

MIFIDPRU Annual Disclosures

For the year ending 31/12/2023



MIFIDPRU Annual disclosures for the year ending 31/12/2023

This statement sets out the public disclosures for ebi Portfolios Limited (FCA Reference Number 581079) in relation to Governance Arrangements, Own Funds and Own Funds Requirements as required under MIFIDPRU as at 31st December 2023.

ebi provides discretionary investment management to clients and advisers in order to assist them in managing their investments.

ebi has a limited range of activities which substantially reduces the risks to which our business is exposed compared with many other investment managers, namely:

- ebi instructs trades primarily in collective investments schemes only and does not purchase, research or otherwise investigate the shares of quoted companies.
- ebi does not act as market maker in any investment.
- ebi does not undertake proprietary investment research into any quoted securities.
- ebi does not act as Principal and therefore does not undertake proprietary trading
- ebi does not hold client money

ebi is categorised as a non-SNI MIFIDPRU Investment Firm and this disclosure is prepared on an individual basis. We believe that the information provided is proportionate to ebi's size and the nature, scope and complexity of our activities.

This disclosure has been approved by the Board of ebi.

Overview of Principle activities

ebi provides various services to financial advisors. This centres around suites of passively managed portfolio templates constructed using investment principles formed from the evidence generated by a long history of peer reviewed academic research.

In addition to providing investment portfolio management, ebi also provides a wide range of documentation and online applications along with supporting data required by an advisor to work with their clients.

Managing assets directly on behalf of advisers involves ebi being appointed to provide a limited range of discretionary fund management activities such as rebalancing and fund swaps. ebi's discretionary powers are not used to undertake any form of active fund management such as tactical asset allocation, market timing or any other strategy that seeks to adjust portfolio holdings based on forecasting. ebi only uses tracker and passively managed rules-based funds in its portfolios. This excludes all 'alternative' investments such as hedge funds, private equity, derivatives, structured products etc that would normally be regarded as higher risk investments.

The purpose of ebi's Model Portfolios Service (MPS) is to relieve advisors from the complex process of monitoring portfolios to identify appropriate times to rebalance and swap funds and then communicating with each client to gain authority before trading, typically one at a time.

Governance

The Board is responsible for the proper management of ebi and meets on at least a quarterly basis. The Board

has overall responsibility for overseeing and controlling the activities of the business, making decisions in relation to the strategic direction, and for ensuring the firm has a robust corporate governance structure with well-defined, transparent, and clear lines of accountability.

The Board of ebi consists of the following members:

Name	Number of other Directorships held
Craig Burgess (Chief Executive & Chief Investment Officer)	2
Mike Morrow Chair of the Governing Body (non-executive)	1

The ExCo has been established as a sub committee of the Board. The ExCo is accountable for the day-to-day implementation of governance arrangements that ensures effective and prudent management of the firm and meets on a monthly basis.

ebi's Board is responsible for the overseeing the management of ebi and being responsible for the controlling activities of the business, ensuring that ebi has a robust corporate governance structure in place.

The Board meets on no less than a quarterly basis.

ebi is committed to maintaining good standards of corporate governance. We regard the composition and the effectiveness of our Board and supporting committees as an important element of our corporate governance.

When assessing new appointments to the Board or ExCo, we review the combined skills and experience of the existing members to determine what characteristics we are looking for. Each member must have the skills, experience and character that will enable them to contribute, both individually and as part of the team, to the effectiveness and the success of ebi.

ebi values the innovation and creativity that diversity of thought brings to the workplace and understands that the concept of diversity, belonging and inclusion plays a critical role in establishing strong governance and maintaining a healthy culture.

The firm's focus on the broad agenda of diversity spans across all aspects of the business, starting from the attraction of diverse talent, our continued nurturing of our current diverse talent through to education and awareness, in recognition that a content and varied workforce is a firm's greatest strength.

Risk Management Objectives and Policies

ebi is enhancing its Risk Management Framework to enable the management of risks to further support the setting and delivery of the business strategy. Business areas within ebi are responsible for the day-to-day risk management within their own areas. They will own their own risks, and actively identify the remediation of any risks and incidents, implementing controls to mitigate any recurrence and reporting on progress within their functional areas.

As part of the risk management arrangements, a risk register is maintained, which serves as the basis for risk and control assessments, in line with thresholds of risk tolerances. The key risks identified in the risk register are assessed as part of the ICARA process, and appropriate own funds and liquidity resources are held against them at all times. Regular risk monitoring and reporting to the senior management and the Board ensures that the Firm is able to oversee its key risks. The Board regards managing risk as a process of continuous improvement. The Firm continuously undertakes a programme of enhancing its existing risk management framework.

ebi's Compliance has oversight of the risk management and compliance activity within ebi.

ebi may look to utilise external resources for audit purposes.

Analysis of risk

ebi is exposed to a range of inherently significant risks in the pursuit of its strategic objectives and chosen business model. These are categorised as follows:

- Strategic Risk
- Conduct Risk
- Compliance Risk
- Regulatory Risk
- Financial Risk
- Operational Risk

A failure to manage these risks could lead to impacts for customers with the potential for poor outcomes alongside negative impacts for our associated stakeholders.

Concentration risk

ebi generates its income from a large number of Adviser firms who use an Investment Platform. At the Platform level, the largest proportion of platform fees were received from Transact which represented approximately 47% of total annual revenues.

ebi have over 507 individual advisers registered across 280 adviser firms using our services, with none having a significant share of the fees levied by ebi. We do not see over dependence on one or a small number of advisers being a risk to the sustainability of the company and this is regularly reviewed by the ExCo and Board.

