



# Macquarie Investment Management Europe Limited Public Disclosure

Macquarie Investment Management Europe Limited

**For the Financial Year Ended 31 March 2022**

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# 1. Overview

This disclosure is in relation to Macquarie Investment Management Europe Limited (“MIMEL”, “the Firm”). MIMEL is a private, UK incorporated company, authorised and regulated by the Financial Conduct Authority (“FCA”) under Firm reference number 733534. MIMEL is primarily involved in the provision of investment management and marketing activities in the UK. MIMEL’s business activities are focused exclusively on institutional clients.

MIMEL is a wholly owned subsidiary of Macquarie Corporate Holdings Pty Limited (“MCHPL”) and is ultimately owned by Macquarie Group Limited (“MGL”). MGL is a large financial group, authorised and regulated by the Australian Prudential Regulation Authority (“APRA”) as the non-operating holding company of an Australian deposit-taking institution.

This document sets out the public disclosures for MIMEL as of 31 March 2022, which represents the end of MIMEL’s financial accounting period.

## Basis and Frequency of Disclosure

As a UK investment firm undertaking activities within the scope of the UK Markets in Financial Instruments Directive (“MIFID”), MIMEL is subject to the prudential requirements of the Investment Firms Prudential Regime (“IFPR”) contained in the MIFIDPRU Prudential sourcebook for MIFID investment firms of the FCA Handbook.

MIMEL is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the IFPR. These requirements are supplemented by the guidance set out in MIFIDPRU 8 published by the FCA.

Under the IFPR’s firm categorisation, MIMEL is categorised as a non-small non-interconnected (“non-SNI”) MIFIDPRU investment firm.

The disclosure for MIMEL is prepared annually on a solo entity (i.e., individual) basis, although MIMEL is also part of a UK consolidated investment group for the purposes of IFPR. The disclosed information is proportionate to MIMEL’s size and organisation, and to the nature, scope and complexity of MIMEL’s activities.

## Transitional Provisions

In accordance with the disclosure requirements applicable to non-SNI MIFIDPRU investment firms and the Transitional Provisions (“TP”) relating to disclosure requirements contained in MIFIDPRU TP12, MIMEL has adopted TP12 for the purposes of its first MIFIDPRU 8 public disclosure (i.e. for FY22) since the IFPR regime was implemented on 1 January 2022.

Consequently, the scope of the information disclosed in this document relates principally to MIMEL’s governance arrangements, own funds, own funds requirement and remuneration arrangements in place, although a high-level overview of the risk management framework is also provided in this disclosure.

## Policy, Validation and Sign-Off

MIMEL is committed to following a robust internal controls framework to ensure the completeness, accuracy and compliance with the relevant standards and regulatory requirements of any external reports and disclosures. As an external publication, this document has been subject to internal verification and approval in line with the IFPR Public Disclosure Policy that MIMEL has adopted to ensure compliance with the regulatory requirements contained in MIFIDPRU 8.

The governance in place allows for appropriate challenge and oversight prior to publication. The disclosure is not required to be subject to independent external audit.

## 2. Governance Arrangements

### Legal and Organisational Structure

MIMEL forms part of a wider group of MGL entities. It is a wholly owned subsidiary of Macquarie Corporate Holdings Pty Limited (“MCHPL”) and is ultimately (indirectly) owned by MGL, a large financial group listed in Australia. MGL is regulated by APRA as the non-operating holding company of an Australian deposit-taking institution.

MIMEL has the following two direct subsidiaries in Austria and Switzerland:

- MIM Holdings (Austria) GmbH (“MIM Austria Holdco”), a parent of Macquarie Investment Management Austria Kapitalanlage AG (“MIM Austria”). The scope of MIM Austria Holdco’s activities is limited to being the holding company for MIM Austria. MIM Austria is regulated by the Financial Market Authority (“FMA”).
- Macquarie Investment Management Switzerland GmbH (“MIM Switzerland”), an unregulated representative office of MIMEL.

