



MIFIDPRU Disclosure Report: AHL Partners LLP

For the year ended 31 March 2022



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1 Overview

1.1 Background and scope

AHL Partners LLP (“AHL”), a wholly owned indirect subsidiary of Man Group plc, is authorised and regulated by the Financial Conduct Authority (firm reference number 593791) to provide services within the scope of the UK Markets in Financial Instruments Directive (“MiFID”) and the UK Alternative Investment Fund Managers Regulations (“AIFMD”). AHL is subject to the prudential requirements of the Investment Firms Prudential Regime (“IFPR”) contained in the FCA’s MIFIDPRU prudential sourcebook for MiFID investment firms.

The disclosures within this document have been prepared in accordance with the requirements of MIFIDPRU 8. AHL has applied the transitional provisions set out in MIFIDPRU TP12 and accordingly has not included information in relation to risk management objectives and policies and investment policy in this year of transition.

AHL’s compensation period runs to a calendar year and as such for 2022, runs from 1 January 2022 to 31 December 2022. Therefore, in accordance with the transitional provisions for public disclosure requirements contained in MIFIDPRU TP12, for the financial year ending 31 March 2022 AHL is not required to make any disclosures under MIFIDPRU 8.6.

AHL is classified as a non-small non-interconnected (“non-SNI”) MIFIDPRU investment firm.

1.2 Basis of disclosure

The disclosures within this document relate to AHL on a solo firm basis, in accordance with the requirements of MIFIDPRU 8. The information in this document is based on AHL’s financial position at 31 March 2022, AHL’s accounting reference date. These disclosures will be made at least annually.

These disclosures do not constitute financial statements and have not been (and are not required to be) audited by AHL’s external auditors.

2 Governance Arrangements

2.1 Overview

AHL's Managing Member is Man Investments Limited ("MIL") who, together with AHL's individual members (the "Members"), oversees the implementation of AHL's governance arrangements, including the oversight, implementation and execution of AHL's strategic objectives, risk strategy and internal governance structures. Together, MIL and the Members work closely on the oversight of AHL's business and affairs. As AHL is part of the Man corporate group (the "Group"), the Group-wide governance and risk management structure applies to it.

2.2 MIL Board

The board of MIL meets on a regular basis and has responsibility for the oversight of AHL's governance and risk management arrangements. The MIL board considers material business matters affecting AHL which include (but are not limited to) the review of applicable frameworks and policies applicable to AHL, oversight of risk strategy and risk appetite, consideration of remuneration matters affecting AHL's Members, AHL Member changes, financial reporting, and regulatory controls and compliance.

Director conflicts of interest

The directors of MIL do not hold any directorship positions which would be within scope of MIFIDPRU 8.3.1R(2).

Man Group has a Global Conflicts of Interest Policy (the "Conflicts Policy") which outlines circumstances which constitute or may give rise to a conflict of interest and the procedures to be followed and the measures to be adopted in order to manage such conflicts. The directors of MIL and the Members of AHL are required to comply with the Group's Conflicts Policy to prevent and manage any potential and actual conflicts should they arise.

2.3 AHL Partnership Meetings

AHL Partnership meetings are held at least twice a year and are chaired by a director of MIL. Additional meetings may be convened by MIL as required, either to appraise the Members on material matters affecting AHL and give the Members an opportunity to challenge and influence such matters, or for Members to vote on any matter which constitutes a reserved matter for Partnership approval. Participants in AHL's Partnership meetings comprise AHL's Members and a director of MIL (as the MIL representative). Regular business of the AHL Partnership meetings includes (but is not limited to) consideration of ad hoc matters affecting AHL and briefings on AHL business, risk, financial position, compliance, service provider management and sales. At the AHL Partnership meetings, the Members also consider and review the implementation of AHL's governance structure and are responsible for approving the establishment of any committees of AHL. The AHL Partnership meetings also receive reports from the chairs of AHL's committees and consider recommendations arising from those committees as required.