Liquidity risk

ebi aims to have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the business's reputation.

ebi's cash position and available facilities are monitored on a weekly basis, and access to appropriate liquidity is made available where necessary. Detailed cash flow forecasts are updated on a monthly basis as part of the management reporting process. Compliance with ebi's regulatory capital requirements is also regularly monitored on a monthly basis to ensure no breaches occur and within the ICARA on annual basis.

As is the case for capital management, we have also set an early warning indicator for liquidity at 110% above our own fund's liquid assets requirement.



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Own funds requirements

Capital serves as a buffer to ensure the ability of ebi to absorb unexpected losses on a going concern basis as well as to fund the ongoing activities of ebi to comply with the requirements of the FCA. The regulatory capital requirement of ebi is established through reference to the Investment Firms Prudential Regime (IFPR). Ebi aims to maintain capital in excess of its regulatory requirements to ensure a safety margin is held.

Own funds (MIFIDPRU 8.4)

ebi's own funds are exclusively CET1 capital. At the year end and throughout the year ended 31 December 2023, ebi complied with all externally imposed capital requirement in accordance with the rules set out in the ICARA.

The following tables are based on ebi's Report and Financial statements as at 31st December 2023.

Table 1: Composition of Regulatory Own Funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	837	
2	TIER 1 CAPITAL	837	
3	COMMON EQUITY TIER 1 CAPITAL	837	
4	Fully paid up capital instruments	-	
5	Share premium	95	
6	Retained earnings	1,055	Page 12
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	(313)	Page 12
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	-	



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27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	TIER 2: Other capital elements, deductions and adjustments	-	

Table 2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below shows a reconciliation with own funds in the balance sheet where assets and liabilities have been broken down by asset and liabilities classes respectively. The information in the table below reflects the balance sheet in the audited financial statements as at 31 December 2023.

Item – Amount (GBP 000s)				
		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 class according to the balance sheet in the published financial statements				
1	Intangible assets	423		Page 12
2	Tangible assets	29		
3	Debtors	303		
4	Investments	110		Page 12
5	Cash at bank and in hand	784		
Total assets		1,649		
Liabilities – Breakdown by liability class according to the balance sheet in the published financial statements				
1	Creditors: amounts falling due within one year	389		
2	Creditors: amounts falling due after more than one year	-		
3	Deferred tax liability	110		
Total liabilities		499		
Shareholders equity				
1	Called up share capital	-		
2	Share premium account	95		
3	Profit and loss reserves	1,055		
Total shareholders equity		1,150		Page 12



Own Funds Requirements (MIFIDPRU 8.5)

Table 3: K-Factor Requirement and Fixed Overheads Requirement

The table below shows the K-factor requirement ('KFR'), broken down into three groupings and the total amount of fixed overheads requirement ('FOR')

Item – Amount (GBP000s)	
K-AUM	379
K-CON	0
Fixed Overhead Requirement ('FOR')	493

ebi's Pillar 1 capital requirement is calculated as the higher of:

- Permanent minimum capital requirement of £75,000
- Total K-Factor requirement (including additional harms amount for ongoing business)
- The fixed overheads requirement (including additional amounts required for wind down).

As at 31st December 2023, ebi's FOR of £493k was higher than the K-Factor and establishes its Pillar 1 capital requirement, being higher than the K Factor requirements.

Meeting the overall financial adequacy rule ('OFAR')

Under IFPR, ebi is required to assess own funds and liquidity requirements set out in the Internal Capital Adequacy and Risk Assessment process ('ICARA') and ensure sufficient own funds and liquidity resources are always held to meet the OFAR. The OFAR requires a firm, at all times, to hold adequate own funds and liquid assets to ensure that:

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

As part of the ICARA process the adequacy of capital to support current and future activities is monitored to ensure ebi has adequate capital and liquidity to enable it to manage risks not deemed to be adequately covered under the Pillar 1 minimum requirements.

This is a forward-looking exercise with the level of capital and liquidity required by ebi being assessed through reviewing several scenarios and comparing them with the base case scenario of the firms budgeted business plan. This approach identifies the time scale and extent of possible capital and liquidity deficiencies should an adverse scenario arise. The additional level of capital and liquidity required to cover ebi against such a scenario can then be assessed and/or the mitigating actions identified which are required to ensure a continued capital and liquidity surplus.

In addition, ebi must ensure that it has adequate own funds and liquid assets so that its business can be wound down in an orderly manner, minimising harm to consumers or other market participants. The ICARA is updated annually and is formally reviewed, challenged and approved by the ebi Board on an annual basis, or more frequently if fundamental changes to the business require it. Capital adequacy and liquidity are also monitored more regularly, through the disclosures in the monthly management accounts that are distributed to the ExCo and the Board.

Furthermore, the firm has established early warning indicators (EWIs):

- 110% above the Own Funds Threshold Requirement
- 110% above the Own Liquid Assets Threshold Requirement

These indicators help the firm to manage and plan capital proactively. If the company breaches the EWI, this will be escalated to the Board of Directors and more regular, weekly measurement and monitoring will be carried out until ebi fall back within the EWI threshold requirement.

Material Risk Takers (MRTs) and Staff Remuneration (MIFIDPRU 8.6)

MRT is defined as a staff member who has overall responsibility and material impact on the risk profile of the firm. On an annual basis, ebi reviews the identification of its MRT's in line with the provisions outlined in SYSC 19G.5.

The table below provides information on the remuneration rewarded to staff relating to the year ended 31 December 2023. During this period the firm had a total of 3 members of staff classified as material risk takers.

£'000s	Material Risk Takers	Other Staff	Total
Fixed remuneration awarded	182	923	1,105
Variable remuneration awarded	11	90	101
Total remuneration awarded	193	1,013	1,206