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**PROGENY ASSET  
MANAGEMENT LTD  
MIFIDPRU 8 DISCLOSURE**

**31 December 2025**

**@theprogenygroup  
theprogenygroup.com**

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# 1 INTRODUCTION

## 1.1 Introduction and scope

This document sets out the public disclosures on risk management and capital adequacy for the MIFIDPRU Investment Firm, “Progeny Asset Management Limited” (“PAM”, “the firm”). The disclosure has been prepared in accordance with the requirements set out in MIFIDPRU 8 as part of the Investment Firms Prudential Regime (IFPR) which is the FCA’s prudential regime for MiFID (Markets in Financial Instruments Directive) investment firms.

The disclosure, prepared on a solo basis for PAM under MIFIDPRU 8.1 is updated annually and aligns with the publication of the annual financial statements, which have been prepared as at 31 December 2025. The disclosure is not subject to audit but has been reviewed and approved by the Board. The Board confirms that the information contained in this document is accurate to the best of its knowledge and reflects the firm’s position as at 31 December 2025.

PAM is not required to make a disclosure in relation to MIFIDPRU 8.7 (Investment policy) as it does not fall within MIFIDPRU 7.1.4R(1).

The disclosure document has been published on the firm’s corporate website: [theprogenygroup.com/about-us/financials/](http://theprogenygroup.com/about-us/financials/).

## 1.2 Summary of business activities

Established in 2016, PAM is an asset management and discretionary fund manager (“DFM”) that manufactures a range of investment products and services. These include:

- MGTS Progeny Multi-Asset OEICs (“OEICs”);
- Discretionary Model Portfolio Service – focusing on active, systematic and passive solutions (“MPS”);
- Bespoke DFM services (“PAM Private Wealth”).

PAM’s products are designed to meet the needs of clients through FCA authorised financial advisers. PAM focuses on providing investment solutions that reflect clients’ investment objectives and tolerance for risk, aiming to deliver long-term outcomes. PAM also emphasises the importance of extensive research and risk management in its investment approach.

PAM’s investment solutions are distributed through several different adviser led platforms servicing retail clients. Investment into one of PAM’s propositions is made through advice led recommendations from an FCA authorised financial adviser, who may recommend one of PAM’s propositions based on a client’s objectives and attitude to risk, amongst other factors.

PAM’s Private Wealth service is designed to target retail clients who may benefit from a full wealth management offering covering investments in collectives, direct equities and investment trusts, along with a named investment manager for each client.

All of PAM's solutions and Private Wealth service are primarily distributed through Progeny Wealth Limited, on either an "agent as client" approach or "reliance on others", in line with COBS 2.4.3 and 2.4.4.

As at 30 September 2025 PAM managed approximately £4.2bn of assets through its range of investment products and services.

## **2 RISK MANAGEMENT OBJECTIVES AND POLICIES (MIFIDPRU 8.2)**

In 2025, a comprehensive enhancement of the firm's risk management framework was undertaken, supported by Deloitte, to strengthen governance, transparency, and accountability. These improvements resulted in a proportionate, risk-based methodology across all business functions, ensuring that decision-making is aligned with regulatory expectations and the organisation's risk profile. The refreshed framework reinforces a balanced risk culture, integrates robust control standards, and establishes clear escalation protocols, thereby promoting consistency, resilience, and effective oversight throughout PAM. This sets the foundations for a 2026 Risk Plan that builds on the implementation and further embedding of this risk management framework.

### **2.1 Enterprise risk management ("ERM") framework**

The ERM Framework is applicable to all employees and encompasses several elements, including but not limited to:

- A "three lines of defence model" (see below for further details) and risk governance arrangements.
- An end-to-end process in setting and monitoring appropriate risk appetites.
- The development and execution of risk and/or compliance monitoring programmes.
- The development and maintenance of policies and procedures.
- The identification, assessment, measurement, monitoring and management of risk, including the assignment of risk owners and risk reporting.
- The development and implementation of stress testing as a key risk management tool.

#### **2.1.1 Three lines of Defence**

The Risk Management Framework operates under a Three Lines of Defence model in line with the Senior Manager and Certification Regime ("SMCR") accountabilities, to ensure effective escalation and management of material risks and issues.

