

MIFIDPRU Public Disclosure Document

Episteme Capital Partners (UK), LLP

Date as at 31 December 2024

For the period 1 January 2024 to 31 December 2024

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1 Overview and summary

Episteme Capital Partners (UK), LLP is regulated by the Financial Conduct Authority (“FCA”) as an Alternative Investment Fund Manager (“AIFM”) firm with Collective and subject to the rules and requirements of the FCA’s Prudential Sourcebook for MiFID Investments Firms (“MIFIDPRU”) handbook.

For the purposes of MIFIDPRU, the Firm has been classified as a non-small non-interconnected (“SNI”) firm, therefore a non-SNI firm.

The Firm has produced this Public Disclosure Document in line with the rules and requirements of MIFIDPRU 8, as applicable to non-SNI firms.

This Public Disclosure Document has been prepared based on the audited financials as at 31 December 2024, covering the financial period 1 January 2024 to 31 December 2024.

The Firm’s main business activity is to act as an alternative fund investment adviser providing services both to alternative investment funds and managed accounts under CPMI powers.

2 Governance arrangements

The Firm’s governance arrangements are consolidated on a group basis through the Management Committee of the Episteme Capital Group, which includes the Firm, its US affiliate, Episteme Capital Partners (US), LLC and their ultimate parent, Episteme Capital Partners (Cayman), Ltd. (the Firm and the other members of the Episteme Capital Group referred to collectively as “Episteme”).

As per SYSC 4.3A.1, the Management Committee is responsible for setting the Firm’s business objectives, strategy and annual budgets. The daily running of the Firm’s business is delegated to senior managers and certified employees. Delegation is evidenced through Job Descriptions which include reporting lines and responsibility statements. In addition, the Management Committee has implemented segregation of duties between its business functions and control functions.

The Firm has policies and procedures in place as tailored to its business areas and risk. Such policies and procedures are monitored and assessed by Compliance as an independent control function, as well as being reported to the Management Committee as conflicts or potential conflicts arise.

Other Committees have been established to manage specific business areas, including the Counterparty and Risk Committee which is responsible for reviewing relationships with our trading Counterparties and considering general risks the Firm and its Clients face, the Technology Working Group which is responsible for managing the Firm’s technology footprint, including cybersecurity practices and a Valuation Committee which is responsible for oversight of valuation and related decisions.

The Management Committee receives regular reporting and management information on the Firm's operations, specifically reporting and escalation of any compliance, financial, legal and risk matters.

2.1 External Directorships

In line with MIFIDPRU 8.3.1 (2), the Firm has detailed below the number of external appointments, both as executive and non-executive roles of its Management Committee members:

Name / role	# of external executive roles	# of external non-executive roles
Adrian Eterovic	0	0
Richard Leahy	0	1

2.2 Promoting diversity and inclusion

Episteme strives to attract and retain highly skilled individuals which will bring value-added to our Clients. Episteme seeks a wide range of candidates for any given role and assesses such candidates based specific objective job criteria in an effort to minimize bias.

Episteme promotes a collegial work environment with policies designed to protect from harassment, discrimination or unfair treatment. Training is conducted annually to ensure all employees are aware of Episteme's commitment to an inclusive working environment for all.

3 Risk management objectives and policies

The Firm has implemented and embedded risk management framework, policies and procedures across all relevant risk areas of the Firm. The Management Committee sets the business strategy and risk appetite statement of the Firm, which flows through to the risk management framework of the Firm.

In line with the Firm's business strategy, risk appetite and risk management framework the Firm identifies and further assesses key risks within the Firm's Internal Capital and Risk Assessment ("ICARA") process.

The Firm maintains a risk register, which includes risk assessment and rating methodologies in accordance with its risk appetite statement.

3.1 Own funds requirements – MIFIDPRU 4

As the Firm does not have permissions for dealing as principal or holding client money or client assets, the Firm is subject to a Permanent Minimum Requirement of £75,000.

The Firm calculates its own funds requirements based on a combination the Fixed Overhead Requirement (“FOR”) calculation and the K-factor requirements (K-Aum and K-COH).

