

March 2022



Prudential disclosures

Ninety One UK Limited
Ninety One plc



Table of contents

Overview.....	3
Governance arrangements	3
Own funds and own funds requirements	5
Remuneration	8

Overview

Introduction

Ninety One UK Limited (“Ninety One UK” or “the Company”) is a specialist, active investment manager and is subject to supervision by the Financial Conduct Authority (“FCA”). Ninety One UK provides a range of domestic and international portfolio management services, largely to clients which are institutional investors and asset platforms. Ninety One UK’s ultimate holding company is Ninety One plc, a public company incorporated in England and Wales under the UK Companies Act 2006 and which is subject to consolidated supervision by the FCA.

Ninety One plc and Ninety One Limited, a public company incorporated in South Africa under the South African Companies Act 71 of 2008, operate as a dual-listed company (“DLC”) under a DLC structure. Under the DLC structure, Ninety One plc and Ninety One Limited, together with their direct and indirect subsidiaries, effectively form a single economic enterprise (“Ninety One”) in which the economic and voting rights of ordinary shareholders of the companies are maintained in equilibrium relative to each other.

This document sets out the Investment Firm Prudential Regime (“IFPR”) public disclosures as required in respect of Governance, Own Funds, and Own Funds Requirements in accordance with the FCA Prudential Sourcebook for Investment Firms (MIFIDPRU). Additionally, disclosures required in respect of Remuneration have been made in accordance with the FCA’s prudential sourcebook for Banks, Building Societies, and Investment Firms (BIPRU) Remuneration Code.

Scope of application

IFPR and BIPRU disclosures are made in respect of Ninety One UK and Ninety One plc respectively, and in accordance with the Ninety One Market Communication and Disclosure Policy. The disclosures are made as at 31 March 2022, which is the accounting reference date for both entities within scope. In accordance with regulations, the information is not subject to external audit, and has been produced solely for the purposes of satisfying the disclosure requirements.

Frequency

Disclosures will be updated annually, or more frequently if there are significant changes to the business. These disclosures are published on the Ninety One website (www.ninetyone.com).

Governance arrangements

Board oversight

MIFIDPRU investment firms must ensure that the board 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.

The Ninety One UK board (the “UK Board”) is vested with powers to act in the name of the Company and to take any actions necessary or useful to fulfil the Company’s purpose, except for the powers reserved by law or by the Company’s articles to the general meeting of shareholders.

In accordance with principles of good corporate governance, the UK Board adopts a formal schedule of matters reserved to it for decision. Decisions include, amongst others, those in respect of statutory appointments, strategic decisions, policies, governance and financial controls and assurance. The UK Board provides leadership for the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. It also reviews management performance.

Potential conflicts of interest are managed appropriately in accordance with Ninety One’s internal policies.

Risk governance and framework

The UK Board has ultimate responsibility for risk management, the supporting system of internal controls, and for reviewing their effectiveness. To assist the UK Board in discharging its responsibilities, Ninety One’s risk management and internal control framework has clearly defined responsibilities and is designed to identify, assess, monitor and report current and emerging risks, to ensure that the business is resilient and operates within acceptable tolerances as defined by the UK Board’s risk appetite.

The risk framework is designed to manage, rather than eliminate, the risk of failure to achieve Ninety One’s business objectives, and to ensure the firm remains operationally resilient. It can only provide reasonable and not absolute assurance against material misstatement or loss.

Prudential disclosures

The concept of “doing the right thing” is a key cultural attribute at Ninety One and its culture and values are embedded in its approach to risk management. Ninety One advocates a risk-aware, open culture where all employees contribute to effective risk management and are responsible for the maintenance of an effective internal control environment.

To ensure that Ninety One's culture and values permeate throughout the organisation, various policies are in place that provide clear guidance on what employees should and should not do, while similarly, all external third party service providers are briefed on the level of standard they are expected to adhere to.

Ninety One UK is not subject to MIFIPRU 7.3.1R (the requirement to establish a risk committee).

During the disclosure period, being the financial year ended 31 March 2022, the UK Board delegated the responsibility for risk oversight to the Ninety One Audit and Risk Committee (“ARC”) which is responsible for the overall adequacy and effectiveness of the firm's risk management and internal controls. The ARC is supported by a Management Audit Committee (“MAC”) and a Management Risk Committee (“MRC”), and specialised risk sub-committees, comprising subject matter experts from across the business. This model ensures that material risks are escalated to the ARC (or UK Board, where appropriate), and that any relevant levels of risk are regularly and formally evaluated.

UK Board composition

Ninety One UK is required, under MIFIDPRU 8.3.1R(3) read with SYSC 4.3A.7, to disclose the number of directorships held by each member of the UK Board.

