

For the year ended 31 March 2022

IFPR DISCLOSURES

Investec Wealth & Investment Limited



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1. Overview

The Investment Firms Prudential Regime (“IFPR”) came in to effect on 1st January 2022 introducing new disclosure requirements for investment firms.

The purpose of this document is to set out the public disclosures relating to Investec Wealth and Investment Limited (“the Firm” or “IW&I”) as required in chapter 8 of the FCA’s MIFIDPRU rulebook in relation to Own Funds, Own Funds requirements and Governance. In doing so the Firm makes use of the transitional provisions within MIFIDPRU TP12, as permitted by MIFIDPRU 8.1.12 G.

As per MIFIDPRU TP 12.6, Risk Management and Investment Policy are not due to be disclosed until 2023.

As per MIFIDPRU TP 12.8, Remuneration disclosures under MIFIDPRU 8.6 are not required for a performance period that began before and ends after 1 January 2022. Therefore, the Firm has applied MIFIDPRU TP 12.9.

2. Firm Overview

Investec Wealth & Investment Limited is a Markets in Financial Instruments Directive (“MiFID”) investment firm authorised and regulated by the Financial Conduct Authority (“FCA”).

Under IFPR, IW&I is categorised as a non-small and interconnected (“non-SNI”) MIFIDPRU investment firm and reports on a solo basis.

The principal activity of the Firm is the provision of investment management services to private clients, pension funds, charities and companies, and financial planning services to private clients.

3. Scope and application

The reference date of these disclosures is 31 March 2022 in line with the Firm’s financial year end.

None of the disclosures are subject to audit and are therefore produced to satisfy the requirements under MIFIDPRU 8. As per MIFIDPRU 8.1.7R, the Firm makes these disclosures on an individual basis.

The disclosures made in this document are commensurate to IW&I’s size, internal organisation and to the nature, scope and complexity of its activities. These disclosures are made annually on the date that IW&I’s financial statements are made public.

4. Governance Arrangements (MIFIDPRU 8.3)

MIFIDPRU 8.3.1 (1) How the firm complies with the requirement in SYSC 4.3A.1R to ensure the management body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

4.1. Board Leadership

IW&I is led by a Board of directors, which maintains overall responsibility for the firm. The Board is comprised of an independent Chair, two independent non-executive directors, and three executive directors. The Board collectively has the knowledge, skills, and experience necessary for it to operate effectively, including providing oversight of governance arrangements and the effective and prudent management of the firm. To help ensure the composition of the Board remains optimal, the Board has adopted the Investec Group’s Policy for the assessment of Suitability of Board members, and it conducts a suitability assessment of directors on their initial appointment,

and of individual directors and the Board collectively on an at least annual basis. The suitability review process includes a formal assessment including confirmation that the directors are:

- Of sufficiently good repute
- Possess sufficient knowledge, skills, and experience to perform their duties
- Possess adequate collective knowledge, skills, and experience to understand the firm's activities, including the main risks
- Reflect an adequately broad range of experiences
- Able to commit sufficient time to perform their functions in the firm; and
- Act with honesty, integrity, and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor management decision-making.

The Nomination Committee, a committee comprised of non-executive directors of the Board, conducts this exercise on behalf of the Board and reports to the Board on any actions it considers necessary or appropriate to address any gaps or to enhance the overall effectiveness of the Board.

4.2. Matters reserved for the Board and Delegation of Authority

In accordance with IW&I's Articles of Association (Articles), subject to the provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company is managed by the Board of directors (the Board) who may exercise all the powers of the Company. As a matter of good governance, the Board has agreed a list of matters reserved for its own decision. This expressly includes, amongst other things:

- Approval of the Company's strategic plan and objectives, risk strategy and internal governance
- Oversight of the Company's operation to ensure competent and prudent management, sound planning and maintenance of sound management and internal control system

Subject to the Matters Reserved for the Board, and those matters that the Board has delegated to Board Committees as documented in their terms of reference, the Board has delegated the overall responsibility for the management of operational activities to the Chief Executive and to other Senior Managers who conduct their roles in accordance with the responsibilities that have been assigned and their allocated Senior Management Function (SMF). Segregation of duties to Senior Managers is documented and recorded in accordance with the requirements of the Senior Managers and Certification Regime. The Board has approved and regularly reviews a Management Responsibilities Map (MRM) which describes the Company's management and governance arrangements and clearly defines how responsibilities are shared or divided amongst different persons.