<b>First line (business executives, management and all employees)</b>	<b>Second line (Risk and Compliance)</b>	<b>Third line (Internal Audit)</b>
<ul style="list-style-type: none"> <li>• Identify, own, manage and report risks</li> <li>• Owner of specific governance policies</li> <li>• Develop business plan and strategy</li> <li>• Establish and maintain controls</li> <li>• Instil conduct requirements and individual monitoring</li> <li>• Stress / scenario modelling</li> <li>• Operate within systems of controls</li> <li>• Ongoing self-assessment of control environment and effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>• Owner of Risk and Compliance Framework</li> <li>• Stress/scenario setting and oversight</li> <li>• Proactive and reactive advice and guidance</li> <li>• Risk and compliance monitoring and assurance activities</li> <li>• Risk and compliance reporting</li> <li>• Strategy and approach for regulatory engagements.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of objective, and risk-based assurance, along with advice, insight, and foresight.</li> <li>• Delivering an annual audit plan, which includes evaluating the effectiveness of PAM's risk assessment and management, as well as the operations of the first and second lines of defence.</li> <li>• Evaluating if PAM has effective controls in place.</li> </ul>

## **2.1.2 Risk appetite**

The Risk Appetite Framework (“RAF”) sets out the policies, processes, controls, and systems for defining, communicating, and monitoring risk appetite. It covers risk appetite statements, limits, roles, and responsibilities, addressing both internal and external risks while considering stakeholder, client and regulatory interests.

The RAF guides staff on applying risk appetite and limits in business planning and operations and is an integral part of the Enterprise Risk Management Framework. Risk appetite serves as an essential management tool, establishing the foundation for risk oversight within PAM, and ensures consistency in the formulation and implementation of risk policies and controls. Guided by the RAF, the Board determines the firm’s risk appetite. The Board also oversees responses to any breaches and assesses the effectiveness of the framework. While certain tasks and duties may be delegated to subcommittees or senior management, the risk strategy and appetite are reviewed annually in alignment with the business planning cycle and presented to the Board.

PAM currently maintains Board-approved risk appetite statements covering its material risk categories, including Business, Investment, Operational, Legal & Regulatory, Capital, and Liquidity risks. Each statement includes defined tolerances and qualitative and quantitative indicators used to measure adherence. The risk appetite is reviewed at least annually and monitored through routine reporting to the Risk & Governance Committee (“RGC”) and the PAM Board.

## **2.1.3 Key risk indicators**

Development of risk appetite metrics is underway for all material risks and will continue through 2026. Key Risk Indicators (KRIs), including defined thresholds, will be established to monitor and ensure that the overall risk profile remains within accepted parameters. Thresholds, categorised as “within appetite,” “action required,” and “outside appetite” will prompt escalation and remedial action if necessary. Specific action plans will be mandated when thresholds are reached, and these limits are qualitatively aligned to reflect potential adverse impacts.

KRI’s will include metrics relating to operational incidents, client complaints, outsourcing provider performance, capital and liquid asset levels, cyber security metrics, and investment governance metrics. These indicators will be reported quarterly to the RGC and Board.

## **2.1.4 Risk control self- assessment (“RCSA”)**

PAM will strengthen its operational risk framework in 2026 by adding a RCSA process. This addition helps the business identify, assess, and manage operational risks stemming from key processes, systems, and propositions.

The RCSA process will apply to all business functions and be overseen by a senior manager or executive member. The responsibility for day-to-day operations of the RCSA is delegated to a risk champion or the designated RCSA owner, typically the functional head or manager of the relevant business area.

Risks are assessed and rated by the risk champion or RCSA owner based on likely impact, and frequency/probability of the risk occurring, on both an inherent and residual basis, in line with PAM's risk materiality and impact of harm matrix.

Where controls are inadequate or ineffective, management actions are provided to improve the control environment, thereby reducing the risk exposure/impact of harm.

Once the RCSA has been completed, the content will be reviewed by the ERM team to ensure the framework has been correctly applied, but also to provide challenge where assessments provided are not perceived to be correct or reflective of the current risk profile of the business/function and underlying activities. RCSA updates/reviews take place formally on an annual basis.

### **2.1.5 Top-down assessment**

The ERM team will provide a consolidated view of the RCSA data, which is reported to the Board. The RCSA process initiates a bottom-up assessment to identify the 'top risks' within PAM, which is further enhanced through top-down Board discussions. These discussions incorporate factors such as business planning, strategic and emerging risks, industry trends, and regulatory developments, to comprehensively determine risks that are relevant and material to the business.

Following the review and validation by the Board, the ERM team will prepare a top risk report, highlighting the material risks facing PAM. This report is discussed quarterly at the RGC and Board meetings, incorporating status updates and supported by KRIs as outlined in the risk appetite framework.

### **2.1.6 Incident reporting**

The incident reporting process is being further integrated into business operations to deliver a comprehensive overview of breaches, losses, near misses, and any positive outcomes associated with incidents.

All incidents will be reported to the Risk and Compliance team and recorded in a centrally maintained incident log. The Compliance team will conduct thorough investigations of each incident, identify potential trends, and confirm that suitable corrective actions and preventive measures have been established as part of this process.

