Artemis Investment Management LLP

MIFIDPRU 8 Disclosure

Financial year ended 31 December 2022

1 INTRODUCTION

1.1 Objective

This disclosure statement has been prepared by Artemis Investment Management LLP ("AIM" or the "firm") 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.

1.2 Basis of Disclosure

This disclosure is prepared on an individual basis and relates to the following regulated entity: Artemis Investment Management LLP (FCA Firm Reference Number: 523180).

This disclosure is not required to be reviewed by the firm's auditor and does not form part of the annual audited financial statements of the firm. This disclosure should not be relied upon in making any judgement about the financial position of the firm.

As AIM has no trading book or derivatives business and the rolling average value of the firm's on and off-balance sheet items over the preceding four-year period is below £300 million, AIM meets the conditions in MIFIDPRU 7.1.4R(1) and SYSC 19G.1.1R(2). Consequently, reduced disclosure requirements apply to AIM in relation to remuneration policy and practices (MIFIDPRU 8.6) and the firm is not required to make investment policy disclosures (MIFIDPRU 8.7).

1.3 Frequency of Disclosure

Unless otherwise stated, all figures are as at 31 December 2022, the firm's financial year end.

1.4 Approval and publication

This disclosure has been approved by the AIM Management Committee (the "Management Committee") and is published on the Artemis website (www.artemisfunds.com).

2 CORPORATE BACKGROUND

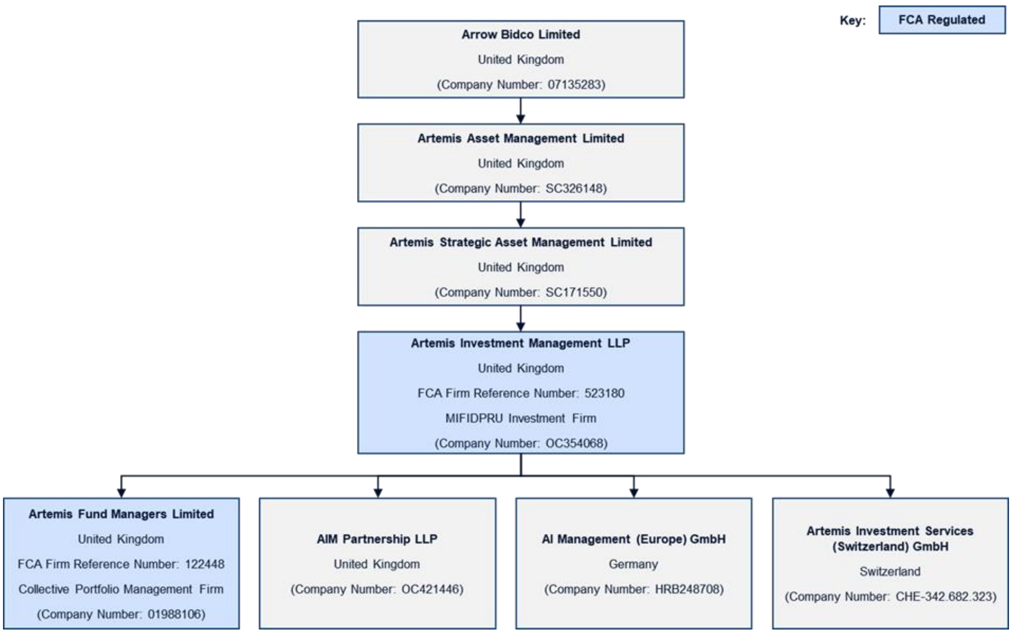
2.1 Introduction

AIM is a leading UK-based investment manager, offering a range of investment strategies, across different asset classes, which invest in the UK, Europe, the US and around the world. As a dedicated, active investment house, the firm specialises in investment management for both retail and institutional investors.

As at 31 December 2022, the firm managed £24.7bn across a range of funds, two investment trusts and both pooled and segregated institutional portfolios.