4.3. Board Reporting and Management Information

The Board meets on a quarterly basis, and on such other occasions as may be required to enable it to carry out its function. Before each meeting the Board receives a detailed information pack which usually includes, amongst other reports:

- A report from the Chief Executive Officer
- A report from the Finance Director including financial performance and Key Performance Indicators (KPIs)
- A report from the Chief Operating Officer
- Reports from the Chairs of the Board Risk Committee
- Report from the Chair of the Audit Committee
- Report from the Chair of the Nomination Committee
- Report from the Chair of the Remuneration Committee

The Chief Executive Officer's report has a strategic focus and may include information the Company's strategic objectives in the provision of investments services in order for the Board to be able to monitor and assess the adequacy and implementation of these objectives. The Board also receives at each meeting more detailed 'deep-dive' reports on specific strategic matters, regulatory topics, or key risk areas. Written reports from the Executive and the Committee, supplemented by attendance of the Executive and the Committee Chair's at Board meetings provide the Board with the information that it requires to be able to monitor and assess the adequacy and implementation of the firm's strategic objectives, the effectiveness of the firm's governance arrangements, and the adequacy of policies relating to the provision of services to clients. The Board also has access to the Board Committee packs and to view any other information and documents necessary for their responsibility to oversee and monitor management decision-making.

4.4. Integrity of the firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system

The Board has established an Audit Committee, consisting of non-executive members of the Board. The Board has approved Terms of Reference for the Audit Committee and amongst other things the Audit Committee is responsible for monitoring the integrity of the financial statements of the Company. Regarding the Company's financial reporting, the Committee also reviews, considers, and challenges, where appropriate, the clarity and adequacy of presentation and disclosure in the Company's financial reports and the context in which statements are made.

The Audit Committee is also responsible for the effectiveness of the Company's internal controls and regulatory compliance monitoring procedures. The Audit Committee also monitors the effectiveness and objectivity of the Company's internal audit and compliance function and of the external auditors. The Audit Committee meets on a quarterly basis and receives reports and assurance from the Management, Internal Audit, and the External Auditor to be able to fulfil these responsibilities.

4.5. Conflicts of Interest

The Company has in place a Conflicts of Interest policy which applies to all employees and is designed to prevent conflicts of interest arising. All employees receive training on the requirements of the policy. The Board has also adopted a Board Conflicts of Interest policy, which, reflects the requirements of the Companies Act 2006, and requires directors to avoid a situation where they can have a direct or indirect interest that conflicts or may possibly conflict with the interests of the Company. This policy also contains initial disclosure requirements around business interests held by proposed appointees to the Board and ongoing disclosure requirements to ensure that interests that may potentially conflict with those of the Company are properly disclosed and considered.

4.6. MiFIDPRU 8.3.1 (5): Risk Committees

The Board has mandated a Board Risk Committee, which consists of non-executive directors and meets on a quarterly basis. The Board Risk Committee is responsible for, amongst other things, providing oversight and advice to the Board in relation to the Company's risk strategy, including oversight of current and future risk exposures of the Company and its subsidiaries, including determining and recommending to the Board for its approval the Company's risk appetite and tolerance. The Board Risk Committee is also responsible for providing advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout the Company.

IW&I has also established a Risk Management Committee (RMC) that reports to the Executive Committee. The RMC meets every two months and is chaired by IW&I's Head of Compliance & Risk.

IW&I has not applied for any waiver or modification of the rule from the FCA that requires a risk committee to be set up.

4.7. MIFIDPRU 8.3.1 (2) The number of executive and non-executive directorships held by each member of the management body.

The following table discloses executive and non-executive directorships in organisations that pursue predominantly commercial objectives. It does not include directorships of companies in the same group as IW&I:

Director	Executive / Non-Executive	External Directorships Held
Henrietta Baldock	Non-Executive	Three non-executive directorships (two are held within the same group)
Elizabeth Catchpole	Non-Executive	Three non-executive directorships
Iain Hooley	Executive	None
Barbara-Ann King	Executive	None
Cath Thorpe	Non-Executive	None
Ciaran Whelan	Executive	None

MIFIDPRU 8.3.1 (4) Summary of the Company's policy promoting diversity on the management body, including explanations of: (i) the objectives of the policy and any target(s) set out in the policy; (ii) the extent to which the objectives and any target(s) have been achieved; and (iii) where the objectives or target(s) have not been achieved the reasons for the shortfall, the firm's proposed actions to address the shortfall including a timeline for proposed remedial actions

