

Volpi Capital LLP

MIFIDPRU 8 Disclosure

Period ended 31 December 2022

1. INTRODUCTION AND CONTEXT

The Investment Firms Prudential Regime (“IFPR”) is the Financial Conduct Authority’s (“FCA”) new prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. The IFPR came into effect 1 January 2022, and its provisions apply to Volpi Capital LLP (“Volpi” or the “Firm”) as a MIFIDPRU investment firm.

The public disclosure requirements of the IFPR are set out in MIFIDPRU 8 of the FCA’s Handbook. The Firm is a Full-Scope AIFM (CPMI) and, as such, is authorised by the FCA, with permission to carry out the following regulated activities:

- Advising on Investments (except on pension transfers and pension opt outs);
- Arranging (bringing about) deals in investments;
- Dealing in investments as agent;
- Making Arrangements with a view to transactions in investments;
- Managing an unauthorised AIF; and
- Managing investments.

Volpi is classified as an SNI firm given it does not breach any requirements set out in MIFIDPRU 1.2.1 R. To this end, the Firm is required to disclose the following information:

- Remuneration policy and practices (MIFIDPRU 8.6); and
- Provision of quantitative and qualitative disclosures in respect of the Firm’s remuneration arrangements (MIFIDPRU 8.6).

2. REMUNERATION

2.1. Qualitative Disclosures

2.1.1. Objectives of financial incentives

The Firm has established remuneration policies and practices that:

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

The Firm's remuneration policies are designed to attract and retain qualified and experienced staff and to ensure that the objectives of these staff are aligned with the objectives of the Firm.

2.1.2. Governance and Decision making

The Management Body of the Firm, composed by the Managing Partners of the Firm, is responsible for remuneration decisions. Due to the size of the Firm, Volpi is not required to establish a remuneration committee.

The scale of the Firm means that personnel who hold control functions are not always independent from the business units that they oversee, however, they have the appropriate authority to take action where necessary and a direct communication line to the Management Body.

The remuneration of the senior management functions is overseen by the Management Body, who ensures that the method for calculating the remuneration of the senior management functions is fair and proportionate to the individual's role. This will ensure that objectivity is maintained by the individual performing the role.

The Firm ensures that remuneration packages for control function employees are adequate to ensure that qualified and experienced staff are attracted and that the package is dependent on the achievement of the Firm's objectives and the objectives linked to the business areas that they control.

Those engaged in senior management/certified functions have individually defined objectives aligned with the functions they operate. Consideration is given to performance against objectives when the annual bonus is awarded, thereby achieving independence.

The Firm's remuneration policy is reviewed at least annually and after any material event, by the Management Body with advice from the Compliance Officer.

2.1.3. Types of Remuneration

Remuneration for personnel consists of base compensation (or fixed compensation) and, in some cases, performance-related variable compensation. Base compensation is predominantly based upon the individual's professional experience and organisational responsibility as set out by their job description and terms of employment. In addition, base compensation includes pension contributions and private healthcare. All base compensation is recommended by HR and final approval for compensation levels for all roles is the responsibility of the Management Body.

In addition to their base compensation, personnel may be eligible to receive variable compensation that reflects performance in excess of that required to fulfil their job description and terms of employment. Variable compensation will only be awarded when it is sustainable to the Firm's overall financial situation and taking into account any known future events, the performance of the Firm, the business unit and the individual. Typically, other variable performance related compensation can be:

- An annual bonus relating to the performance of their role; and
- An allocation of a carry interest based on their role and contribution to a fund.

2.1.4. Link between performance and pay

When assessing individual performance, financial as well as non-financial criteria are taken into account, including effective risk management, compliance with regulations and appropriate conduct in line with the Firm's values.

The following criteria are considered:

Financial Criteria	Non-Financial Criteria
Firm performance	Individual's performance against objectives
Business unit performance	Adherence to the Firm's risk management and compliance policies
Fund performance	Compliance with regulations
	Adherence to the Firm's values and strategy
	Treating customers fairly
	Quality of service provided to clients
	Achieving targets relating to ESG

2.1.1. Balance between fixed and variable remuneration

The Management Body reviews remuneration on an annual basis to ensure that each relevant individual is incentivised correctly for the role they perform for the Firm. Furthermore, consideration is given to ensure that the balance between fixed and variable remuneration is proportionate to incentivise individuals given the size, scale and complexity of the Firm's business activities, and that it does not conflict with the best interests of the Firm's clients. Fix compensation is predominantly based upon the employee's professional experience and organisational responsibility as set out by their job description and terms of employment.

Variable pay is determined based on evaluation of financial performance, affordability and individual performance. Capital strength is also taken into consideration and appropriate reserves are maintained to support the business and enable it to meet its regulatory requirements at all times.

2.2. Quantitative Disclosures

The table below sets out the fixed and variable remuneration paid by the firm for the year ended 31 December 2022.

	Fixed remuneration	Variable remuneration
All Staff	£2.74m	£1.89m