2.2 Corporate structure

The ultimate parent company within the Artemis group is Arrow Bidco Limited. Affiliated Managers Group Inc. ("AMG"), together with the firm's management team, including current and former staff and related persons, own 100% of the equity of Arrow Bidco Limited. AMG is an US-based international investment management company listed on the New York Stock Exchange. Artemis is operationally independent of AMG and AMG is not involved in the day-to-day running of the business. The Artemis group structure is shown in the diagram below:



Artemis Fund Managers Limited ("AFM") is a wholly owned subsidiary of AIM and an FCA authorised fund manager of UK Undertakings for Collective Investment in Transferable Securities ("UK UCITS") and UK Alternative Investment Funds ("UK AIFs"). AFM delegates portfolio management to AIM.

AIM is also the delegated investment manager of Artemis Funds (Lux). Artemis Funds (Lux) is an open-ended investment company organised as a société anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d'Investissement à Capital Variable ("SICAV"). The Management Company of Artemis Funds (Lux) is FundRock Management Company S.A. ("FundRock").

The Management Committee has responsibility for the oversight of the firm as an investment manager and its other arrangements with outsource service providers.

3 GOVERNANCE ARRANGEMENTS

3.1 Governing body

The Management Committee is the governing body of AIM and has overall responsibility for the firm. The Management Committee approves and oversees implementation of the firm's strategic objectives, risk strategy and internal governance arrangements including, but not limited to, segregation of duties in the organisation and the prevention and management of conflicts of interest in a manner that promotes integrity of the markets and the interests of clients.

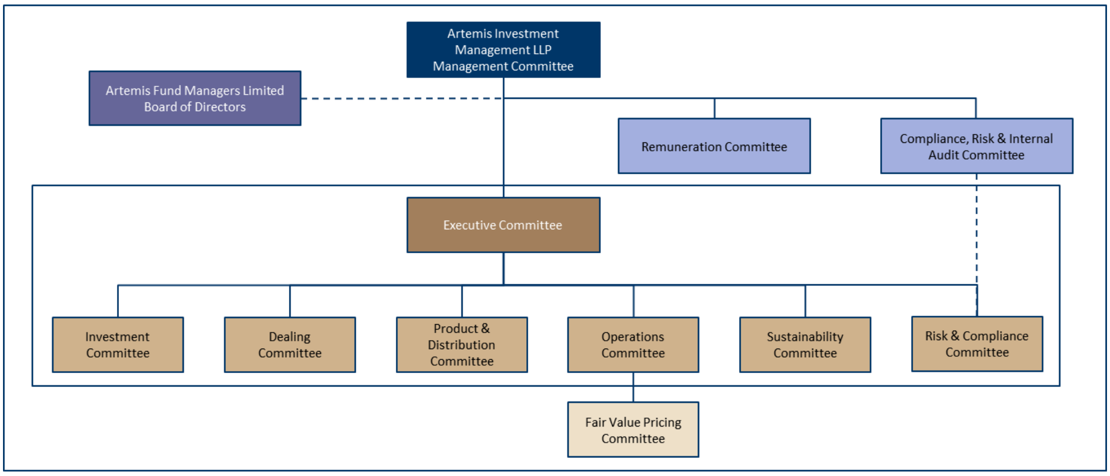
The table below outlines the composition of the Management Committee, including the number of directorships held by each member in external organisations that pursue predominantly commercial objectives (executive and non-executive), as at 31 December 2022.

Name	Position	Number of external directorships held
A Brown	Non-Executive Officer, Chair of the Management Committee	0
N McCabe	Non-Executive Officer Chair of the Compliance, Risk & Internal Audit Committee	3
A Baird	Non-Executive Officer Chair of the Remuneration Committee	1
M Murray	Member of the Management Committee	1
J Dodd	Member of the Management Committee	1
P Wolstencroft	Member of the Management Committee	3

3.2 Governance structure

The Management Committee, which meets at least quarterly, is chaired by a Non-Executive Officer. AIM has also constituted a Compliance, Risk & Internal Audit Committee ("CRIAC") and a Remuneration Committee. The Management Committee, CRIAC and Remuneration Committee operate within defined terms of reference which include a clear purpose, responsibilities, authorities, and reporting requirements.

