risk	This is the risk that the business fails to deliver its long term strategy as a result of poor internal decision making or a weak understanding of changes in its business sector. Thesis tracks its financial performance with the production of budgets, monthly financial reports that incorporate forward-looking projections and the use of key performance indicators. It monitors a range of external indicators and other information, such as publications from its regulator, to identify any significant changes for which it must plan.
Group Risk	This is the risk that events occurring elsewhere in the group could materially alter the financial position of the Company. The Company derives a significant proportion of its revenue from fund mandate appointments received from its fellow group subsidiaries, Thesis Unit Trust Management Limited and TUTMAN LLP. Any decision to remove those mandates or to cease to consider the Company for future mandates would have a significant impact on the performance of the business.

4. Own Funds Disclosures

4.1 Composition of Regulatory Own Funds

Own funds is the term used to define the capital resources of the business available to satisfy its assessed requirement. The regulations specify the type of instruments acceptable for this purpose.

The Company holds only Common Equity Tier 1 (‘CET 1’) capital resources, as set out below.

Composition of regulatory own funds		
	£’000	**Reference of the balance sheet in the audited financial accounts**
OWN FUNDS	**4,417**	
Tier 1 CAPITAL	3,933	
Fully paid up capital instruments	3,504	Note 13
Retained earnings	266	
Other reserves	648	

Own funds: Reconciliation to balance sheet in the audited financial statements		
	Balance at 30 April 2025	**Balance sheet reference in the audited financial accounts**
	£'000	
Current Assets		
Debtors	521	Note 8
Cash at bank and in hand	4,176	
Total Assets	**4,696**	
Current Liabilities		
Creditors: amounts falling due within one year	280	Note 9
Provisions for liabilities	-	Note 10
Total Liabilities	**280**	
Shareholders' Equity		
Called up share capital	3,504	Note 14
Equity reserve	648	
Profit and loss account	266	
Total shareholders' Equity	**4,417**	

4.2 Own Funds Requirement

Thesis is classified by the FCA as a non-SNI investment firm. The own funds requirement for such a firm is the higher of three items:

- The Permanent Minimum Capital Requirement ("PMC);
- The Fixed Overhead Requirement ("FOR"); and
- The K-factor requirements

These are summarised below.

	£'000
PMC Requirement	150
Fixed Overhead Requirement	696
Sum of K-AUM,K-CMH & K-ASA	371
Sum of K-COH & K-DTF	5
Sum of K-NPR, K-CMG, K-TCD & K-CON	-
Total K-factor Requirement	**376**

The K-factors are a set of calculations prescribed in the MIFIDPRU rulebook. They are based on factors such as the size of funds under management, the amount of client money held and assets safeguarded and trading volumes.

4.3 Overall Financial Adequacy

Thesis is also required to assess its overall financial adequacy and to consider whether additional capital should be held above the level indicated by the K-factor and fixed overhead requirements. As part of this exercise, the business must also consider whether additional capital might be required to ensure that it could perform an orderly wind down of its business.

ICARA
To comply with this requirement, the business performs an Internal Capital Adequacy Review and Assessment (ICARA). Key elements of the ICARA include:

- The quantification of all material risks where the identified controls do not fully mitigate the risk;
- The modelling of a number of severe but plausible scenarios to assess how the own funds of the business would perform under stress and to confirm that the level of own funds held is adequate;
- The planning and modelling of a detailed financial and operational plan to wind up the business.

The ICARA process has concluded that the business should hold additional capital as follows:

	£'000
The higher of	
The permanent minimum requirement	150
or	
K-factor requirement	376
Additional capital required	891
Total	**1,267**
or	
Fixed Overhead requirement	696
Additional capital required to wind down	954
Total	**1,651**

The own funds threshold requirement required to meet the overall financial adequacy rule is therefore £1,650,822

4.4 Liquid Assets

As part of the ICARA document, an assessment is also made of the liquidity position and requirements of the Company, including the liquidity required to effect the orderly wind down of the business. This assessment determined the minimum liquidity level required to operate the business taking account of harms identified by the firm's processes which have not been fully mitigated by controls.

5. Remuneration

Thesis is an investment manager authorised and regulated by the Financial Conduct Authority ("FCA") and is therefore subject to the remuneration requirements set out in the FCA Handbook known as SYSC 19G and MIFIDPRU 8.6 and this document sets out a summary of the remuneration policy.

5.1 Decision Making Process

The remuneration committee is comprised entirely of non-executive directors. It meets twice a year or more frequently as events dictate.

The committee has adopted a policy on remuneration which aims to provide a fair reward to staff for their performance and to achieve a sustainable balance between fixed and variable remuneration.

The remuneration policy is also designed to ensure the business complies with the regulatory principles on sound remuneration, such that it:

- Promotes sound and effective risk management;
- Does not encourage behaviours that are inconsistent with the risk profiles of the funds the business operates; and
- Aligns the interests of staff with those of its clients;

5.2 Remuneration Policy

Staff bonus schemes are operated so as to generate rewards which reflect both the performance of the individual and the performance of the business and allow for higher rewards to be paid to staff whose performance merits such recognition. The performance of individuals is assessed primarily by reference to non-financial criteria, such as completion of training requirement, conduct and client service.

The Remuneration committee approves bonus awards each year at the same time as the annual pay review and takes into account the projected performance of the business when approving such awards.

5.3 Design Considerations

The remuneration committee has identified the staff members whose professional activities are considered to have a material impact on the firm's risk profile and who are classified as Material Risk Takers ("MRTs") under the regulatory codes. This classification is reviewed annually and the individuals are notified of their classification.

The regulations specify additional factors to be taken into account when awarding and vesting variable remuneration for MRTs.

5.4 Quantitative Remuneration Disclosure

A number of staff work exclusively for Thesis and are employed directly. Other individuals in the group are employed by a related entity, Thesis Services Limited ("Services") and spend a proportion of their time providing services to Thesis.

The remuneration figures below include the cost of the direct Thesis staff and the allocated remuneration costs for employees who are employed by Thesis Services Limited and spend a proportion of their time on Thesis business.

Staff Group	Headcount (FTE)	Fixed £'000	Variable £'000	Total £'000
All staff	43	1,277	98	1,239
Of which:				
Senior Management	4	261	37	299
Material Risk Takers	9	345	32	377

5.5 Deferred Remuneration

As at the most recent reporting date three members of the Senior Management staff had an element of variable remuneration deferred. The breakdown of this is:

	£'000
Deferred variable remuneration at start of the year	91
Deferred payments due for vesting July 2025	(34)
Variable remuneration deferred during the year	53
Deferred variable remuneration at the end of the year	110

5.6 Sign-on and Severance Payments

During the year there have been no sign-on payments. There were severance payment(s) totalling £30,000 made to a material risk taker.