### **2.1.7 Scenario analysis**

Scenario analysis is a forward-looking assessment of exposures due to severe but plausible operational risk events. It is developed as part of the Internal Capital and Risk assessment ("ICARA") process and is used to identify and quantify the material risks that have the potential to impact PAM, its clients or the broader market, based on the experience and opinions of internal subject matter experts. A variety of scenarios (differing in nature, severity and duration) are used to estimate the impact of events on capital and liquid asset requirements.

## **2.1.8 Risk reporting and escalation**

Escalation criteria from both a financial and impact of harm (non-financial) perspective, including the escalation timelines and team/committees to which incidents will be reported/escalated, has been developed. Incidents will be reported on a quarterly basis as part of the wider Risk and Compliance report to the RGC and Board.

## **2.1.9 Risk profile**

PAM is exposed to a range of risks that could potentially cause harm to the firm's clients, the firm itself and/or the wider market, in the execution of its business strategy and ongoing day to day activities.

PAM's risk profile is predominantly driven by Operational, Investment, Business, and Regulatory risks. These risks arise from the firm's discretionary investment management activities, reliance on outsourced service providers, product governance obligations, and regulatory environment. The firm's risk profile is managed within the stated risk appetite through a combination of controls, oversight mechanisms, monitoring programmes, and Board oversight.

In addition, capital adequacy, liquidity, market, and credit/counterparty risks, are monitored and managed on a prudent basis to ensure they remain within the regulatory requirements and risk appetite limits.

## **2.1.10 Potential impacts of harm**

PAM has identified specific potential material harms to clients, the firm, and the wider market, arising from its activities. These include the risk of trading errors, investment mandate breaches, operational outages, cyber-security incidents, regulatory compliance failures, and inadequate oversight of outsourced service providers. Each harm is assessed for likelihood and impact, with mitigation actions tracked and overseen through the ERM and Governance framework.

## **2.1.11 Approach to assessing own funds requirement, concentration risk, and liquid assets**

The assessment of harm relating to PAM, as documented in section 2.1.10, is incorporated within the ICARA process. The ICARA supports PAM in its ongoing assessment of the risk of harm to clients, the firm itself and wider markets. The ICARA is used to support the Board in determining whether PAM has adequate financial resources (capital and liquid assets) to enable PAM:

- To remain financially viable across the projected period, with the ability to address any potential material harms that may result from its ongoing activities; and

- If it became necessary, to conduct an orderly wind-down while minimising harm to clients or other market participants and without threatening the integrity of the wider UK financial system.

This is done by identifying the most material risks of harm to the business model and strategy, including activities undertaken by using the assessment of the bottom-up functional RCSA process overlaid with a top-down view from the Board. As part of this process the inherent position of each risk is assessed along with the overall control framework and residual risk exposure, including potential material harms to clients, the firm or markets. In conducting the ICARA, PAM have:

- Identified risks that may result in material harms to the firms' clients and counterparties, the markets in which the firm operates, and to the firm itself;
- Ensured they have 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 their business or from winding down the business;
- Considered on a forward-looking basis the own funds and liquid assets that will be required to meet the overall financial adequacy rule, taking into account any planned future growth; and ;
- Considered relevant 'severe but plausible' stresses that could affect the firms' business model and considered whether the firm would still have sufficient own funds and liquid assets to meet the overall financial adequacy rule.

The table below provides a summary of PAM's level 1 risk categories (which, as part of the risk taxonomy, are further subdivided into level 2 and 3 sub-categories); the impact of harm these risks pose; how these risks are managed, and the associated policies in place to support the management of the risks.

<b>Level 1 risks</b>	<b>Impact of harm</b>	<b>Risk description</b>	<b>How the risk is managed</b>	<b>Risk policy</b>
Business risk	Harm to firm and client	The risk of discretionary decisions adversely affecting future earnings and the sustainability of the business.	PAM will be developing a remuneration policy to align to the principles of SYSC 19G to mitigate the risk of remunerating staff in a manner that could adversely affect the outcomes to clients. Governance structures have been improved during 2025, including its Board and Executive Committee.	<ul style="list-style-type: none"> <li>• Conflicts of interest</li> <li>• Whistleblowing</li> <li>• Training and competency</li> <li>• Gifts and entertainment</li> <li>• Personal account dealing</li> <li>• Complaints handling oversight policy</li> </ul>
Advice and Investment risk	Harm to client	The risk of incomplete, inaccurate, inappropriate, untimely assessment of, a client's needs, markets and investment risks associated with funds and portfolios, leading to poor customer outcomes, customer detriment.	The firm has identified where poor client outcomes can derive from, by interrogating the client journey and through its service offering. Further to this the business operates a simple business model, offering a selection of risk aligned model portfolios to its clients.	<ul style="list-style-type: none"> <li>• PROD Policy Statement</li> <li>• Bespoke and MPS Investment Risk Policy</li> </ul>

