MIFIDPRU 8 Disclosure 2023

For the performance period 1 July 2022 to 30 June 2023.

1. INTRODUCTION

This disclosure statement (the 'Statement') has been prepared by Tacit Investment Management ('Tacit', 'we', 'our', 'us') in order to fulfil the regulatory disclosure requirements set out by the Financial Conduct Authority ('FCA') in the Prudential sourcebook for MiFID Investment Firms ('MIFIDPRU') Chapter 8.

In January 2022 the FCA introduced the Investment Firms Prudential Regime (IFPR), a new regime for UK firms authorised under the Markets in Financial Instruments Directive (MiFID). The regulation that formalises this regime is called MIFIDPRU.

Tacit is a trading name of TIML Limited, and is a wholly owned subsidiary of the Tacit Holdings Limited (the "Tacit Group"). Tacit is established in the United Kingdom and is the principal Investment Management business of the Tacit Group. We are authorised and regulated by the FCA (FRN 670184) and we are registered in England & Wales at 17 Hanover Square, London, W1S 1BN. Registered in England and Wales No. 09228395.

Tacit Investment Management is an investment firm offering discretionary investment management services, with approximately £300million of assets under management. Clients are predominantly private individuals but also include trusts, charities and corporates. Revenues are predominantly fees, based on a percentage of assets under management. ESG (environment, social and governance) investment services are driven by investor demand, regulation and policy, global pledges (such as Net Zero), and performance opportunities.

1.1. SCOPE OF DISCLOSURE

For the purpose of prudential regulations, we are classified as a SNI (small and non- interconnected) firm for reduced disclosure requirements. As such, we are required to provide a level of detail in our disclosures that is appropriate to our size and internal organisation, and to the nature, scope, and complexity of our activities.

This statement is not required to be reviewed by our auditor. Certain information has been omitted from the statement if, in our opinion, such information is of proprietary nature, may intrude the privacy of the clients or would not change or influence the assessment or decision of users of the statement.

1.2. FREQUENCY OF DISCLOSURE

Unless otherwise stated, all figures are at our financial year end, in accordance with the rules set out in chapter 8 of MIFIDPRU. MIFIDPRU 8 disclosures are published annually concurrently with the Annual Report and Accounts in accordance with regulatory guidelines.

1.3. LOCATION

This statement is available on request and on our website at www.tacitim.com.

2. RISK MANAGEMENT OBJECTIVES & POLICIES

2.1. SCOPE

The governing body (the 'Board') of the firm wishes to grow the business in a controlled and sustainable manner, keeping risk within its self-set limits. The Board has the ultimate responsibility for the establishment, development and maintenance of appropriate strategies, systems, and controls for the management of risks within the business (collectively named the 'Risk Management Framework').

The Board sets our risk profile and monitors the firm's ongoing performance against its risk attitude and its desired risk appetite. The Board must assure itself that senior management has properly considered the firm's risks and has applied appropriate processes and resources to manage those risks within these parameters.

2.2. OBJECTIVES

The Board is committed to ensuring all business activities are conducted with a clear understanding of the risks, to maintaining a robust risk management framework, ensuring transparent disclosure, treating its clients fairly, and to meet the expectations of major stakeholders, including clients, employees, owners and regulators.

As an investment management firm, risk is a fundamental characteristic of our business. Our risk tolerance is aligned with our commitment to delivering long-term value to our clients while prudently managing investment risks. We strive to achieve attractive risk-adjusted returns within an acceptable risk framework. Our risk tolerance is guided by the following firm values:

- Regulatory and Legal compliance
- Market and Economic conditions
- Risk-Return Trade off
- Long term thinking
- Preservation of capital
- Consistency of returns
- Client outcomes and support
- Transparency and communication
- Significance of risk-related responsibilities to roles
- Reducing or withholding remuneration for excessive risk taking

2.3. RISK ATTITUDE STATEMENT

This is felt to be adequately reflected in our governance, controls, mitigation planning and business activities. We are confident that our senior management team has proven ability ensuring that the business remains controlled within the limits set by the Board.

As a general principle, the firm maintains zero tolerance for regulatory or compliance risk, and for legal or financial crime risk. The firm aims to comply with all statutory requirements in order to avoid penalties (either administrative, civil or criminal) and to avoid causing harm outside itself. The firm will strive to adopt all regulatory, legal and compliance requirements necessary in a proportionate, pragmatic, and cost-effective fashion.

The Board has adopted an appropriate risk appetite to maintain a strong capital position, liquidity and balance sheet throughout market cycles, and reviews and monitors its risk exposures, considering the potential impact and any management actions required to mitigate the impact of emerging issues and future events.