The diagram below illustrates the governance structure of the firm as at 31 December 2022:



Whilst AIM is not required by MIFIDPRU 7.3.1R to establish a risk committee, it has nonetheless established the CRIAC as a matter of good governance. The CRIAC meets quarterly and is chaired by a Non-Executive Officer. Members of the CRIAC are appointed by the Management Committee and are all Non-Executive Officers. The CRIAC is also attended by members of the Executive Committee and the firm’s internal and external auditor as required. The CRAIC terms of reference include responsibilities for reviewing and overseeing the effectiveness of the firm’s Enterprise-wide Risk Management Framework (“ERMF”) and reported exceptions. It is also responsible for considering reports from the Risk & Compliance team and Internal Audit.

The Remuneration Committee meets at least three times per annum and is chaired by a Non-Executive Officer. The role of the Remuneration Committee is set out in section 7.1.

The Executive Committee is the principal governance forum for conducting the business of the firm and its members take day-to-day responsibility for the effective running of the business. This includes implementation of the firm’s strategic objectives and management of business activities in accordance with the risk appetite set by the Management Committee.

As shown in the diagram on the previous page, the Executive Committee has established sub-committees and delegated certain responsibilities to them as set out in their respective terms of reference. This includes the Risk & Compliance Committee (“RCC”) which meets monthly and is chaired by the Chief Risk Officer. The purpose of the RCC is to provide ongoing management oversight and independent assurance of the design, implementation, provision and appropriateness of the firm’s systems of risk management and internal control.

3.3 Diversity, Equity & Inclusion

The firm has adopted a Diversity, Equity & Inclusion (“DEI”) Policy and a DEI strategy which is endorsed by the firm’s Executive Committee. The firm’s Chief Investment Officer is the Executive Sponsor of the firm’s DEI strategy, which includes the formation of a DEI Working Group split into five key strands of activity: gender diversity; cultural diversity; social mobility; mental health and wellbeing; and sexual orientation. The firm does not set specific diversity targets for the management body (i.e. the Management Committee or Executive Committee).

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

4.1 Overview

The FCA requires that a regulated business takes reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems. To do this, the firm has implemented an ERMF.

The ERMF underpins the approach to risk and control across the firm. The corporate governance and internal control arrangements are designed to mitigate and manage risks to a level acceptable to the firm. The Management Committee considers risk management and an effective system of internal control to be vital to achieving the firm’s objectives and safeguarding the interests of the firm and its clients. The ERMF is approved by the CRIAC on the recommendation of the RCC. The implementation and operation of the ERMF is the responsibility of the Executive Committee.

The ERMF sets out the standards and requirements for risk management, risk oversight and risk assurance at AIM, including its subsidiaries, as mandated in the firm’s Enterprise Risk Management Policy. The ERMF aims to ensure that the firm manages and controls risk effectively. It also informs, and is directed by, the firm’s business strategy to which risk management considerations are integral.

4.2 Three lines of defence

The firm operates a “three lines of defence” governance model as described below. This ensures clarity over responsibility for risk management, risk oversight and risk assurance. It ensures segregation of duties between those who take on risk, those who oversee risk and those who provide assurance.

4.2.1 First line of defence

The heads of each department or function have day-to-day ownership and responsibility for the identification and management of risks and controls across the processes they operate. Staff responsibilities are clearly set with appropriate segregation of duties between Investment Management, Dealing and Operations. The firm seeks to employ experienced, skilled and knowledgeable staff, and fosters a culture of continuing professional development.

4.2.2 Second line of defence

The Risk & Compliance team provides advice, support, oversight and independent assurance that risk management policies and procedures are operating effectively and efficiently. The team ensures that risk exposures are managed within the risk appetite set by the Management Committee and that they meet the requirements of applicable laws, regulations, guidance and good practice statements. On at least an annual basis, the Risk & Compliance team self-assesses the effectiveness of the firm’s ERMF and reports its conclusions and any required actions to the CRIAC.

4.2.3 Third line of defence

The Internal Audit function is responsible for the independent verification of the design and operation of the controls established by the first and second lines of defence. The firm’s model for internal audit assurance is delivered through an outsourced model where all internal audit services are provided by a third-party provider (currently Deloitte LLP). The Internal Audit function provides the CRIAC with an independent assessment of ERMF effectiveness on a periodic basis.

4.3 Risk appetite

The firm's overall risk appetite is low, and its business strategy has focused on sustainable growth over the longer term while seeking operational efficiencies to control costs.