Level 1 risks	Impact of harm	Risk description	How the risk is managed	Risk policy
Capital risk	Harm to firm	The risk that the firm does not maintain sufficient regulatory capital—capable of absorbing losses on a going-concern basis—to meet its minimum regulatory requirements, support its strategy (including acquisitions), and remain financially resilient under stress.	<p>Capital adequacy is monitored regularly, and steps are taken to increase the capital available should the need arise. This includes analysing various economic scenarios to model the impact of economic downturns on the firm’s financial position, including its capital and liquid assets.</p> <p>The ICARA process is undertaken annually as a minimum, to ensure PAM holds sufficient capital against the risks it faces. Regular reporting of capital adequacy is presented to the Executive Committee and Board for review and challenge.</p>	N/A

<b>Level 1 risks</b>	<b>Impact of harm</b>	<b>Risk description</b>	<b>How the risk is managed</b>	<b>Risk policy</b>
Liquidity risk	Harm to firm	The risk that the firm does not have sufficient liquid resources to meet its obligations as they fall due or can secure them only at excessive cost.	<p>This is supported by a budgeting and forecasting process which has the full involvement of the senior management team. Liquid assets threshold requirement and cash flow forecasts are monitored on a regular basis.</p> <p>A mixture of long-term and short-term debt finance are maintained that are designed to ensure PAM has sufficient funds for its operations and to meet regulatory requirements. Regular reporting of liquidity is provided to the Executive Committee and the Board for review and challenge.</p>	N/A

<b>Level 1 risks</b>	<b>Impact of harm</b>	<b>Risk description</b>	<b>How the risk is managed</b>	<b>Risk policy</b>
Operational risk	Harm to firm and client	The risk of loss (or unexpected gain /profit) resulting from inadequate or failed internal processes, people and systems, or from external events.	Robust operational systems and controls which seek to minimise operational failures are in place. Progress continues in building out and enhancing the firm's cyber security capability to help mitigate threats. The firm continues to enhance its GDPR controls. Oversight is provided via the RGC on a quarterly basis	<ul style="list-style-type: none"> <li>• Cyber security policy</li> <li>• Data protection policy</li> <li>• Procurement policy</li> <li>• Financial promotions policy</li> <li>• Group Risk Incident policy</li> </ul>
Legal and Regulatory	Harm to firm and client	The risk of financial or reputational loss as a result of lack of awareness of, or misunderstanding of, ambiguity in the way law and regulation apply to the business; including change in regulations / new regulations materially affecting the business and/or market in which we operate.	A number of controls are in place to mitigate this risk, including keeping up to date with regulatory pronouncements, ensuring appropriate compliance policies are in place, and timely training is provided to colleagues. The firm ensures all regulatory initiative and changes are identified, tracked and appropriate action taken, to implement the required changes by the relevant deadlines.	<ul style="list-style-type: none"> <li>• Best execution policy</li> <li>• AML policy</li> </ul>

<b>Level 1 risks</b>	<b>Impact of harm</b>	<b>Risk description</b>	<b>How the risk is managed</b>	<b>Risk policy</b>
Credit/ counterparty risk	Harm to firm	The risk of financial loss arising from a customer or other counterparty failing to meet its obligations to repay outstanding amounts as they fall due.	The firm's revenues include annual management charges received from clients, based on a percentage of client assets under management. These charges are made directly from client portfolios, and therefore the credit risk relating to this income is minimal. Credit risk is managed by regular monitoring of debtors and ensuring current fee agreements are effective.	N/A
Market risk	Harm to firm	The current or prospective risk to earnings or value arising from adverse movements in equity and commodity prices, interest and/or foreign exchange rates.	The business undertakes modelling and stress testing which models the core expected future financial position and the potential impact of an economic downturn on its financial position because of falling markets.  The firm does not trade on its own account.  Market volatility is closely monitored by the PAM Investment Committee.	N/A

## 2.1.12 Own Funds

Under the new regime, the Own Funds Requirement is determined as the highest of the K Factor Requirement ("KFR"), the Fixed Overheads Requirement ("FOR"), and the permanent minimum capital requirement. The KFR is calculated based on the sum of each K-Factor that applies to the firm.

In terms of MIFIDPRU 4.6 and the permissions held by PAM, it has assessed its K-factor requirement to be based solely on K-AUM. See section 5 for further detail.

### **2.1.13 Concentration risk**

PAM is potentially exposed to concentration risk with banking counterparties with which it has deposited funds, and could be subject to a financial loss should the bank suspend withdrawals from accounts or go into administration, leading to either liquidity risk, where PAM has insufficient funds to meet liabilities as they fall due; own funds risk, where PAM is unable to recover its funds and suffers losses; or both.