Table 1: Overview of MIMEL’s Ownership and Legal Structure

MIMEL Group Entities	Description of activities
<b>MIMEL</b>	A private UK incorporated company authorised by the FCA to undertake MIFID investment activities.
<b>MIM Austria Holdco</b>	A subsidiary of MIMEL and the holding company (i.e., the parent) of MIM Austria.
<b>MIM Austria</b>	An investment management company providing distribution and portfolio management services, regulated by FMA.
<b>MIM Switzerland</b>	An unauthorised company acting as MIMEL’s representative office in Switzerland
<b>MCHPL</b>	An Australian-based parent and holding company of MIMEL.
<b>MGL</b>	Ultimate owner, a large financial group authorised and regulated by APRA.

### Business Overview

As a wider group, MGL operates across four operating groups:

- Macquarie Asset Management (“MAM”).
- Macquarie Capital.
- Commodities and Global Markets.
- Banking and Financial Services.

MIMEL operates within the MAM business division of MGL, which provides specialist investment expertise across a range of capabilities including fixed income, equities, multi-asset solutions, private credit, infrastructure, renewables, natural assets, real estate, and transportation finance. The Firm provides investment solutions in the UK across a variety of equity, fixed income, multi-asset, and specialty asset classes.

### MIMEL Governance Structure

MIMEL has a formalised governance structure which is designed to provide oversight of the risk management of the Firm’s business operations in line with systems and controls that MIMEL has in place to operate appropriately and in accordance with the necessary regulatory requirements and expectations. The ultimate responsibility for the management of MIMEL falls within the scope of the role and responsibilities of the management body of the Firm, the Board of Directors (“Board”).

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Due to its size, nature and complexity of the business activities, the Firm does not have a Risk Committee, a Nomination Committee or a Remuneration Committee as part of its governance arrangements nor is it required to establish these committees as set out in MIFIDPRU 7.1.4R.

## Board Oversight Arrangements

The MIMEL Board has delegated the overall responsibilities for the management of MIMEL's operational activities to the Executive Directors who conduct their roles in line with their assigned responsibilities and allocated senior management functions ("SMF"). The Board may also delegate authority to other persons to act on behalf of MIMEL in relation to certain matters on an ongoing basis. Records of such delegations are kept by the Secretary.

The governance and oversight frameworks in place ensure that the Board defines, oversees and is accountable for the implementation of arrangements to ensure effective and prudent management of the firm, including appropriate segregation of duties of the Senior Management in accordance with the UK's Senior Management and Certification Regime ("SMCR") and management of conflicts of interest.

MIMEL has adopted Macquarie's group-wide Board Conflicts of Interest Guidelines, which are supported by a suite of related policies and procedures. The Board members are required to comply with the Board Conflicts of Interest Guidelines in order to prevent and manage any potential and actual conflicts should they arise in the course of their individual appointments and responsibilities as members of the management body.

## Board of Directors

The Board is the main decision-making body of MIMEL. Its primary role is to promote the long-term health and prosperity of the Firm and establish sound and prudent management of the business. The composition of the Board is formed by the Executive Directors of the Firm. In line with the MIMEL Board Charter, the minimum number of Directors of the Board is three, representing each business line operating through MIMEL.

As at 31 March 2022, the Board consisted of four Executive Directors. For an overview of the composition of the MIMEL Board, please see Table 2 further below.

The Firm seeks regulatory approval prior to appointments to the MIMEL Board under the SMCR. All Board members are registered and listed on the FCA Register.

The roles, duties, responsibilities, mandates and membership composition of the Board is formalised in the MIMEL Board Charter. Overall, the Board is responsible for approval and oversight of the strategic objectives, the risk strategy, risk management and governance of the Firm in compliance with its regulatory obligations and providing effective oversight of senior management.

The following are Board reserved matters:

- Approval of major elements of strategy including any significant change in the direction of that strategy.
- Approval of risk and management matters as prescribed by the FCA which apply to MIMEL.
- Payment of dividends.
- Changes relating to MIMEL's capital structure including capital reductions.
- Approval of any major transactions and material contracts between MIMEL and the rest of the Group.
- Adoption of MIMEL annual budget.
- Approval of the annual report and accounts of MIMEL.
- Approval of the Remuneration Policy Statement.
- Approval of any amendments to this Board Charter.
- Approval of the appointment and removal of the Head of the risk management function for MIMEL.
- Any prospectus, admission document or other offering document in relation to which MIMEL will be the issuer and/or MIMEL or any of its directors will assume liability.