The firm has defined a series of risk appetite statements which are reviewed and approved by the Management Committee on an annual basis. These risk appetite statements are set by reference to the strategic and tactical objectives of the firm, and any operational constraints it may face in achieving those objectives.

Risk appetite statements are further supported by underlying Key Risk Indicators ("KRIs") which have defined limits and triggers. These are typically expressed in terms of quantitative metrics that articulate how much of a particular type of risk the firm is willing to accept. Examples include: numbers of reported risk events; costs of operational losses; and service level adherence by outsourced service providers.

Risk owners have the principal responsibility for reporting to the Risk & Compliance team on when a limit or trigger has been breached and what corrective action is, or is proposed to be taken. The RCC, Executive Committee and CRIAC receive reporting of risk profile against risk appetite on an ongoing basis.

The firm's approach to risk appetite, including the risk appetite statements and KRIs, is subject to annual review and approval by the Management Committee. However, risk appetite statements and KRIs are updated where required between annual reviews to ensure their continued relevance following changes in underlying assumptions, such as market conditions, business structures and capacity.

4.4 Risk exposures

AIM categorises risks using a hierarchical risk taxonomy which enables a structured approach to identifying material risks and harms. Once categorised, the risk assessment process is used to identify the most significant risks / material harms to:

1) the interests of clients ('Risk to Client');
2) the markets in which the firm operates ('Risk to Market'); and
3) AIM's strategic and business objectives, including the ongoing viability of the firm ('Risk to Firm').

The material risks to which AIM is exposed, and on which the firm's resources and risk management capabilities are focussed on assessing and managing, are set out below. Given the firm's business strategy, operational model and control environment, the Management Committee concludes that the firm's overall potential for harm to clients and/or markets is low.

4.4.1 Strategic and business risk

Strategic and business risk refers to the risk of loss, or opportunity cost, associated with strategic decision making and/or execution of the firm's business strategy. The firm has a medium appetite for strategic and business risk and aims to ensure that all strategic decisions and strategic business initiatives are considered and executed within risk appetite, using robust risk management controls and oversight.

4.4.2 Credit and counterparty risk

Credit risk is the risk of loss if another party fails to perform its financial obligations or fails to perform them in a timely fashion. The firm has a low appetite for credit and counterparty risk and has exposure in the following key areas:

- fees receivable;
- unit trust and open-ended investment company ("OEIC") settlement debtors; and
- deposits placed with financial institutions.

Fees receivable includes management fees due from AFM managed investment funds and from segregated mandate clients. Credit risk exists in relation to both fees invoiced but not yet received and fees accrued but not yet billed. Credit risk is mitigated through robust invoicing and debtor management processes.

As an authorised manager of unit trusts and an OEIC, AFM is responsible for arranging for the issue and cancellation of units/shares to meet investor subscriptions and redemptions. AFM incurs credit risk where (i) monies are due to be received from customers for purchases and, (ii) in relation to redemption orders that have been placed by customers where monies are due to be received from the funds via the trustee to settle the transactions. If a debtor does not settle a transaction, title to units/shares in the fund is retained and losses are therefore limited to the market movement on the units/shares held. This risk is mitigated through robust operational processes; ensuring trade proceeds are received and followed up when outstanding.

Credit risk arising from the placement of deposits is mitigating by using authorised banks and money market funds with high credit ratings. In addition, the creditworthiness of the firm's banking counterparties is subject to regular monitoring and governance oversight.

4.4.3 Market risk

Market risk refers to the risk of loss that arises from fluctuations in values or income from the firm's assets, or movements in interest or exchange rates. The firm has a low appetite for market risk.

AIM holds seed capital investments in AFM managed investment funds. These funds are exposed to the price movements of the underlying assets held, which could reduce the value of the firm's investments. In addition, the firm's revenue is directly based upon the value of investments that it manages for clients. These market risks are mitigated via active investment management strategies and by closely monitoring the market risk exposure of segregated client portfolios and AFM managed funds. Lastly, the firm has very limited exposure to movements in foreign exchange and interest rates.

4.4.4 Liquidity risk

Liquidity risk could arise from the firm being unable to settle financial obligations when they fall due. AIM has a very low appetite for liquidity risk.