PAM regularly monitors the credit rating of the bank with which it has a relationship and will act, if required, to minimise credit risk exposure. As an interim measure (and during a stressed event), PAM will be able to utilise additional bank accounts held by the Progeny Group to divert any payments (incoming and outgoing) to ensure operational resilience.

### **2.1.14 Liquid asset requirement**

When assessing the amount of liquid assets required to fund PAM's ongoing business operations, management have assessed the level of liquid assets that would typically be required to operate the firm's underlying business.

Short term liquidity needs have been assessed with reference to a forward looking 12-month period, based on the monthly cash flow cycle plus any items that may impact cash flows during the period, for example significant expenses such as annual bonus expense are considered. PAM has also considered the impact of stress scenarios on the short-term liquidity requirement.

### **2.1.15 Effectiveness of the ERM framework**

BDO has been onboarded during 2025 to provide Internal Audit services, including objective and independent assurance on the firm's operational and control environment. The ERM framework, which sets out the identification, management, monitoring and mitigation of material risks and associated impacts of harm, will also form part of Internal Audit's remit when the annual Audit planning cycle takes place.

### **2.1.16 ICARA outcomes**

Based on the most recent Internal Capital and Risk Assessment (ICARA), the PAM Board concluded that the firm maintains adequate financial and non-financial resources to meet the Overall Financial Adequacy Rule (OFAR) under both normal and stressed conditions. The firm also maintains sufficient liquidity resources to support orderly wind-down if required.

## **3 GOVERNANCE ARRANGEMENTS (MIFIDPRU 8.3)**

### **3.1 Governing Objectives and Principles**

The Board is responsible for the governance of the firm and is in the process of establishing a structured risk governance framework. This includes financial delegated authorities, approval or notification of certain matters, and specific policy requirements.

The Board is responsible for the oversight of business performance, governance and the effective discharge of all applicable legal and regulatory duties applicable to them, including:

- Setting the strategy, vision, cadence, and risk appetite for the operating entity.
- Setting targets, objectives and priorities to determine success measures and financial performance.
- Ensuring the firm complies with applicable regulations, that the entity is equipped with appropriate systems and controls to facilitate compliance and to identify and manage risks.
- Promoting a culture of good governance, ethical conduct and ensuring that customers receive good outcomes.
- Ensuring that it retains competent staff, maintains clear lines of responsibility, and promotes diversity and inclusion.
- Always maintaining adequate financial and non- financial resources.

#### **3.1.1 Key Committees**

##### **3.1.1.1 Risk and Governance Committee (“RGC”)**

The RGC ensures the effectiveness of the systems of governance, risk management and internal controls. The RGC is a dedicated committee where operational risk issues are discussed and escalated, including acquisition integration risks and remedial actions, where required. The RGC is chaired by the CRO and reports to the PAM board and the Group Risk Committee on a quarterly basis or more frequently, if required.

##### **3.1.1.2 Investment Committee (“IC”)**

Currently, PAM has delegated investment performance review to a delegated investment committee. As part of an overall refresh of the governance framework, it is anticipated that the remit of this committee will be expanded to include oversight of Product Governance and Customer Outcomes in 2026. It is envisioned that the IC will meet quarterly, reporting to the PAM board with information, reporting also to the Executive Committee.

#### **3.1.2 Decision making and control framework**

Decision-making responsibility at PAM rests with the Board. This is cascaded through the organisation by the delegation of responsibility. The CEO has established an Executive Committee to support delivery of the delegated responsibilities within the bounds of the authority delegated

by the Board. Senior management has active day to day involvement in the running of the business. This is executed as follows:

- Reporting lines and the extent and limits of delegation are clear, documented, and communicated appropriately.
- Senior management supervise delegation and monitor the discharge of delegates' functions. If any cause for concern is identified through supervision and monitoring, appropriate action is taken.
- Duties are segregated to reduce opportunities for conflicts, financial crime and breaches of regulatory requirements.

## 3.2 Directorships

The table below provides an overview of the directors of PAM.

Name	Role within PAM	Number of external directorships
Timothy Gillman	Executive Director (until 3 November 2025)	0
Ian Hooper	Executive Director (until 17 December 2025)	0
Charlotte Thomas	Executive Director (until 7 November 2025)	0
Thomas Wood	Executive Director	0
Neil Moles	Executive Director (until 3 February 2025)	0
Jessica Brescia	Executive Director (from 9 December 2025)	0
Bobby Ndawula	Executive Director (from 3 April 2025)	0

None of the Directors of PAM hold external directorships which require disclosure under MIFIDPRU 8.3.1R(2).