2.4 AHL Committees

AHL is categorised as a non-SNI MIFIDPRU investment firm and meets the conditions outlined in MIFIDPRU 7.1.4R and MIFIDPRU 7.3 relating to the requirements concerning the risk, remuneration and nomination committees. An overview of AHL's Committees is provided below.

AHL Risk Committee

The AHL Risk Committee meets at least once per calendar year and otherwise as required. The Committee's membership is formed of an appointed director of MIL and an individual within the Group who does not perform an executive function within AHL. The Committee reports to the AHL Partnership meeting on the content of its discussions, recommendations and any action to be taken.

The Risk Committee's responsibilities include:

- advising AHL and MIL regarding AHL's current and future risk appetite and strategy and assisting MIL in the oversight of the implementation of that strategy by AHL's senior management;
- advising MIL on risk strategy, including the oversight of current risk exposures of AHL;
- developing proposals for consideration by MIL in respect of overall risk appetite and tolerance, as well as the metrics to be used to monitor AHL's risk management performance;

- overseeing and challenging the design, execution of stress and scenario testing, the day-to-day risk management and MIL’s oversight arrangements; and
- overseeing and challenging the day-to-day risk management issues in relation to material transactions and strategic proposals that are subject to approval by MIL.

AHL Nomination Committee

The AHL Nomination Committee meets at least once per calendar year and otherwise as required. The Committee’s membership is formed of an appointed director of MIL and an individual within the Group who does not perform an executive function within AHL. The Committee reports to the AHL Partnership meeting on the content of its discussions, recommendations and any action to be taken.

The Nomination Committee’s responsibilities include:

- reviewing the structure, size and composition of AHL and making recommendations to MIL, as necessary, with regard to any changes;
- recommending to MIL the appointment of new members of the Partnership, taking into consideration the balance of skills, knowledge, experience and diversity; and
- ensuring orderly succession planning of AHL and overseeing the development of a diverse pipeline for succession.

AHL Remuneration Committee

The AHL Remuneration Committee meets at least once per calendar year and otherwise as required. The Committee’s membership is formed of an appointed director of MIL and an individual within the Group who does not perform an executive function within AHL. The Committee reports to the AHL Partnership meeting on the content of its discussions, recommendations and any action to be taken.

The Remuneration Committee’s responsibilities include:

- overseeing the implementation of all aspects of the Man Group remuneration policy, as it applies to AHL;
- making recommendations to the Man Group Remuneration Committee regarding the remuneration of material risk takers of AHL;
- reviewing all guaranteed variable remuneration payable to material risk takers and recommending for approval to the Man Group Remuneration Committee as appropriate; and
- overseeing the remuneration of senior officers in risk management and other control functions.

2.5 Diversity, Equity and Inclusion

AHL adopts Man Group’s framework for diversity, equity and inclusion. Man Group’s culture is based on mutual respect for others, a commitment to prioritising diversity, equity and inclusion (“DE&I”) and a zero tolerance approach to discrimination of any kind. Man Group’s Senior Executive Committee champions this and several of its senior management are involved in industry working groups and committees, giving Man Group a voice both externally and internally and enabling it to help drive change in the industry as well as within the Group. Man Group’s work is coordinated by its DE&I Steering Committee, which progresses its initiatives and agenda under the umbrella of Drive, our global programme for the firm’s DE&I initiatives. The Drive Steering Committee oversees five networks: Women at Man (WAM); Pride@man (for our LGBT+ community and its allies); BEAM (Black Employees and Allies at Man); Families at Man (FAM); and South Asian Network at Man (SANAM). It also oversees workstreams for NextGen; Disability; Neurodiversity; Social Mobility and Amigos de Man (a group for our Latin and Hispanic employees and allies).

Man Group is a signatory to the Woman in Finance Charter, the UK’s Race at Work Charter and the United Nation’s Global Compact on human rights, labour, environment and anti-corruption. Man Group has also joined the UK Government’s Department for Work & Pensions scheme as a Disability Confident Committed employer, which seeks to ensure that disabled people have opportunities to fulfil their potential in the workplace.

Further information is available in Man Group’s 2021 Diversity, Equity & Inclusion Report which is available here: <https://www.man.com/diversity>.

