



Lightrock LLP

MIFIDPRU 8 Disclosure

2025

Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Lightrock LLP (“Lightrock” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply.

Lightrock is classified under MIFIDPRU as a non-small and non-interconnected MIFIDPRU investment firm (“Non-SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements; and
- Remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants insight into the Firm’s culture and data on the Firm’s own funds and own funds requirements .

This document has been prepared by Lightrock in accordance with the requirements of MIFIDPRU 8 and is verified by the Management Committee. Unless otherwise stated, all figures are as at the Firm’s 31 December financial year-end.

Risk Management Objectives and Policies

This section describes Lightrock’s risk management objectives and policies for the categories of risk addressed by the requirements of the Firm in the following areas:

- Own funds.
- Concentration risk.
- Liquidity.



Business Strategy

Lightrock is an investment advisor which provides advice to third party alternative investment fund managers who manage funds which make growth and impact investments ("Funds").

The Firm's clients are the alternative investment fund managers to which it provides investment advice.

Lightrock primarily seeks to increase its revenues by growing the Fund's asset base on which it charges an advisory fee. This is achieved by the prudent growth of the Fund's assets and by seeking additional asset inflows. Costs are controlled carefully to ensure long-term profitability.

Given the Firm's business model, controls, and controls assessment, it is the conclusion of the Firm that its overall potential for harm is low.

Own Funds Requirement

Lightrock is required to maintain own funds that are at least equal to the Firm's own funds requirement ("OFR"). The own funds requirement is the higher of the Firm's:

- **Permanent minimum capital requirement ("PMR"):** The level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permission to undertake this is set at £75,000;
- **Fixed overhead requirement ("FOR"):** The minimum amount of capital that Lightrock would need to have to absorb losses if the Firm has cause to wind down exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- **K-factor requirement ("KFR"):** The KFR is intended to calculate a minimum amount of capital that Lightrock would need for the ongoing operation of its business. The K-factors that apply to the Firm's business are K-AUM (calculated on the basis of the Firm's assets under advice ("AUA")).

Lightrock's own funds requirement is currently set by its FOR, as this is the highest of the three metrics. The potential for harm associated with Lightrock's business strategy, based on the Firm's own funds requirement, is low. This is due to the relatively consistent and stable growth in the Firm's revenues and asset base.

A method adopted by the Firm to manage the risk of breach of the Firm's own funds requirement is the maintenance of a healthy own funds surplus above the own funds requirement. In the event that the Firm's own funds drop to an amount equal to 110% of the Firm's own funds threshold requirement, the Firm will immediately notify its Management Committee, as well as the regulator. The Management Committee will consider the necessary steps required in order to increase the own funds buffer; this may include injecting more own funds into the Firm.



Concentration Risk

Concentration risk may arise where the Firm is overly reliant on one or more large client relationships or the ongoing success of a particular investment strategy. Lightrock advises various fund managers which manage funds that pursue different investment strategies and investment objectives, this means it is not overly dependent on single client or particular investment strategy. Lightrock monitors and controls its concentration risk using sound administrative and accounting procedures and robust internal control mechanisms.

The Firm's parent undertaking is Lightrock UK Holdings Limited which is a holding company of the Firm and a number of other subsidiaries. Lightrock receives revenue which is based on a percentage of fair market value, invested cost, net invested capital, or committed capital. The Firm, therefore, considers that it has a safe and predictable revenue stream, including during stressed market conditions.

The Firm deposits its cash with a number of well-established multinational institutions.

The potential for harm associated with Lightrock's business strategy, based on the Firm's concentration risk, is low.

Liquidity

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate (liquid) resources in the event of a stress scenario.

The potential for harm associated with Lightrock's business strategy, based on the Firm's basic liquid assets requirement, is low. As with regard to its own funds requirement, this is due to the relatively stable and consistent growth in the Firm's revenues and asset base and maintenance of a healthy core liquid assets surplus above the basic liquid assets requirement. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions. Lightrock has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds.

Specific controls are in place to assist in the maintenance and monitoring of adequate liquid asset levels. The Firm ensures there is regular monitoring of its cash reserves and the financial health of institutions where its assets are held, as well as the preparation of cash forecasts for the next 3 years in line with its business model. In the case the Firm may fall into an unfavourable financial position, the wind-down plan and stress tests provide viable outcomes of how the Firm may be able to deal with its debtors. Fee income is received quarterly from a small well-known and established client base and there is a clean record in terms of promptness of payment. The Firm's bonuses are also made at the discretion of the Firm in line with its Remuneration Policy and are not guaranteed. Such payments can therefore be delayed if there are any liquidity concerns.



Additionally, it has historically been the case that all debtors are settled promptly, thus ensuring further liquidity resources are available to the Firm on a timely basis. The cash position of the Firm is monitored by the Finance team on a regular basis, and the Firm would be able to call on its parent undertaking for further capital as required.