## 3.3 Board diversity

A diverse board brings a broad range of perspectives, insights and challenges, which supports sound decision making. The Board sets the tone for inclusion and diversity across the business, supported by a diverse leadership team and an open and inclusive culture. PAM is committed to promoting diversity and inclusion across its leadership and workforce. The Board seeks to maintain a balanced composition in terms of experience, skills, background and gender. As at 31 December

2025, 20% of Board members were female. The firm continues to enhance its recruitment and succession processes to support increased diversity and ensure broad representation across its governance structures.

## 4 OWN FUNDS (MIFIDPRU 8.4)

Under MIFIDPRU 8.4.1R, PAM is required to disclose:

- 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 PAM’s own funds – see section 4.1 below;
- a reconciliation of 4.1 with the capital in the balance sheet in the audited financial statements - see section 4.2; and
- a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued – see section 4.3 below. Own funds (i.e. capital resources) for PAM comprise exclusively common equity tier 1 capital.

### 4.1 Breakdown of own funds reconciled to specific instruments and deductions

The table below shows the breakdown of the own funds reconciled to specific instruments and deductions in the 31 December 2025 financial statements.

<b>Composition of regulatory own funds</b>			
<b>Item</b>		<b>Amount (GBP thousands)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
<b>1</b>	<b>OWN FUNDS</b>	<b>5,806</b>	d/e
<b>2</b>	<b>TIER 1 CAPITAL</b>	<b>5,806</b>	
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>5,806</b>	

4	Fully paid-up capital instruments	4	a
5	Share premium	2	b
6	Retained earnings	5,804	c
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	(4)	
12	DTAs that rely on future profitability	(4)	e
19	CET1: Other capital elements, deductions, and adjustments	-	
20	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	
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	-	
25	<b>TIER 2 CAPITAL</b>	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

## 4.2 Reconciliation of the firm's own funds to the audited financial statements

The table below sets out the reconciliation of own funds to the capital in the balance sheet in the audited financial statements.

### Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

	a	b	c
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	<b>Balance sheet as in published/audited financial statements</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross- reference to template OF1</b>
<b>As at period end:</b>			
31 December 2025			
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>			
1	Tangible assets	3	
2	Debtors	5,915	
3	<i>Of which: Debtors</i>	5,911	
4	<i>Of which: Deferred Tax Assets</i>	4	e
5	Cash at bank and in hand	4,500	
	<b>Total Assets</b>	10,418	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
1	Creditors: amounts falling due within one year	4,608	
	<b>Total Liabilities</b>	4,608	
<b>Shareholders' Equity</b>			
1	Called up share capital	4	a
2	Share premium account	2	b
3	Profit and loss reserves	5,804	c
	<b>Total Shareholders' equity</b>	5,810	d

## 4.3 Own funds features and instruments issued

The shares of PAM are wholly owned by Progeny Holdings Limited.

## Own funds: main features of own instruments issued by the firm

The share capital of the firm comprises 3,594 fully paid Ordinary shares with a nominal value of £1 each. All have been issued under private placement.

The shares have attached to them full voting, dividend, and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

The value recognised in regulatory capital as at 31 December 2025, including share premium, was £6,000.

## 5 OWN FUNDS REQUIREMENTS (MIFIDPRU 8.5)

### 5.1 Calculation of Own Funds Requirement

As a MIFIDPRU entity, PAM is required at all times to maintain own funds at least to the highest of:

- its PMR (Permanent Minimum Capital Requirement);
- its FOR (Fixed Overhead Requirement); and
- its KFR (K-Factor Requirement).

The permanent minimum capital requirement for PAM is £75,000. PAM meets this requirement at all times.

PAM's Own Funds Requirement has been assessed at £1.601m, which is driven by the FOR as the highest of the permanent minimum capital requirement, the KFR and the FOR.

As at 31 December 2025, PAM held £5.806m of own funds against an Own Funds Requirement of £1.601m, representing a capital surplus of £4.205m.

### 5.2 Fixed Overhead Requirement

PAM has assessed its FOR in line with the methodology outlined in MIFIDPRU 4.5, and the FOR has been calculated based on the audited 2025 expenditure.

The FOR is calculated based on the relevant expenditure that PAM incurs to continue operations, less certain permitted deductions. The FOR determines the amount of capital required to cover 3 months of PAM's relevant expenditure cost base.

The starting point for the FOR is the total expenditure within the 2025 audited accounts less the following allowable deductions:

- Discretionary staff bonuses and other variable remuneration.
- Employees' and directors' shares in profits, except to the extent that they are guaranteed.
- Other appropriations of profits.
- Fees, brokerage, or other charges paid to central counterparties, exchanges or other trading venues and intermediate brokers for purposes of executing, registering, and

clearing transactions that are directly passed onto customers excluding membership fees or charges to meet loss sharing obligations to central counterparties, exchanges, or other trading venues.