We adopt a three lines of defence model to support its risk management framework, with principal risks identified through the application of the below.

2.3.1. FIRST LINE OF DEFENCE

All employees are responsible for understanding operational risk, for appreciating how it can manifest itself in their day- to-day duties and for identifying and escalating any potential risk events. A major component of the identification and measurement of operational risk is the timely notification and reporting of risk events.

2.3.2. SECOND LINE OF DEFENCE

Senior Managers are responsible for providing oversight and challenge of the first line's day-to-day management, monitoring and reporting of risks to the Board. Given the nature and size of our business, it is not always possible to guarantee a complete level of independence from the first line.

2.3.3. THIRD LINE OF DEFENCE

External Regulatory and Financial Audits provide an independent assurance to both senior management and governing bodies as to the effectiveness of our governance, risk management and internal controls.

2.4. MATERIAL RISKS & HARMS

The Board understands the risks involved with the day-to-day operation of its business and has taken action, where possible, to mitigate the risks and made appropriate capital allocations. The key risks we face are financial, conduct, and operational risks. The Board is prepared to accept these risks and believes that it holds sufficient capital to manage these risks should they crystalise. Details of our principal risks are summarised below.

2.4.1. FINANCIAL RISK

Credit Risk

The firm is exposed to credit risk through failure of any counterparty or contracted vendor of services to meet its obligations in relation to our business activities. As we do not operate a trading book, our credit risk is related to third-party providers of custody and settlement services and banking. We provide an appropriate amount of capital against credit risk within our ICARA workings.

Liquidity Risk

Liquidity risk is the risk that we are unable to generate sufficient cash or other liquid assets in a timely and cost-effective manner to meet our commitments as they become due. We have several systems, policies and processes in place to monitor and manage regulatory capital requirements, working capital needs and cash flows to help provide a sufficient buffer against liquidity risk. Given the nature of our business, financial liabilities are on the whole short term and we maintain sufficient cash resources to cover our immediate liabilities.

Market Risk

We do not run our own trade book so, consequently, we do not run market risk within our trading activities. We have no direct exposure to market risk on our balance sheet, however a significant proportion of our revenue stream is derived from the value of the investments that we manage for our clients. We mitigate this risk by active management of our clients' assets, by maintaining the ability to reduce costs in the event of revenue declines and by maintaining sufficient capital and liquidity buffers to absorb short term losses.

2.4.2. CONDUCT RISKS

Business Model & Strategy Risk

Business model and strategy risk is the risk that does not respond in an optimal manner to changing market conditions such that sustainable growth, market share or profitability is adversely affected. This risk can arise from both strategic decisions which fail to consider the current operating environment, or can be influenced by external factors such as material changes in regulation, or legislation within the financial services sector. Our business model is reviewed on a frequent basis within the context of its risk appetite.

We do not consider that we are exposed to any specific risks that are associated with operating within the UK financial services industry or in particular, any other private client discretionary investment management firm. As such the firm considers its risks are associated with changes within the regulatory environment and competition related to Consumer Duty are seen to be beneficial to the firm's long-term success.

Regulatory Risk

We are regulated by the FCA, and a breach of regulations could lead to a fine or disciplinary action against us. We monitor actual and impending changes in regulation in order to assess the impact on its business and plans, to ensure any changes are implemented in a timely manner.

The firm has a dedicated Compliance oversight function supported by external and independent regulatory consultants to provide advice and support the business in maintaining adherence with regulatory requirements. Furthermore, monitoring is in place to ensure operational adherence to systems and controls implemented by the firm for regulatory purposes.

Reputational Risk

Reputational risk is the risk that an entity's ability to conduct business will be damaged as a result of its reputation being tarnished, including as a result of regulatory censure. We have policies and procedures in place to manage this risk to the extent possible which include, procedures for employee hiring, the taking on of new business and conduct of business rules. We also have policies and procedures to counter fraud and corruption.

Performance & Advice Risk

Performance and advice risk is the risk that clients receive inappropriate investment advice, inadequate documentation or unsuitable portfolios resulting in a failure to meet an individual client's investment and/or other objectives or expectations. This can arise through a failure to appropriately understand the needs of our clients and a failure to apply suitable advice or investment strategies, along with having inadequate tools and systems in place to support our client facing financial professionals. The firm has implemented a range of tools to support client facing financial professionals to ensure products and services are suitable and result in good outcomes for clients.

Concentration Risk

We recognise the risk that Tacit could be overexposed to one particular client relationship, which could materially impact its financial performance if it was to lose that relationship. This risk may arise if we do not have adequate tools to monitor exposure to client relationships to ensure that the firm maintains a diverse client base.