Risk Management Structure

Lightrock has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The Firm's Management Committee maintains responsibility for the design, implementation and operation of a Risk Management Framework that identifies the risks that the execution of the business strategy entails, assesses those risks against the Firm's risk appetite, assess the arrangements in place to mitigate and/or manage those risks on an ongoing basis, and – where appropriate – identifies, implements and operates enhanced procedures and/or controls to improve the Firm's ongoing mitigation of specific risks.

The Management Committee meets on a regular basis and discusses current projections for profitability, cash flow, regulatory capital management, business planning and risk management. The Management Committee engages in Lightrock's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles, and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

Annually, the Firm formally reviews its risks, controls, and other risk mitigation arrangements and assesses their effectiveness; the conclusions to this review inform the overall risk appetite of the Firm.

A formal update on operational matters is provided to the Management Committee on a regular basis. Management accounts demonstrating the continued adequacy of Lightrock's regulatory capital are reviewed on a regular basis.

Appropriate action is taken where risks are identified that fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in Lightrock's mitigating controls.

Governance Arrangements

Overview

Lightrock believes that effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to the Firm, its stakeholders, and the wider market are identified, managed, and mitigated.

The Management Committee has overall responsibility for Lightrock and is therefore responsible for defining and overseeing the governance arrangements at the Firm.



In order to fulfil its responsibilities, the Management Committee meets regularly. Amongst other things, the Management Committee approves and oversees the implementation of the Firm's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

The Management Committee regularly reviews and discusses, the Senior Management Systems and Controls Document ("SYSC Document"), as this demonstrates how the Firm has met its obligations with regard to its governance arrangements. The SYSC Document provides the Management Committee with information on the functioning and performance of all aspects of the Firm, including the following areas:

- General organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies.
- Employees, including steps taken by the Firm to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure that they are fit and proper persons.
- Policies, procedures, and controls for meeting its compliance and financial crime requirements.
- Internal capital adequacy and risk assessment process.
- Outsourcing of critical or material operating functions or activities.
- Record-keeping controls and arrangements.
- Conflicts of interest management.
- Remuneration policies and practices; and
- Whistleblowing controls.

The Management Body

Lightrock's management body is the Management Committee. The below table provides the number of directorships held by each member of the management body:

Management Body Member	Position at Lightrock	Number of External Directorships Held (for active profit organisations only)
Pal Erik Sjatil	CEO	1
Daria Bakatina	Partner	0
Kevin Bone	Partner	9
Umur Hursever	Partner	3

Diversity of the Management Body



Lightrock is committed to promoting equal opportunities in employment, and creating a workplace culture in which diversity and inclusion is valued and everyone is treated with dignity and respect, and has the opportunity to contribute to the success of the Firm, while also achieving their full individual potential. Lightrock maintains policies which promote diversity in the management body, primarily the Diversity, Equity and Inclusion Policy.

The purpose of the policy is to set out Lightrock's approach to diversity. Its aim is to encourage and support diversity and actively promote a culture that values difference and eliminates discrimination in the workplace. It applies to all aspects of employment, including recruitment, pay, benefits and conditions, flexible working and leave, training, appraisals, promotion, conduct at work, disciplinary and grievance procedures, and termination of employment.

Risk Committee

Due to the nature, size, and complexity of the Firm, Lightrock does not have an independent risk management function. The Management Committee is responsible for the management of risk within the Firm and the individual responsibilities of the Management Committee members are clearly defined. Senior management reports to the Firm's Management Committee on a frequent basis regarding the Firm's risks. Lightrock has clearly documented policies and procedures, which are designed to minimise risks to the Firm and all staff members are required to confirm that they have read and understood these. Lightrock is not required by MIFIDPRU to establish a risk committee.

Own Funds

As at 31 December 2024, Lightrock maintained own funds of £5,499k. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

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	5,499	
2	TIER 1 CAPITAL	5,499	
3	COMMON EQUITY TIER 1 CAPITAL	5,499	

4	Fully paid up capital instruments	24,002	1
5	Share premium	-	
6	Retained earnings	(18,503)	
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Accumulated other comprehensive income	-	
10	Accumulated other comprehensive income	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	TIER 2 CAPITAL	-	

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

		Balance Sheet as in Published/Audited Financial Statements	Under Regulatory Scope of Consolidation	Cross-Reference to Above Template
		As at 31 December	As at 31 December	

Assets - Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)

1	Property, plant and equipment	2,161	2,161	
2	Right-of-use assets	1,958	1,958	
3	Loan receivable	2,954	2,954	
4	Cash and cash equivalents	6,628	6,628	
5	Debtors and other assets	4,680	4,680	
6	Prepayments and accrued income	12,216	12,216	
xxx	Total Assets	30,957	30,957	

Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)

1	Non-current lease liabilities	2,238	2,238	
2	Loan payable	2,954	2,954	
3	Current lease liabilities	707	707	
4	Creditors and other liabilities	9,635	9,635	

xxx	Total Liabilities	15,534	15,534	
Shareholders' Equity (in £'000)				
1	Members' capital	24,002	24,002	4
2	Accumulated losses	(8,939)	(8,939)	
xxx	Total Shareholders' Equity	15,063	15,063	

Own Funds: Main Features of Own Instruments Issued by the Firm

Lightrock's own funds consist of common equity tier 1 capital. The main features of the own funds of Paid-in members capital and accumulated losses, issued by the Firm are highlighted below:

The instrument is fully paid-in.