- Non-recurring expenses from non-ordinary activities.
- Taxes in relation to profits of the firm.

PAM's FOR was assessed at £1.601m.

## **5.3 K-Factor Requirement**

The K-factors are a way of calculating the ongoing capital requirements based on measuring risks posed by a firm to clients, to the market and to the firm itself. PAM has assessed its KFR to be based solely on K-AUM.

In assessing the K-AUM, PAM has considered all the funds under management from the different lines of business; management portfolio services, and private wealth, but excluding any fund of fund investments to avoid double counting.

The K-AUM is assessed at 0.02% of the average month-end AUM of the entity for the past 15 months, excluding the last 3 months, and was £806k at 31 December 2025.

## **5.4 Approach to assessing the adequacy of its own funds**

The ICARA is an ongoing process that is performed through a number of separate but inter-linked internal activities executed throughout the year that have enabled PAM to identify the potential material harms that could be caused during its ongoing and wind-down activities, as set out below:

- ERM and other relevant policies and processes, including the completion of the RCSA;
- Quarterly reporting of capital and liquid asset positions;
- Annual stress testing and regular monitoring of liquidity risk; and
- Wind-down planning.

Analysis undertaken under the ICARA process ensures that PAM always meets the Overall Financial Adequacy Rule ("OFAR"). The analysis of the OFAR is consistent with the potential impact of the material harms that the firm has identified that could result from its ongoing operations. This was identified via scenario analysis based upon material risks identified via the RCSA process. In addition, risk appetite statements have been developed that provide an early warning trigger / escalation point whereby any potential breaches of OFAR will be identified and escalated.

The methodology used enables PAM to assess the capital adequacy under both normal and stressed conditions to ensure that it holds sufficient liquid assets to remain within its internal and regulatory requirements.

# **6 REMUNERATION POLICY AND PRACTICES**

## **(MIFIDPRU 8.6)**

This section sets out remuneration related disclosures for PAM and captures the disclosure requirements as set out in ‘MIFIDPRU 8.6 Remuneration policy and practices’ under the IFPR for UK regulated entities. PAM is subject to the “standard” remuneration requirements of the MIFIDPRU Remuneration Code, and this disclosure has been undertaken in line with the provisions for non-SNI firms. This section provides further information on PAM’s remuneration policy, and the information is provided as at 31 December 2025.

### **6.1 Overall Approach**

#### **6.1.1 Decision making and governance: Remuneration Committee**

The Remuneration Committee (“RemCo”) is yet to be established but it is envisioned it will be established in 2026 and will be chaired by an Independent Non-Executive Director. It will be responsible for the oversight and implementation of the remuneration policies and practices of the Progeny Group, considering applicable laws, regulations and the principles of good governance. It will also be responsible for approving the remuneration arrangements of directors, senior executives and certain other employees, as applicable. It is envisioned that the RemCo will meet at least annually.

The RemCo will have delegated authority from the Progeny Board that oversees all governance activities within the operating entities within the Progeny Investment Firms Group.

Currently the PAM Board is responsible for the complete process of risk management, which includes the risks which emanate from the way the firm compensates its staff.

The Remuneration Policy will be reviewed by the PAM Board at least annually taking into account the current and future risks (after seeking advice from the Risk and Compliance function) and the cost and quantity of capital and liquid assets required, having regard to the firm’s financial forecasts.

#### **6.1.2 Remuneration policy and practices**

The Remuneration policy will be designed to encourage alignment with effective risk management to ensure that no PAM staff member is incentivised to act in a way which would undermine effective risk management. The policy will be linked to the achievement of business objectives to deliver performance in the best interests of clients and in line with all regulatory requirements, and individual performance is measured in employees’ annual appraisals. The Firm’s aim is to have remuneration arrangements which attract, motivate and retain staff of an exceptional calibre needed to lead the firm’s development. The firm’s culture and values have clear client and employee outcomes, and all employees are rewarded for how they demonstrate the values through key behaviour indicators.

The Chief People Officer (“CPO”) and the CRO will monitor this Policy and are responsible for ensuring the Policy complies with the relevant legislation and regulations. Any changes made will be presented and approved at the RemCo.

### **6.1.3 Link between pay and performance**

The performance of staff (which also include Material Risk Takers (“MRTs”)) is managed through performance objectives and assessed through an appraisal process. These objectives cover both financial and non-financial metrics specific to the role, their business unit and the business as a whole. Individual performance appraisals incorporate an overlay of expected values and behaviours and are used to support incentive outcomes within a discretionary framework.