3 Own Funds

This disclosure has been made using the template in MIFIDPRU 8 Annex 1R. All balances are as at 31 March 2022.

Table 1: Composition of regulatory own funds			
	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements (Table 2)
1	OWN FUNDS	45,669	1 – Members' capital
2	TIER 1 CAPITAL	45,669	
3	COMMON EQUITY TIER 1 CAPITAL	45,669	
4	Fully paid-up capital instruments	45,669	
5	Share premium	-	
6	Retained earnings	-	
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 DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Table 2: Own funds - reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to Table 1
		As at 31 March 2022 (£'000)	As at 31 March 2022 (£'000)	
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Right-of-use lease assets	55		
2	Debtors: amounts falling due within one year	98,059		
3	Amounts due from members	302,901		
4	Cash at bank and in hand	5		
	Total Assets	401,020		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	(5,277)		
2	Creditors: amounts falling due after more than one year	(14)		
	Total Liabilities	(5,291)		
Members' Interests				
1	Members' capital classified as a liability	45,843		Box 4*
2	Other reserves classified as equity	349,887		
	Total Members' Interests	395,729		

* Box 4 in Table 1 excludes members' capital of £174,000 which is classified as a liability under IFRS and is therefore ineligible for inclusion in CET 1 capital. The Managing Member capital contribution of £45,669,000 will be retrospectively reclassified as equity in the next set of audited financial statements (see below).

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

Own funds comprises the capital contribution of AHL's Managing Member, MIL, which is allocated to AHL's restricted capital account ('RCA'). The RCA is maintained to ensure ongoing compliance with AHL's capital requirements. Amounts may only be withdrawn from the restricted capital account provided sufficient regulatory capital exists and the transaction has been approved by the FCA, or on winding up. As the capital held in the RCA is considered wholly prohibited from redemption by regulation, AHL has amended the presentation of the RCA in the balance sheet reflecting the fact that the account is more appropriately classified as equity. Accordingly the portion of Members' capital relating to MIL's contribution held in the RCA will be reclassified as equity in the next set of audited financial statements, with comparative balances also reclassified accordingly.

The Managing Member capital contribution classified as CET1 capital is private and perpetual in nature.

4 Own Funds Requirements

At all times, AHL maintains own funds that are at least equal to its own funds requirement calculated in accordance with MIFIDPRU 4.3. Under MIFIDPRU 4.3, a MIFIDPRU investment firm's own funds requirement is the highest of:

- its permanent minimum capital requirement under MIFIDPRU 4.4;
- its fixed overheads requirement under MIFIDPRU 4.5; and
- its K-factor requirement under MIFIDPRU 4.6.

A summary of these requirements at 31 March 2022 is shown below:

	Amount (£'000)
Permanent minimum capital requirement (PMCR)	75
Fixed overheads requirement (FOR)	25,852
K-AUM	8,898
Total K-factor requirement (KFR)	8,898
Own funds requirement (higher of PMCR, FOR and KFR)	25,852

In addition to ensuring compliance with the own funds requirement above, AHL is required to comply with the overall financial adequacy rule. The overall financial adequacy rule requires a firm to hold adequate own funds (the "own funds threshold requirement") to ensure that it is able to (a) manage the risks associated with its ongoing business operations that may result in material harms; and (b) wind down its business in an orderly manner. The own funds threshold requirement is the higher of assessment (a), assessment (b) and the own funds requirement.

AHL is a member of an investment firm group which operates a group Internal Capital Adequacy and Risk Assessment ("ICARA") process. In accordance with MIFIDPRU 7.9.5, the assessed own funds required to cover the identified risks of the investment firm group are allocated to the firms within the investment firm group, including AHL. AHL maintains a separate wind-down plan.

5 Remuneration policy and practices

AHL's compensation period runs to a calendar year and as such for 2022, runs from 1 January 2022 to 31 December 2022. Therefore, in accordance with the transitional provisions for public disclosure requirements contained in MIFIDPRU TP12, for the financial year ending 31 March 2022 AHL is not required to make any disclosures under MIFIDPRU 8.6.