The firm's business model is not complex in relation to liquidity risk. In particular, the income and expenditure from the firm's investment management activities is generally consistent from month-to-month and can be forecast with reasonable accuracy. The firm monitors liquidity risk through ongoing oversight of cash positions and cash flow forecasting. In addition, stressed scenarios are periodically reviewed to ensure that sufficient resources are always maintained.

4.4.5 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The firm has a low appetite for operational risk.

Effective management of operational risk is one of the principal reasons for the firm's chosen operating model; focusing on core competencies and outsourcing tasks of greater complexity and operational risk to specialist providers. This approach provides risk mitigation on many levels:

- day to day operational tasks are undertaken by specialist staff;
- key person dependencies are reduced;
- segregation of duties is more easily applied, thus managing conflicts of interest effectively;
- standardised and scalable processes are adopted, reducing operational risk and errors;
- the costs, and risks, associated with developing and using information technology systems are reduced; and
- outsourced providers' internal risk management and governance arrangements provide an additional level of control and oversight.

AIM’s operating model allows senior management to focus on the most significant risks faced by the business. It also facilitates the allocation of the firm’s resources to ensure there is appropriate monitoring and oversight of operational risks and that necessary remedial actions are taken in the best interests of clients when operational risk events do crystallise.

4.4.6 Regulatory risk

Regulatory risk may arise if AIM’s business activities are not compliant with relevant laws and regulations and/or do not meet standards of good industry practice. The firm has a very low appetite for regulatory risk.

The firm’s dedicated Risk & Compliance team helps to ensure that the firm has systems of internal control which adequately measure and manage the principal risks that it faces, including regulatory risk. The Risk & Compliance team seeks to effectively support and challenge business areas in managing risk effectively and complying with relevant laws, regulations, professional standards, good business practices and internal standards, including the firm’s cultural principles. In doing so, the Risk & Compliance team aims to foster and promote a positive risk management and compliance culture with the aim of helping the business to deliver and evidence good customer outcomes.

4.4.7 Vendor risk

Vendor risk refers to risks caused by the failure, inadequate operational resilience, or errors of third-party vendors (incl. suppliers, outsource service providers etc.). This includes reputational risk resulting from AIM’s association with a particular vendor. The firm has a medium appetite for vendor risk on the basis that it has chosen to outsource a number of material business activities to third party vendors and accepts the risks of doing so.

However, the firm’s outsourcing systems and controls are designed to ensure vendor risks are well understood and managed effectively. AIM has an Operations Oversight & Control team which defines and coordinates the implementation of the firm’s Third-Party Onboarding & Oversight Framework. The framework ensures that all in-scope third parties are assigned a risk-based classification. This classification is then used as the basis for executing defined requirements for initial due diligence, ongoing oversight activities, and reporting.

4.4.8 Group risk

Group risk refers to the risk that AIM may be adversely affected by its relationships (financial or non-financial) with other entities in the AMG group of companies or by risks which may affect the financial position of the whole AMG group (e.g. reputational contagion). The firm has a low appetite for group risk.

Group risk is minimised by the fact that AIM is operationally independent of AMG and is responsible for its own financial performance and capital management processes.

4.4.9 Concentration risk

Concentration risk may arise where the firm's earnings are overly reliant one or more large client relationships or the ongoing success of particular investment strategies. The firm manages a varied range of investment strategies and products and has a diversified client base by type, size and geography which means that it is not overly dependent on a single client or small group of clients. Management has concluded that the level of diversification of earnings does not represent an unacceptably high level of concentration risk.

In addition, concentration risk may arise if the firm's own cash and cash equivalents are overly exposed to a particular counterparty. The Finance team manages the firm's cash positions and the Investment Risk team monitors counterparty exposures daily with any exceptions immediately escalated to management. Overall, the diversification applied to the firm's cash and cash equivalents does not represent an unacceptably high level of concentration risk.

5 OWN FUNDS

As set out in the tables below, MIFIDPRU 8.4.1R requires AIM to disclose on a solo basis:

1) a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the firm;
2) a reconciliation of 1 (above) with the capital in the balance sheet in the audited financial statements of the firm; and
3) a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm.