The Firm’s investments risks are captured within its K-AUM and K-COH calculations and operational risks are predominantly captured within its FOR calculation. The Firm has further assessed any risks facing its business operations within its ICARA and quantified additional own funds and liquidity, where required.

3.2 Concentration risk – MIFIDPRU 5

The Firm does not conduct any trading on own account and does not have regulatory permissions for dealing as principal. The Firm therefore does not have any concentration risks on or off balance sheet and does not operate a trading book.

3.3 Liquidity – MIFIDPRU 6

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement (BLAR), being at least 1/3 of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the ICARA, the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

4 Own funds

4.1 Own funds resources

In line with MIFIDPRU 8.4 the Firm has prepared the reconciliation of own funds in line with MIFIDPRU 8 Annex 1 as follows:

Composition of regulatory own funds			
#	Item	Amount (GBP thousands)	Source
1	OWN FUNDS		
2	TIER 1 CAPITAL		
3	COMMON EQUITY TIER 1 CAPITAL		
4	Fully paid up capital instruments	2,123	
5	Share premium		
6	Retained earnings	4,116	

Composition of regulatory own funds			
#	Item	Amount (GBP thousands)	Source
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
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 DEDUCTION FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

4.2 Own funds requirements

The Firm calculates its own funds requirements as a non-SNI firm in line with the rules and requirements in MIFIDPRU 4.3 for non-SNI firms using the following factors

Risk Weighted FOR	£ 1,115 K
K-AUM	£ 313 K
K-COH	£ 26 K

In addition, the Firm has completed its ICARA and analysis to determine its net wind-down requirements and any additional own fund requirements to fund its on-going operations.

The Firm's risk appetite statement and assessment of risks through its risk management framework and risk register form the basis of its ICARA and assessment of the overall financial adequacy rule in line with MIFIDPRU 7.4.7.

The Management Committee together with the Principals of Episteme review, challenge and approve the ICARA and conclusions of own funds requirements.

5 Remuneration arrangements

The Firm has adopted a remuneration policy and procedures that comply with the requirements of chapter 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC").

In accordance with MIFIDPRU 8.6.2 the Firm makes the following qualitative remuneration disclosures:

- The Firm's remuneration policies and practices are reviewed annually to ensure they are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the firm.
- The Remuneration Committee (consisting of the Principals together with the Management Committee of Episteme Capital Partners (Cayman), Ltd.) is directly responsible for the overall remuneration policy.
- The Firm ensures that its remuneration structure promotes effective risk management and balances the fixed and variable remuneration components for all Staff.
- Variable remuneration is adjusted in line with capital and liquidity requirements as well as the firm's performance.

Episteme Capital Partners (UK), LLP's Remuneration Policy sets out the criteria for setting fixed and variable remuneration.

All remuneration paid to staff members is clearly categorized as either fixed or variable remuneration.

Fixed remuneration is based upon a staff member's professional experience and organisational responsibility. It is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration is based upon the Firm's performance as a whole and staff members performance.

Total remuneration is based on balancing both financial and non-financial indicators together with the performance of the Firm and the staff member's responsibilities.

The Firm ensures that fixed and variable components of the total remuneration are appropriately balanced; and the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration.

The Firm monitors fixed to variable compensation to ensure SYSC 19G is adhered to with respect to Total Remuneration.

All firms are required to publicly disclose certain quantitative information in relation to the levels of remuneration awarded. In accordance with MIFIDPRU 8.6.8, Episteme Capital Partners (UK), LLP is required to disclose the total amount of remuneration awarded to all staff, split into fixed and variable remuneration. For the performance year ending 31 December 2024, total remuneration was approximately £2.3MM composed of fixed remuneration of approximately £1.5MM and variable remuneration of about £0.8MM. Such numbers relate solely to the UK and excludes compensation of Principals which is considered a return of capital. Although MIFIDPRU firms are required to split remuneration between different categories of staff, including senior management and other material risk takers, the Firm believes if it disaggregates such information, this would disclose information that would be attributable to individual employees. As such, the Firm is relying on the exemption in MIFIDPRU 8.6.8(7)(b) to not disclose the additional split of remuneration.