Director	UK Board designation	Number of directorships ¹
Kim McFarland	Chair, Executive Director	1
John Green	Executive Director	1
John McNab	Executive Director	1
Nigel Smith	Chief Executive, Executive Director	1

1. As per SYSC 4.3A.7R (2) executive or non-executive directorships held within the same group count as a single directorship.

Summary of Diversity Policy

Ninety One UK recognises and embraces the benefits of having a diverse board which reflects its business. It sees increasing diversity at board level as an essential element of improving decision making, perspective, governance and good leadership. A diverse board will include and make good use of differences in the skills, regional and industry experience, cultural background, race, gender and other distinctions between members of the board. The composition of and appointments to the UK Board are made on merit and with an ambition to be diverse in terms of academic qualifications, expertise, skills, experience, as well as other characteristics including nationality, age, race and gender.

Annually, the UK Board will discuss and agree proposed objectives, including, without limitation, the setting of voluntary targets for achieving diversity on the UK Board and recommend them for approval and adoption.

The UK Board will report annually on the process adopted in relation to UK Board appointments and the consideration given to diversity on the UK Board in general. If applicable, the UK Board will further report progress in respect of its voluntary targets (including, for example, the reasons behind the progress, the proposed actions to be taken and the timeline for taking such actions).

Prudential disclosures

Own funds and own funds requirements

As a MIFIDPRU investment firm, Ninety One UK is required to disclose the composition of its own funds, how these own funds reconcile to the statement of financial position in its audited financial statements, and to provide details on its own funds requirements.

Own funds

The table below details the composition of Ninety One UK's regulatory own funds post audit of its financial statements for the year ended 31 March 2022.

Composition of regulatory own funds

Item	31/03/2022 £'000	Source based on reference numbers/letters of the statement of financial position in the audited financial statements
1 Own funds	93,132	
2 Tier 1 capital	93,132	
3 Common equity tier 1 capital	93,132	
4 Fully paid up capital instruments	11,860	11
5 Share premium	6,232	
6 Retained earnings	89,598	
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	(14,558)	
19 CET1: Other capital elements, deductions and adjustments	(14,558)	8
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	-	

Prudential disclosures

The table below provides details of Ninety One UK's statement of financial position along with cross references to the composition of Ninety One UK's regulatory own funds detailed above.

Own funds: reconciliation of regulatory own funds to the statement of financial position in the audited financial statements

	Statement of financial position as in published/audited financial statements	Cross reference to template OF1	
	31/03/2022 £'000		
Assets - Breakdown by asset classes according to the statement of financial position in the audited financial statements			
1	Investment in subsidiary	4,000	
2	Property and equipment	21,560	
3	Right-of-use assets	57,411	
4	Deferred tax asset	14,558	19
5	Trade receivables	36,019	
6	Other receivables	11,277	
7	Investments	34,245	
8	Cash and cash equivalents	116,447	
9	Loan receivable	4,202	
10	Income tax receivable	9,118	
11	Amounts receivable from group companies	15,852	
	Total assets	324,689	
Liabilities - Breakdown by liability classes according to the statement of financial position in the audited financial statements			
1	Lease liabilities	80,207	
2	Pension fund obligation	117	
3	Other liabilities	38,695	
4	Trade and other payables	92,286	
5	Amounts payable to group companies	950	
6	Income tax payable	4,744	
	Total liabilities	216,999	
Shareholders' equity			
1	Share capital	11,860	4
2	Share premium	6,232	5
3	Retained earnings	89,598	6
	Total shareholders' equity	107,690	

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

Own funds consist of retained earnings and issued and paid up share capital.

Prudential disclosures

Own funds requirements

Ninety One UK's own funds requirements are determined with reference to the rules under MIFIDPRU 4.3. This is considered to be the minimum capital required to be held by the Company. The own funds requirements per the Prudential Sourcebook are calculated as the greater of:

- The permanent minimum requirement
This is a fixed amount determined by the activities of the firm.
- The sum of the K-factors
Formulaic K-factors are the drivers used to determine the own funds that a firm must hold, with reference to the activities of the firm. The purpose of the K-factors is to cover potential harms arising from conducting various activities.
 - K-AUM is based on the assets under management of the firm over a rolling 12 month period calculated 3 months in arrears.
 - K-COH is based on the client orders handled by the firm but excludes those handled in respect of amounts already recognised under K-AUM.
- The fixed overhead requirement
This is normally one quarter of the firm's annual relevant expenditure. Certain items that form part of total expenditure for accounting purposes are not included in the expenditure used to calculate the fixed overhead requirement.