Table 1: Composition of regulatory own funds			
Item		Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**Own funds**	84,491	N/A
2	**Tier 1 capital**	84,491	N/A
3	**Common Equity Tier 1 capital**	84,491	N/A
4	Fully paid up capital instruments	65,627	Members' capital classified as equity
5	Share premium	-	N/A
6	Retained earnings	18,864	Members' others interests – other reserves classified as equity
7	Accumulated other comprehensive income	-	N/A
8	Other reserves	-	N/A
9	Adjustments to CET1 due to prudential filters	-	N/A
10	Other funds	-	N/A
11	Total deductions from Common Equity Tier 1	-	N/A
19	CET1: Other capital elements, deductions and adjustments	-	N/A
20	**Additional Tier 1 capital**	-	N/A
21	Fully paid up, directly issued capital instruments	-	N/A
22	Share premium	-	N/A
23	Total deductions from Additional Tier 1	-	N/A
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
25	**Tier 2 capital**	-	N/A
26	Fully paid up, directly issued capital instruments	-	N/A
27	Share premium	-	N/A
28	Total deductions from Tier 2	-	N/A
29	Tier 2: Other capital elements, deductions and adjustments	-	N/A

Table 2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		Balance sheet as in published/audited financial statements (GBP thousands)	**Cross-reference to template OF1**
		As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Property, plant and equipment	6,282	N/A
2	Fixed asset investments	43,595	N/A
3	Other investments	8,837	N/A
4	Debtors	26,487	N/A
5	Cash at bank and in hand	46,390	N/A
	Total Assets	**131,591**	N/A
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Creditors: amounts falling due within one year	46,893	N/A
2	Creditors: amounts falling due after more than one year	207	N/A
	Total Liabilities	**47,100**	N/A
Members' capital			
1	Members' capital classified as equity	65,627	Item 4
2	Members' other interests – other reserves classified as equity	18,864	Item 6
	Total members' capital	**84,491**	Item 1

Table 3: Own funds: main features of own instruments issued by the firm
Members' capital classified as equity largely comprises the capital contribution from the parent undertaking, Artemis Strategic Asset Management Limited. This entitles Artemis Strategic Asset Management Limited to a proportion of the income generated by AIM. In addition, eligible partners have agreed that AIM, via the Remuneration Committee, has full discretion as to whether any deferred remuneration should be paid to a partner or retained, if required, for regulatory capital or other purposes. The amount subject to this agreement has been classified as equity. AIM has not issued any debt instruments.

6 OWN FUNDS REQUIREMENTS

6.1 Own funds requirement

At all times, AIM must maintain own funds that are at least equal to its own funds requirement. In accordance with MIFIDPRU 4.3, the own funds requirement is the highest of the following:

1) **Permanent minimum capital requirement ("PMR")**: The PMR is the minimum level of own funds required to operate at all times and, based on the MiFID investment services and activities that the firm currently has permission to undertake, is set at £75,000.
2) **Fixed overheads requirement ("FOR")**: The FOR is intended to calculate a minimum amount of capital that AIM would need available to absorb losses if it has cause to wind-down or exit the market, and is equal to one quarter of the firm's relevant annual expenditure. The firm's FOR is £14,053,000.
3) **K-factor requirement ("KFR")**: The KFR is intended to calculate a minimum amount of capital that AIM would need available for the ongoing operations of its business. The K-factors that apply to the firm's business are K-AUM and K-COH. The firm's KFR is £1,392,000 as shown in the table below.

K-factor	Description	Value (GBP)
K-AUM	K-AUM is the K-factor own funds requirement investment firms are required to hold against risks associated with managing assets for clients.	£1,264,000
K-COH	K-COH is the K-Factor own funds requirement designed to cover potential risks from handling client orders.	£128,000
	KFR	£1,392,000

6.2 The overall financial adequacy rule

AIM must also meet the 'overall financial adequacy rule' as set out in MIFIPDRU 7.4.7R. This rule states that a firm must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

a) the firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
b) the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

On an ongoing basis, AIM uses the Internal Capital Adequacy and Risk Assessment ("ICARA") process to identify whether it complies with the overall financial adequacy rule.

6.3 ICARA process

The overall purpose of the ICARA is to ensure that the firm:

a) has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operation of its business or winding down its business; and
b) holds financial resources that are adequate for the business it undertakes.

Potential material harms may have an impact on the firm, its clients, or the markets in which it operates.