Senior Management have monitoring tools in place to assess exposure to particular clients or groups and take appropriate action where required. The firm does not have any material concentration exposure beyond its business risk appetite.

2.4.3. OPERATIONAL RISKS

We define operational risk as one that arises through the day-to-day running of our business and operational processes.

Business Change & Integration

Where we undertake a change initiative, there is the risk that planning or implementation of the change is ineffective or fails to deliver the desired outcome. The impact of which may lead to unmitigated financial exposures. This risk can emerge if the business is too aggressive and unstructured within its change programme to manage project risks, resource capacity and capabilities to deliver business benefits. Failure may also result in adverse client outcomes, inefficiencies and economic cost or a reduction in the sustainability and effectiveness of the Company's operating model.

The Board and Senior Management oversee all change activities ensuring that the level of change remains reasonable and proportionate in the context of business nature and size, and any identified risks are mitigated prior to implementation.

Business Continuity

Business continuity risk is the risk that an internal or external event results in either failure or detriment to core business processes or services. The firm is exposed to interruption of services which may impact its ability to conduct client business as a result of system failure, corruption or failure of network infrastructure, denial of access to premises, denial of services through a cyber security threat, cessation of a vendor or service provider, and failure in the firm's disaster recovery plan to address any particular incident. The firm has business continuity arrangements in place to ensure and maintain resilience where a disruptive event was to occur.

Data Security & Integrity

Data security and integrity risk is the risk of a lack of integrity, inappropriate access to (or disclosure of) client or company sensitive information. This risk can arise from the firm failing to maintain and keep secure at all times sensitive and confidential data through its operating infrastructure, including activities of employees and cyber threats. Applicable information security and data privacy systems and controls have been put in place to manage and mitigate exposure to this area of risk in accordance with industry standards and regulatory requirements.

Outsourcing Risk

Outsourcing risk is the risk that one or more third-party service providers fail to provide or perform outsourced services to standards expected by the firm, impacting the ability to deliver core services to its clients. This risk can arise due to significant unknown operational changes at key outsourced relationships, or material changes to their business model which affects their ability to provide the required services to the firm. The firm ensure that adequate information across a number of risk areas is gathered on all outsource providers and vendors. Performance of outsource providers and vendors is reviewed and considered on a periodic basis by the Board and Senior Management.

People Risk

People risk is the risk of loss of key staff, lack of skilled resources and inappropriate employee behaviour or actions. These could lead to lack of capacity or capability threatening the delivery of business objectives or negative behaviours leading to complaints, regulatory action or litigation. This risk can arise across all areas of the business as a result of resource management failures or from external factors such as increased competition or material changes in regulation. Potential people risks are mitigated as much as possible by Senior Management and the Board on an ongoing basis.

2.4.4. OWN FUNDS RISK & REQUIREMENTS

We must, at all times, hold own funds and liquid assets which are adequate, both to their amount and their quality, to ensure that we are able to remain financially viable throughout the economic cycle and be able to address any material potential harm that may result from its going activities; and to ensure that Tacit can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

As a result of the introduction of the IFPR, we conduct and document our Internal Capital Adequacy and Risk Assessment process (ICARA) to identify whether we comply with the financial adequacy rules. We may hold additional funds or additional liquid assets above our own funds requirement or basic liquid assets requirement to manage the potential harms.

Our ICARA is reviewed and approved by the Board at least annually, or more often as deemed appropriate.

As a SNI firm, the Firm is required to maintain an amount that is the higher of the:

- Permanent minimum capital requirement (PMR); and
- Fixed overheads requirement (FOR), which is an amount equal to three months of the firm's relevant expenditure.

This is the basic liquid asset requirement and is made up of approved liquid assets. However, the basic liquid asset threshold requirement may not be sufficient in times of financial stress, so we also consider the higher requirement needed to meet:

- The liquid assets needed at any given point in time to fund ongoing operations as well as to mitigate any adverse trends throughout the economic cycle, or
- Our assessment of liquid assets required in the event of an orderly wind down.

For the financial year ended 30 June 2023, our own funds requirements are as follows:

(a) Permanent minimum capital requirement (PMR)	£75,000
(b) Fixed overheads requirement (FOR)	£80,265

3. REMUNERATION POLICY & PRACTICES

We are required to comply with the MIFIDPRU Remuneration Code under IFPR, which aims to ensure that we have risk-focused remuneration policies that are consistent with and promote sound and effective risk management in the long-term interests of the Firm and our customers and do not expose the Firm or our clients to excessive risk. The firm's remuneration policy can be found within its compliance manual.