A summary of these requirements for Ninety One UK as at 31 March 2022 is shown below.

Detail	£'000
Permanent minimum requirement (A)	75
Sum of the K-factors (B)	10,040
- K-AUM	9,273
- K-COH	767
Fixed overhead requirement ('FOR') (C)	35,857
Own funds requirements (higher of A, B and C)	35,857

Assessing the adequacy of own funds

The adequacy of the own funds of Ninety One UK is assessed as part of the consolidated assessment of Ninety One plc through an Internal Capital Adequacy and Risk Assessment ("ICARA"). The ICARA is subject to the ongoing scrutiny of Ninety One's Management Risk Committee, challenged and approved by the Ninety One Audit and Risk Committee, and approved by the Ninety One plc board.

Under the ICARA process, a reasonable estimate is made of the own funds needed to comply with the FCA's Own Funds Adequacy Rule ("OFAR"). The OFAR requires the firm to hold adequate own funds to ensure that:

- the firm is able to remain financially viable throughout its ongoing operations, with the ability to address any potential material harms that may result from these activities; and
- the firm's business can be wound down in an orderly manner.

Remuneration

Ninety One plc was subject to consolidated supervision by the FCA in respect of the FCA's BIPRU Remuneration Code for the financial year ended 31 March 2022. For the financial years ending 31 March 2023 onwards, Ninety One UK will be subject to the FCA's MIFIDPRU Remuneration Code on a solo entity basis. The remuneration disclosures for the year ended 31 March 2022 for Ninety One plc on a consolidated basis are provided below.

The disclosures should be read together with the Executive Directors' Remuneration Policy set out in the Ninety One Integrated Annual Report 2022 and the Ninety One Remuneration Policy ("Remuneration Policy") that applies to the wider workforce, available on the Ninety One website.

Decision-making process for determining the remuneration policy

The Ninety One Human Capital and Remuneration Committee (the "Committee") has been appointed and empowered by the Boards of Directors (the 'DLC Boards') of Ninety One to serve as its remuneration committee. The Committee's delegated authority to act on behalf of the board is set out in its written terms of reference, which are reviewed annually. The Committee comprises three independent non-executive directors.

The Committee is responsible for, amongst other things, periodically reviewing the principles of the remuneration policies and reviewing their implementation. The Committee is also responsible for determining those individuals who have a material impact on the risk profile of Ninety One and approving remuneration for these individuals.

In considering the Remuneration Policy, the Committee seeks to ensure that remuneration structures are designed in a way that supports the attraction, retention and motivation of staff in a way that reinforces the behaviours needed to support Ninety One's culture and values over the short, medium and longer term in a risk conscious manner.

In formulating these policies, the Committee has also been mindful of corporate governance codes in both the United Kingdom and South Africa and will continue to take these into account in fulfilling its duties in relation to remuneration for the executive directors and for the wider workforce. These structures have been designed and implemented to align employee interests with those of shareholders and clients while supporting the long-term sustainability of the business.

The Committee will give careful consideration to feedback from clients, shareholders and regulators to ensure these policies remain aligned with their interests.

The Committee received advice from Deloitte LLP during the year ended 31 March 2022.

Link between pay and performance and performance criteria

Remuneration for all employees (including Identified/Code Staff) includes fixed remuneration, pension contributions (where applicable) and other local employee benefits. Remuneration may also include the following elements:

- annual discretionary variable remuneration which may comprise both cash and deferred elements;
- staff shares may also be awarded on an exceptional basis (such awards are typically retention-related); and
- in a small number of instances, Ninety One makes use of alternative remuneration structures such as commission, where this is important to remain competitive in specific locations or for specific roles.

Annual variable remuneration is based on a number of factors including Ninety One, team, and individual multi-year performance and non-financial metrics such as compliance and risk awareness. The primary determinant of the variable remuneration pool available for distribution is annual profit. A fixed percentage of profit allocated to the variable remuneration pool has been set in accordance with an agreed and long-standing practice that has served the business successfully through numerous market cycles. Pools are calculated taking into account input from the chair of the Ninety One MRC and the Head of Compliance to ensure that these are at an appropriate level given the current and likely future risks inherent in the business.

Where financial performance is subdued or negative, total variable remuneration would be contracted in line with weaker financial results, considering both current remuneration and potential reductions in pay-outs of amounts previously earned.

Variable remuneration for members of the Compliance, Operational Risk and Internal Audit teams are determined with primary reference to functional performance and not the financial performance of Ninety One and the Committee oversees the remuneration outcomes for senior staff in these functions.

Deferred variable compensation awards are subject to malus and clawback provisions.

