

Mercia Fund Management Limited – MIFIDPRU 8 Disclosure

February 2026

Mercia Fund Management Limited ('MFM or 'the Firm')

Introduction

The Financial Conduct Authority ("FCA") in its Prudential sourcebook for MiFID Investment firms ("MIFIDPRU") sets out the detailed prudential requirements that apply to MFM. Chapter 8 of MIFIDPRU ("MIFIDPRU 8") sets out public disclosure obligations with which the Firm must comply, further to those prudential obligations.

MFM is classified under MIFIDPRU as a small and non-interconnected investment firm ("SNI MIFIDPRU investment firm"). As such, MIFIDPRU 8 requires MFM to disclose information regarding the Firm's remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm's culture and to assist stakeholders in making more informed decisions about their relationship with the Firm.

This document has been prepared by MFM in accordance with the requirements of MIFPRU 8. Unless otherwise stated, all figures are as of 31 March 2025.

Remuneration Policy and Practices

Overview

As an SNI MIFIDPRU investment firm, MFM is subject to the basic requirements of the MIFIDPRU Remuneration code. The purpose of the requirements on remuneration 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 MFM's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with the achievement of the Mercia Asset Management PLC strategic objectives. This includes not encouraging risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, MFM 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 greatest competitive advantage.

MFM is committed to ESG progress, high-performing teams and adherence with the Mercia core values (Growth focused; Responsive; Connected; Responsible/respectful; and Trusted). These combined with the criteria of FuM performance and total shareholder return, encourage ethical behaviour and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, these factors are all encapsulated within the criteria that determines the annual variable award for staff.

Characteristics of the remuneration policy and practices

Remuneration at MFM is made up of fixed and variable remuneration components. The fixed component is set in line with market competitiveness at a level to attract, retain and motivate high calibre staff. The variable component is determined via their contribution to MFM's performance over the relevant period and on achieving their individual performance objectives.

Governance and Oversight

MFM does not have a separate remuneration committee. Its parent company, Mercia Asset Management PLC, has a Remuneration Committee ("the Committee") consisting of Non-executive Directors and meets at least twice a year. It is responsible for the remuneration practices across the whole Group, including MFM. The Committee reviews, updates as appropriate and approves the Remuneration Policy on an annual basis.

Details of the Committee and the Remuneration Policy itself are included in the Annual Report & Accounts of Mercia Asset Management PLC.

Quantitative Remuneration Disclosures

For the financial year 31 March 2025, the total amount of remuneration awarded to all MFM staff was £5,453,316 of which £4,044,556 comprised the fixed component of remuneration and £1,408,760 comprised the variable component.