In summary, the Board is satisfied that our remuneration policy addresses risks embedded within its motivation of staff, either through fixed or variable remuneration and that its variable remuneration packages do not give rise to any risk emerging from the misalignment of incentive for individuals with those of the firm and its stated risk attitude and appetite. To be explicit, the policy addresses:

- gender neutrality
- alignment with the firm's risk attitude and appetite and awareness of the same
- alignment with the firm's own business objectives and strategies
- addresses potential conflicts of interest and encourages responsible business conduct
- sets out clear parameters for assessment of individual performance
- ensures the balance between fixed and variable remuneration is appropriately balanced
- ensures lines of report, responsibility and seniority are clearly defined
- the purpose of regulatory control functions are clearly understood within the firm

3.1. OUR APPROACH & OBJECTIVES

We have formulated our approach to the remuneration policy and practices (the 'policy') with reference to the guidance set out by the FCA. The policy applies to all staff and employees who engage in the activities or are responsible for any other person or business unit that engages in the activities, of MiFID business on behalf of our firm, and will include both financial and non-financial criteria. All our staff and employees are made aware of this policy to highlight and emphasise the importance of acting in accordance with our firm's policies, procedures, culture and values.

Our policy considers the appropriate balance between fixed and variable remuneration to ensure that our firm does not remunerate or assess the performance of any of our employees in a way that conflicts with our duty to act in the best interests of our clients.

The objectives of our financial incentives are to:

- To meet relevant regulatory requirements of the FCA Remuneration Code.
- To motivate and reward good, long term performance.
- To attract, retain and motivate talented employees of the quality required to manage the business successfully.
- Align employee's interests with the firm's long-term strategy and objectives.
- Encourage responsible business conduct.
- Supporting positive behaviours and healthy firm cultures.
- Promote sound and effective risk management in the long-term interests of the Firm and our customers.
- Limit risk-taking and avoid conflicts of interest.
- Ensuring that remuneration is not excessive or detrimental to the health of the firm as a whole, including its clients.
- Ensure alignment between risk and individual reward.
- Discourage behaviour that can lead to misconduct and poor customer outcomes.
- Be gender neutral, in line with the Equality Act 2010.

We ensure that total remuneration is set at a level that is competitive versus peers, taking account of size, complexity and sector, whilst taking into account market practice, maintaining appropriate proportions of fixed and performance-related pay, to help to drive performance over the short and longer term, maintain a flexible cost base, and avoid creating incentives for excessive risk taking.

We aim to align incentive plans with our business strategy, prudent risk management and client interests, and will not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to our employees to recommend a product or service to a client when our firm could offer a different solution, or none at all, where that would better meet the needs of that client.

Our firm maintains a separate conflicts of interest policy, which is reviewed annually and determines our overall approach to identifying, preventing and/or managing all types of conflicts including firm level arrangements and our firm's requirements in relation to gifts and hospitality payments. Any conflicts are registered against individuals and considered when relevant risks arise. We make use of best-in-class external consultants who – at least annually – review these arrangements and advise us in such a way to mitigate risks as far as possible.

We may adjust the level of variable remuneration such as annual bonuses, including to zero if appropriate, to mitigate any of the following material events:

- underlying financial performance
- risk management or regulatory compliance issues
- personal performance

The firm reserves the right to hold back bonuses against the quantitative and qualitative assessment data should it foresee significant risks and challenges in the coming year that may incur losses and require further capital to maintain a strong capital position.

3.2. GOVERNANCE OVERSIGHT & DECISION-MAKING PROCEDURES

As an SNI firm, we ae not required to disclose information regarding internal governance arrangements, however, the Board and senior management are responsible for overseeing the implementation of our remuneration policy and ensuring our compliance with the MIFIDPRU Remuneration Code.

The role of the Board is to ensure the extent of variable remuneration cannot affect our ability to ensure a sound capital base.

The senior management of our firm will be responsible for the day-to-day implementation of our remuneration policy and the monitoring of compliance risks related to this policy.

Our policy will be reviewed annually in accordance with SYSC 19G and the policy and its reviews will be conducted to ensure our firm's remuneration practices, of any kind, does not affect our ability to ensure a solid capital base at all times. Where necessary, our firm will undertake ad hoc reviews of its remuneration policy. This may be required as a result of internal monitoring, a change to regulations, following an independent review of our firm's remuneration practices or any other relevant circumstances.

4. QUANTITATIVE DISCLOSURES

For the financial year ended 30 June 2023, the types and amount of remuneration awarded were as follows:

Fixed remuneration.	£884,366
Variable remuneration, which includes Bonus	£0
Total Remuneration	**£884,366**

5. GENERAL INFORMATION

Firm: TIML Limited (t/a Tacit Investment Management)

Name of person responsible: Kypros Charalambous, Compliance Oversight (SMF16)

Performance Period Covered: 1 July 2022 to 30 June 2023

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