Specific factors considered when determining remuneration include the following:

- Ninety One profitability;
- current and likely future risks inherent to Ninety One;
- multi-year investment and financial performance of specific areas of Ninety One;

Prudential disclosures

- business conduct that is responsible and consistent with Ninety One’s culture and values;
- scope of responsibility and individual contribution to the performance of Ninety One;
- attitude and behaviour of employees towards risk consciousness, internal controls, risk management and regulatory compliance;
- specific input from risk and compliance functions regarding concerns about the behaviour of individual employees;
- market sector norms and peer group comparisons; and
- quality and level of leadership and collaboration, the ability to grow and develop business and client relationships, and the development of self and others.

Design characteristics of the remuneration system

Fixed remuneration, pension contributions and employee benefits

Fixed remuneration is reviewed annually and is designed to reflect the relative skills and experience of, and contribution made by, each employee. In addition, fixed remuneration as a proportion of overall remuneration levels is considered in setting the balance between fixed remuneration and variable remuneration.

Where applicable, employee benefits typically include:

- Life and permanent health insurances and medical cover, which vary according to local market norms; and
- employer pension contributions, which are typically based on annual salary only and not on any other element of remuneration. No discretionary pension benefits are paid.

Variable remuneration

Ninety One operates an annual discretionary cash bonus scheme and an annual discretionary deferred bonus scheme.

1. Cash bonus scheme

Typically, employees are eligible to be considered for a cash bonus under the scheme, although this does not mean that they will automatically receive one. Any payments made under the scheme are at Ninety One’s discretion.

2. Deferred bonus scheme

Participation in the deferred bonus scheme is determined on an annual basis at Ninety One’s discretion, based on the roles of individual employees. The purpose of the deferred bonus scheme is to retain key employees, provide better alignment of their interests with both clients and the business, and to manage potential, currently unknown, future risks.

Deferred bonus awards are made in the form of a combination of investments into:

- Investment funds managed by Ninety One, with specific allocations (normally 50%) for portfolio managers and analysts into the funds for which they are responsible; and
- listed shares in Ninety One (normally allocations of at least 25%).

The deferral period is for a minimum of three years and awards are only paid out under specific conditions. The awards do not accrue to the employee until the end of the deferral period.

In certain circumstances and on invitation only, deferred bonus awards may be used, following vesting, to purchase participations in the Marathon Trust (Ninety One’s long-term employee collective ownership vehicle).

Employees forfeit their allocations if they resign or their employment terminates prior to the vesting date unless discretion is otherwise exercised by the authorised decision makers. Any sums deferred would be subject to forfeiture prior to vesting (malus). Malus shall apply for the period from award to vesting. Deferred bonus awards may also be repayable after vesting or any post-vesting retention period, if applicable (clawback). The clawback period shall apply for the same length of time as the vesting period, plus any post-vesting retention period – subject to the overall clawback period being no shorter than three years.

3. Staff shares

As part of Ninety One’s commitment to building a long-term, sustainable business and living its owner-led culture, Ninety One operates a number of staff share schemes. Share awards are subject to appropriate deferral periods.

Ninety One also operates an HMRC approved share incentive plan, which allows UK employees to purchase shares in Ninety One plc, subject to annual limits and with some tax advantages.

Prudential disclosures

Identification of Code/Identified staff and material risk takers

Identified/Code Staff are defined in accordance with relevant regulations under the BIPRU Remuneration Code.

The methodology applied to determine Identified/Code Staff and the register of Identified/Code Staff is maintained by the Human Capital team, in close consultation with the Head of Compliance. Both the methodology and the register are subject to approval by the Committee annually.

For the year ended 31 March 2022, ten individuals fell within the material risk taker (“MRT”) identification criteria under the BIPRU Remuneration Code, as identified by Ninety One and approved by the Committee.

Quantitative remuneration disclosures

As a fully integrated asset manager, Ninety One is regarded as a single business area. Total remuneration of MRTs split by Senior Management and Other MRTs is as follows:

Year ended 31 March 2022	Senior Management (£'000)	Other MRTs (£'000)
Fixed remuneration	1,033	796
Variable remuneration	11,221	3,949
Total remuneration	12,254	4,745

The remuneration disclosed above was awarded in respect of the year ended 31 March 2022 and includes fixed and variable remuneration for that year. Variable remuneration includes cash and deferred bonuses granted in respect of the 2022 performance year. Deferred awards are included based on their value as at the date of grant and assume 100% vesting. As the MRTs fulfil global roles across Ninety One, the amounts disclosed above have been pro-rated to reflect the proportion of their remuneration considered to be related to Ninety One plc.