It is subordinated to all other claims in insolvency.

It is perpetual (no maturity date).

It is available to absorb losses.

It is not subject to repayment obligations without regulatory approval.

Accumulated losses are not considered own instruments.

Accumulated losses are deductions from CET1 capital.

Own Funds Requirements

Lightrock is required to at all times maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the minimum requirement of capital the Firm is required to hold, taken as the higher of the Permanent Minimum Capital Requirement ("PMR") and Fixed Overhead Requirement ("FOR").

The below illustrates the core components of Lightrock's own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	5,325
(C) K-Factor Requirements ("KFR")	570
- K-AUM – <i>Risk arising from managing and advising on investments</i>	0.02%
(D) Own Funds Requirement (Max. [A, B, C])	5,325

Lightrock is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on Lightrock to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- 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
- The Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Where Lightrock determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm must maintain 'additional own funds required for winding down', above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations', above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm's own funds threshold requirement is the higher of:



- The Firm's PMR;
- The sum of the Firm's FOR and its additional own funds required for winding down; and
- The sum of the Firm's KFR and its additional own funds required for ongoing operations.

This is the amount of own funds that Lightrock is required to maintain at any given time to comply with the OFAR.

To determine the Firm's own funds threshold requirement, Lightrock identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds required to cover the residual risk.

This process is documented and presented to, and ratified by, the Management Committee on at least an annual basis.

Remuneration Policy and Practices

Overview

As a Non-SNI MIFIDPRU Investment Firm, Lightrock is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of Lightrock's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, Lightrock recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

Lightrock is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.



Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at Lightrock is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable

remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance as well as the financial performance of each business unit, and the financial and non-financial performance of the individual in contributing to the Firm's success. All staff members are eligible to receive variable remuneration.

Lightrock's policy includes a framework for assessing the level of remuneration to be paid to staff members. The framework applies both ex-ante and ex-post risk adjustment criteria to the level of remuneration paid. Factors considered include:

- The current and future risks identified by the Firm;
- How the Firm takes into account current and future risks when adjusting remuneration;
- How clawback is applied;
- The policies and criteria applied for the award of guaranteed variable remuneration;
- The policies and criteria applied for the award of severance pay.

Lightrock has set a ratio between the variable and fixed components of the total remuneration, by way of ensuring that the components are appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which the Firm would do in certain situations, such as where the Firm's profitability performance is particularly constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

Governance and Oversight

The Management Committee is responsible for setting and overseeing the implementation of Lightrock's remuneration policy and practices. In order to fulfil its responsibilities, the Management Committee:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Lightrock's remuneration policy and practices are reviewed annually by the Management Committee.

Material Risk Takers



Lightrock is required to identify its material risk takers - those members of staff whose professional activities have a material impact on the risk profile of the Firm (and of the assets that the Firm manages). The types of staff that have been identified as material risk takers at Lightrock are:

- Members of the management body in its management function;
- Members of the senior management team;
- Those with managerial responsibilities carrying out regulated activities and

Those with managerial responsibilities for the prevention of money laundering and terrorist financing.

Quantitative Remuneration Disclosure

The below table quantifies the remuneration paid to staff in the financial year 1 January 2024 to 31 December 2024. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, partners, employees of other entities in the group, employees of joint service companies, and secondees:

		Material Risk Takers	Other Staff
Remuneration Awarded	Fixed (£)	4,629,575	10,095,332
	Variable (£)	5,249,500	4,988,731
	Total (£)	9,859,075	15,084,063
Guaranteed Variable Remuneration	Amount (£)	-	-
	# Staff Awarded	-	-
Severance Payments	Amount (£)	-	-
	# Staff Awarded	-	-
Highest Severance Payment Awarded to an Individual (£)		Nil	Nil

MIFIDPRU investment firms are typically required to split the quantitative data in the above table, where relevant, into categories for senior management and other material risk takers. However, the regulator allows firms to aggregate or altogether omit the information to be disclosed for senior management and other material risk takers, where splitting the information between these two categories would lead to the disclosure of information about individuals.



As there were only 8 Material Risk Takers (3 of these Material Risk Takers are not Senior Managers) during the financial year, Lightrock has relied upon this exemption and has aggregated the disclosure of remuneration awarded in order to prevent the identification of an individual material risk taker.