At a high-level, the ICARA covers:

- business model planning and forecasting;
- identification, monitoring and mitigation of harms;
- stress testing and reverse stress testing;
- recovery actions and wind-down planning; and
- assessment of the adequacy of financial resources.

The ICARA process clearly sets out AIM's assessment of risks and harms arising from ongoing business operations and in a wind down scenario. A key output of this assessment is the calculation of the firm's own funds threshold requirement and liquid assets threshold requirement. These are the amounts of own funds, and liquid assets, the firm needs to hold to comply with the overall financial adequacy rule.

The outcome of the ICARA is formally approved by the Management Committee on at least an annual basis, or more frequently in the event of material changes to the business or operating environment.

AIM is required to provide periodic information from the ICARA process to the FCA by completing numerous regulatory returns. This includes for example, submission of an annual ICARA questionnaire (return MIF007).

7 REMUNERATION POLICY AND PRACTICES

7.1 Remuneration governance

AIM has established a Remuneration Committee, the members of which are three non-executive officers. The Remuneration Committee may invite members of management to attend committee meetings to provide input. This will typically include the Senior Partner, Chief Financial Officer, Chief Risk Officer, and the Head of HR.

The Remuneration Committee operates under formal terms of reference and is responsible for setting and overseeing the implementation of the Remuneration Policy, including the firm's remuneration philosophy and remuneration principles. The Remuneration Committee reviews and approves the remuneration of partners and material risk takers. The Executive Committee determines the remuneration of all other staff.

The Remuneration Committee regularly reviews the Remuneration Policy to ensure that it remains appropriate and to ensure that the firm's remuneration arrangements are gender-neutral, include measures to avoid or manage conflicts of interest, ensure that good retail customer outcomes are achieved, are consistent with the firm's risk profile and regulatory obligations and are in line with the firm's cultural principles. The Reward & Benefits team of Korn Ferry, a global consulting firm, have assisted the firm in the development of its Remuneration Policy and practices.

7.2 Remuneration Philosophy

Remuneration Philosophy
Artemis is an independent, owner-managed partnership. Our philosophy and approach to remuneration seeks to support our aims of delivering exemplary investment performance and service to our clients. First and foremost, the remuneration of our partners and staff directly aligns with the interests of our clients as we seek to deliver superior, long-term returns for the people whose money we manage, without the distractions of short-term demands.

The firm's Remuneration Philosophy fully supports the business ethos of the firm to deliver value to clients through exemplary client service, outperformance of the market and producing long-term returns for investors. All AIM partners and employees are expected to contribute positively to the firm, client outcomes (including retail customers), and to wider stakeholders, including local communities and the environment.

AIM's partnership structure enables the firm to focus entirely on trying to meet or exceed clients' needs without short term distractions. Regardless of how remuneration arrangements are designed, AIM's partners are remunerated solely through sharing in the profits generated and realised by the firm. The structure of the business instils a collective focus on growing revenues in a responsible and controlled manner, managing both risks and costs over the long-term. This is only achievable if the firm delivers excellent long-term value to its clients.

7.3 Remuneration Principles

The firm's Remuneration Philosophy, as outlined above, translates into four key guiding principles which underpin all aspects of the design and operation of the firm's remuneration arrangements.

Remuneration Principles		
1) Partnership ethos	*Remuneration structures support the culture of Artemis as a partnership rewarding performance and behaviours that create value for both clients and the owners of the business over the long-term. Unless short-term actions are rooted in long-term thinking, they are not rewarded.*	
2) Personal accountability	*Our remuneration approach engenders personal responsibility to act in the best interests of Artemis by doing the right thing for clients, acting in good faith at all times. Performance expectations are clear for every individual with reward closely linked to the success of both the individual's investment strategy (for fund managers) and the firm as a whole. Leadership and collaboration are actively encouraged and incentivised.*	
3) Client-centric	*Delivering value to our clients is at the heart of everything we do and it is critical that this is reflected across all of our remuneration arrangements. Our remuneration framework encourages our people to think about all aspects of delivering value to our clients including fund performance relative to objectives, costs and client service, ensuring we deliver good customer outcomes. Those directly responsible for managing our clients' money invest alongside them.*	
4) Transparent	*Artemis operates a common remuneration approach for all with clear line of sight between individual reward and sustainable business success. Although the specific roles and responsibilities of our people are reflected in their remuneration, everyone operates within a single shared remuneration framework with consistent principles supporting common values across the firm.*	

7.4 Material risk takers

Under the MIFIDPRU Remuneration Code, at least once a year AIM is required to identify those categories of staff whose professional activities have a material impact on the risk profile of the firm or of the assets that the firm manages, referred to as 'material risk takers'.