IW&I has adopted a policy promoting diversity on the Board (the Board Diversity and Inclusion Policy) This sets out the approach to diversity of the Board in regard to the executive and non-executive members of the Board and provides a high level indication of the Board's approach to diversity for senior management roles, which is governed in greater detail, through the Company's policies. The Policy recognises the benefits of having a diverse Board, senior leadership and executive management. Diversity of thought is necessary to provide the range of perspectives, insight and challenge to support good decision making therefore consideration is given whereby the collective hold an appropriate balance of skills, knowledge, experience and independence as well as, race, ethnicity, gender, age, disability, sexual orientation, geographical provenance, educational professional and socio-economic backgrounds and other relevant attributes. The policy includes a target for female representation on the Board of 40% which it has met, and a target for the representation of ethnic minorities on the Board in line with the target set out for FTSE 250 Boards of having at least one director from an ethnic minority background by 2024.

5. Own Funds (MIFIDPRU 8.4)

5.1. Composition of Regulatory Own Funds

IW&I's Own Funds comprise exclusively of Common Equity Tier 1 capital ("CET1") the highest-ranking form of capital which for IW&I is fully issued ordinary shares, share premium and audited retained earnings in accordance with the criteria for Tier 1 capital instruments laid out in MIFIDPRU 3.3.6 R.

Deductions from CET1 are in the form of intangible assets and investments in subsidiaries.

Table 1: OF1 – Composition of Regulatory Own Funds

No.	Item	Amount (GBP Thousands)	Source based on reference numbers/letter of the balance sheet in the audited financial statements
1	OWN FUNDS	122,400	
2	TIER 1 CAPITAL	122,400	
3	COMMON EQUITY TIER 1 CAPITAL	122,400	
4	Fully paid up capital instruments	10,455	Note 22
5	Share premium	125,428	Statement of Changes in Equity
6	Retained earnings	60,130	Statement of Changes in Equity
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters		
10	Other funds	-	
11	(-) TOTAL DEDUCTION FROM COMMON EQUITY TIER 1	(73,612)	Note 12 and 14
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 DEDUCTION 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	-	

5.2. Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

The table below describes the reconciliation with Own Funds in the balance sheet as at 31 March 2022, where assets and liabilities have been identified by their respective classes. The information in the table reflects the balance sheet in the audited financial statements.

Table 2: OF2 – 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 template OF1
		As at period end	As at period end	
Assets – Breakdown by asset classes to the balance sheet in the audited financial statements				
1	Intangible assets	72,104		11
2	Property, plant and equipment	40,916		
3	Investment in Subsidiaries	1,508		11
4	Trade and other Receivables	296,684		
5	Cash and cash equivalents	174,335		
	Total Assets	585,547		
Liabilities – Breakdown by liability classes to the balance sheet in the audited financial statements				
1	Creditors - Amount falling due within one year	(339,278)		
2	Creditors - Amounts falling due after one year	(40,828)		
3	Provisions for Liabilities and Charges	(9,428)		
	Total Liabilities	(389,534)		
Shareholders' Equity				
1	Share capital	10,455		4
2	Share premium	125,428		5
3	Retained Earnings	60,130		6
	Total Shareholders' equity	196,013		

5.3. Key features of Own instruments issued by the Firm

The table below provides information on the CET1, AT1 and Tier 2 instruments issued by the Firm. There were no changes during the financial year.

Table 3: OF3 - Main features of Own Instruments issued by IW&I

Issuer	Investec Wealth & Investment Limited
Governing Law(s) of the instrument	UK
Regulatory Classification	Common Equity Tier 1
Instrument type	Ordinary shares
Amount recognised in Annual Financial Statements	GBP 10,455,370
Aggregate nominal amount of instrument	GBP 10,455,370
Aggregate amount paid (incl share premium)	GBP 135,883,370
Redemption price	Non-redeemable
Accounting classification	Called up share capital
Original date of issuance	13 April 1987 to 23 August 2012
Perpetual or dated	Perpetual
Fixed or floating dividend/coupon	Floating
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary

6. Own Funds Requirement (MIFIDPRU 8.5)

6.1. K-Factor Requirement and Fixed Overheads Requirement

The table below shows the K-Factor Requirement ("KFR"), broken down into three groupings and the amount of Fixed Overheads Requirement ("FOR") that are applicable to the Firm.