### **6.1.4 Remuneration composition**

Remuneration comprises fixed pay and variable performance-related pay. Fixed pay includes base salary, benefits and pension. Variable pay includes short-term incentives measured on financial and non-financial criteria.

#### **6.1.4.1 Fixed pay**

Remuneration comprises fixed compensation set at market competitive levels (salary and benefits). Fixed remuneration includes:

- base salary;
- employer pension contributions;
- car allowance (if applicable); and
- benefits such as health insurance.

Base salaries are set at a competitive and sustainable level taking into account a range of factors including, but not limited to, the individual’s:

- skills;
- performance and experience;
- wider workforce salary levels;
- external benchmark data; and
- the size and responsibility of the role.

Base salaries are reviewed annually within an approved budget aligned with the business plan.

#### **6.1.4.2 Variable pay**

Only investment staff at a CISI/CFA level 4 or above who are part of a team that manages investment assets for the business, will be eligible for a variable remuneration reward.

Variable remuneration pay comprises an annual incentive scheme paid quarterly, reflecting staff performance in excess of their job descriptions. KPIs are set across categories of Performance and

Risk, Compliance, Governance and Product for the Active and Smart Beta teams, and Performance, Compliance and Governance for the PAM Private Wealth team.

#### **6.1.4.3 Guaranteed variable remuneration**

Guaranteed variable remuneration is paid only in exceptional circumstances which will be limited to new joiners and only paid in the first year of service.

#### **6.1.4.4 Severance pay**

Severance pay is paid in exceptional circumstances. Any payment on termination is made in accordance with the firm's policies to ensure failure is not rewarded and would typically exclude variable pay. The CPO, CEO and CFO are required to sign off the payment, and if the payment is in excess of certain level sign off will be by the RemCo.

#### **6.1.4.5 KPI review**

KPI's are in place and monitored. Consideration is given to qualitative and not just quantitative criteria when calculating variable remuneration, including individual, team and Firm performance. Compliance with applicable regulations, in particular the fair treatment of clients and the quality of service provided, are some example criteria that are used.

### **6.1.5 Remuneration Policy: Material Risk Takers (“MRTs”)**

Under the MIFIDPRU Remuneration code, certain rules apply to staff whose professional activities have a material impact on the risk profile of PAM. These staff are referred to as MRTs. MRTs are identified in accordance with the MIFIDPRU Remuneration code (SYSC 19G.5.3R) using the FCA guidance, as:

- Senior Management (those holding a significant management function in line with the requirements of SMCR);
- Risk takers, such as staff whose professional activities can exert influence on the firm's risk profile;
- Staff engaged in certified functions, for example, investment management; and
- Any member of staff receiving total remuneration that takes them into the same remuneration bracket as Senior Management and risk takers whose professional activities have a material impact on the firm's risk profile.

For PAM this includes:

- Directors;
- Heads of Investment teams and any individuals in their team who have a material impact on the firm's risk profile; and
- Heads of Control functions and other individuals within their control who have a material impact on the firm's risk profile.

PAM applies the remuneration requirements of MIFIDPRU 8.6 in a way that is proportionate to its size, nature and complexity.

### 6.1.6 Conflict of Interest

PAM has adopted policies and procedures aimed at mitigating any potential conflict that may arise between staff members and the firm, and staff members and the portfolios they manage, and between one portfolio and another/others. The firm maintains a Conflict of Interest Register which includes potential conflicts and the controls/ remediating actions the firm has implemented to mitigate these conflicts. In circumstances where the firm is unable to mitigate a conflict, the conflict will be avoided. The Conflicts of Interest Register is reviewed by the RGC on a regular basis.

## 6.2 Quantitative Information on Remuneration

Ten individuals were identified as MRTs for 2025 of which seven were senior managers (Directors and Senior Management). The aggregate quantitative information on remuneration shown below is remuneration related to PAM for MRTs for the performance year 31 December 2025. The firm only has one business area - investment management. Fixed remuneration includes base salary and benefits received between 1 January 2025 and 31 December 2025. Variable remuneration includes quarterly incentives paid in April, July, October and January 2026 for the MRTs within the Investment teams and 2025 annual bonus awards for Senior management.

Remuneration related to PAM, paid to senior management and other material risk takers/colleagues:

<b>Annual Remuneration for the year to 31 December 2025</b>				
	<b>Number of Colleagues</b>	<b>Fixed Remuneration</b>	<b>Variable Remuneration</b>	<b>Total Remuneration</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Senior Management</b>	7	485	30	515
<b>Other MRTs</b>	3	485	83	568
<b>Other Colleagues</b>	18	887	78	965
<b>Totals</b>	28	1,857	191	2,057

There were no guaranteed variable remuneration or severance pay awards made to PAM MRTs during 2025, in accordance with SYSC 19G requirements.