The firm has identified the following categories of staff as material risk takers:

- members of the Management Committee;
- members of the Executive Committee (i.e. senior management), including the Chief Risk Officer (i.e. control functions);
- the Money Laundering Reporting Officer; and
- investment strategy leaders responsible for the management of significant assets.

7.5 Remuneration Policy (incl. link between pay and performance)

Remuneration levels are set to attract, retain and motivate talented partners and employees. The Remuneration Policy aims to ensure both short-term and long-term alignment with client interests, encourage an appropriate culture and promote the profitability of the business over the longer term.

For partners, including those who are material risk takers, the distribution of partnership profits is determined by reference to balanced principles based on the performance of the business as a whole and the individual's contribution to the firm's performance. Partners receive fixed monthly drawings (akin to salaries) for fulfilling their roles (although if profits were insufficient to cover the fixed monthly drawings paid to partners, these drawings would be repayable by the partners). Partners also receive an annual "profit share" award. The firm retains discretion to vary the profit-sharing arrangements as appropriate. In doing so, the Remuneration Committee factors in any risk adjustments it may deem appropriate.

Part of the annual profit share paid to partners is 'variable remuneration', which may include elements that are (a) calculated based on a revenue share set by reference to the overall profits of the firm and (b) a discretionary profit share award based on performance. The remainder of the profit share is principally considered to be a return on capital, reflecting a longer term 'ownership dividend' for partners.

Employees, including those who are material risk takers, receive a salary commensurate with their role and responsibilities and a range of other benefits associated with employment including, but not limited to, death in service, critical illness and medical insurance, pension contributions and paid annual leave. Employees are eligible to receive a discretionary bonus (variable remuneration) based on their individual performance, including achievement of control and risk management objectives intrinsic to their role.

The remuneration of all material risk takers is overseen by the Remuneration Committee, which considers whether remuneration outcomes are appropriate considering risk and compliance performance at an individual, investment strategy and firm level. The firm can reduce all or part of deferred variable remuneration that has been previously allocated to material risk takers, both (a) before the end of the vesting period (for 'malus') and (b) within two years of the payment of any elements of the variable remuneration (known as 'clawback').

Guaranteed variable remuneration may only be awarded in exceptional cases, and only in the context of a new hire, and for a maximum of one year. Guaranteed variable remuneration awarded to material risk takers, or more than £150,000 to non-material risk takers, must be approved by the Remuneration Committee. The Remuneration Committee must be informed of all other guaranteed remuneration awards.

Severance payments will not reward failure and/or misconduct. All settlements greater than £150,000 for material risk takers must be approved by the Remuneration Committee. The Remuneration Committee must be informed of severance payments more than £150,000 for those who are not material risk takers.

7.6 Quantitative disclosures

The total amount of remuneration awarded to senior management, material risk takers and all other staff, split by fixed and variable remuneration is as follows:

2022 Remuneration	Senior management (GBP)	Other material risk takers (GBP)	All other staff (GBP)	Total (GBP)
Fixed remuneration	£1,428,640	£2,472,991	£22,654,403	£26,556,033
Variable remuneration	£6,407,190	£11,145,631	£15,264,399	£32,817,221
Total	**£7,835,830**	**£13,618,622**	**£37,918,802**	**£59,373,254**

The total number of material risk takers identified by the firm under SYSC 19G.5 was 28.

The following disclosures are made in relation to guaranteed variable remuneration awards and severance payments.

2022 Remuneration	Senior management (GBP)	Other material risk takers (GBP)	Additional explanations
Total value of guaranteed variable remuneration awards	-	£200,000	Guaranteed variable remuneration was received by two material risk takers.
Total value of severance payments awarded	-	-	No severance payments were made to material risk takers during the period.
Highest severance payment awarded to an individual material risk taker	-	-	