TABLE 4: OF4 – KFR and FOR

Item		Amount (GBP thousands)
K-Factors	K-AUM, K-CMH, and K-ASA	32,228
	K-DTF and K-COH	85
	K-NPR, K-CMG, K-TCD and K-CON	209
Fixed Overheads Requirement ("FOR")		42,075

The Fixed Overhead Requirement would form the Own Funds Requirement for IW&I, being the highest of PMR, K-Factors and FOR, were it not for the application of transitional provisions. As prescribed by the rules in MIFIDPRU TP10, the Firm is required to hold a higher amount under the transitional provisions until the earliest of six months after submission of MIF007 or the completion of a SREP review by the FCA.

6.2. Approach to assessing the adequacy of Own Funds

IFPR requires IW&I to disclose its approach to assessing the adequacy of its Own Funds in accordance with the Overall Financial Adequacy Rule ("OFAR") in MIFIDPRU 7.4.7R.

The OFAR requires IW&I at all times, to hold adequate Own Funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- it is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm from its ongoing activities;
- its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Due to IW&I having an individual capital guidance ("ICG") in place as at 1 January 2022, the Firm is required to adhere by MIFIDPRU TP 10 and hold Own Funds not less than the transitional requirement described below.

The transitional requirement is calculated by:

Determining the absolute amount of Own Funds that the Firm was required to hold to comply with the pre-MIFIDPRU ICG on 31 December 2020, 31 March 2021, 30 June 2021, 30 September 2021; and calculate the arithmetic mean of those absolute values.

For IW&I this results in an Own Funds Requirement of £83,270,915 which is more than the Own Funds Requirement calculated under MIFIDPRU 4.5. Therefore IW&I holds the higher of the two until the earliest of six months after the submission of its MIF007 return (due 31 December 2022) or the FCA notifies the Firm otherwise.

6.3. Internal Capital Adequacy and Risk Assessment ("ICARA") Process

The ICARA process (formerly the ICAAP) serves as the centrepiece of the Firms' risk management process and is a continuous process through which it:

- identifies, monitors and mitigates harms to the consumer, market participants and the Firm itself;

- undertakes business model assessment, planning and forecasting under expected and stressed scenarios;
- undertakes recovery action planning and wind-down planning; and
- assesses the adequacy of Own Funds and liquidity requirements.

The ICARA will be reviewed, challenged and approved by the Board of IW&I at least annually or more frequently should there be a material change in business structure, strategy, risk profile or activities carried on by IW&I.

6.4. Own Funds adequacy and monitoring

IW&I has embedded monitoring processes within its control framework to ensure that the Firm is at all times compliant with the Own Funds requirement and able to assess its Own Funds resources from a quantitative and qualitative perspective against the risks to which the Firm is exposed.

Monitoring is undertaken on a forward-looking basis to identify any potential deficiencies under both expected and stressed conditions to ensure the Firm maintains and is expected to continue to maintain an adequate surplus of resources in compliance with the rules.

6.5. Liquid Assets Adequacy and monitoring

As part of the Overall Financial Adequacy Requirement the firm determines within its ICARA the liquid asset requirements for Basic liquid assets requirement ("BLAR") and Liquid asset threshold requirement ("LATR").

6.6. Wind-down plan

IW&I maintains a wind-down plan in compliance with the rules. The plan sets out the time line and the resources (financial and non-financial) that are required to ensure the business can be wound down in an orderly manner.

7. Remuneration

The IFPR has applied to IW&I from 1 April 2022 (the start of IW&I's performance year). The variable remuneration of those in the Firm who are deemed to be Material Risk Takers in accordance with the IFPR will be first effected in relation to awards in respect of the year ending 31 March 2023 which would be awarded in June 2023.

IW&I will be submitting its MIF008 return to the FCA before the end of July 2023 (within 4 months of 31 March 2023, the end of IW&I's performance year).

Disclosures for performance years prior to 1 April 2022 for Investec plc and Investec Bank plc can be accessed via the following link:

<https://www.investec.com/content/dam/investor-relations/financial-information/group-financial-results/2022/Investec-Bank-PLC-Annual-Report-ONLINE-Mar-2022.pdf>

The information in this document is for private circulation and is believed to be correct but cannot be guaranteed. Opinions, interpretations and conclusions represent our judgement as of this date and are subject to change. The Company and its related Companies, directors, employees and clients may have position or engage in transactions in any of the securities mentioned. Past performance is not necessarily a guide to future performance. The value of shares, and the income derived from them, may fall as well as rise. The information contained in this publication does not constitute a personal recommendation and the investment or investment services referred to may not be suitable for all investors; therefore, we strongly recommend you consult your Professional Adviser before taking any action. All references to taxation are based on current levels and practices which may be subject to change. The value of any tax benefits will be dependent on individual circumstances.

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Investec Wealth & Investment Limited is registered in England.

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