On an annual basis, the Board considers the following items:

- An evaluation of the need for independent non-executive directors on the Board.
- A review of the number of directorships each director has, and the ability of each director to devote sufficient time to MIMEL.
- A review of its Charter and its continuing adequacy.

## Directorships

The following information relates to the appointments of directors held in both, executive and/or non-executive functions, including directorships held at external, commercial organisations as at 31 March 2022:

Table 2: Overview of relevant external directorships held by the MIMEL Board members

SMF Function/Role	Name	Background	Number of other external directorships
SMF3 Executive Director/MAM Head of Investment Solutions and Strategy, Fixed Income	Alex Clamen	<p>Alex joined the MIMEL Board in November 2020. Prior to joining Macquarie, Alex was a Product Manager at the Australian Securities Exchange.</p> <p>Alex holds an MBA from the Australian Graduate School of Management and a Master's in Industrial and Mechanical Engineering from Institut Catholique d'Arts et Métiers, France.</p>	0
SMF 3 Executive Director/Managing Director MAM Client Solutions Group EMEA	Gillian Evans	<p>Gillian joined the MIMEL Board in March 2022 and joined MAM in 2015.</p> <p>Prior to joining Macquarie, Gillian spent 10 years at Goldman Sachs Asset Management and 4 years at Insight Investment in London, having begun her career with roles at Macquarie and Permanent Trustee in Sydney.</p> <p>Gillian graduated from the University of Technology Sydney with Business and Law.</p>	0
SMF 3 Executive Director/Co-Head of MAM Private Credit	Kit Hamilton	<p>Kit joined the MIMEL Board in 2019 and joined Macquarie in 2010. In 2012, Kit joined the Private Credit business division and subsequently held a role of Head of the Investment Team. In 2018, Kit became the Co-Head of the Division and joined the Investment Committee in 2019. Prior to joining Macquarie, Kit spent 7 years at Dresdner Kleinwort.</p> <p>Kit has a BA degree in Philosophy from the University of Bristol.</p>	0

SMF Function/Role	Name	Background	Number of other external directorships
SMF 3 Executive Director/ MAM EMEA Chief Operating Officer	Anita Huynh	<p>Anita joined the MIMEL Board in March 2022 as an Executive Director, holding the roles of MAM Private Markets EMEA Chief Operating Officer and Head of Fund Management for MAM Private Markets.</p> <p>Anita joined Macquarie in 2009 as a graduate and has since performed various finance roles across listed and unlisted infrastructure funds. Prior to joining the Board, Anita was EMEA Head of Risk and Sustainability.</p> <p>Anita has a Bachelor of Accounting from the University of Technology Sydney and is a member of the Chartered Accountants Australia and New Zealand.</p>	3

## Diversity and Inclusion

MIMEL values the innovation and creativity that diversity of thought brings to the Firm and understands that the concept of diversity and inclusion plays a critical role in establishing strong governance and maintaining a healthy culture from the top as part of delivering higher standards of conduct and success of the business.

The Firm approaches diversity in the broadest sense, recognising that successful businesses embrace diversity at all levels, including the Board and senior management. MIMEL is committed to promoting a diverse workplace in recognition of the Firm's employees being one of the Firm's greatest strengths. MIMEL has been continually building on its diversity and inclusion strategy to increase gender balance, including making female appointments to its Board.

Additionally, Macquarie Group is a proud signatory to the Women in Finance Charter, a HM Treasury initiative, which aims to achieve gender balance at all levels across financial services. Macquarie Group's gender pay gap reports, prepared in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, are published annually on the Firm's and UK Government websites. They provide the pay and bonus gap information for all UK employees (voluntarily) as well as the prescribed data for the entities employing over 250 employees.

## Board Diversity and Appointments

A diverse and inclusive Board is an essential component for maintaining a competitive advantage. Consequently, one of the main objectives of the Board is a commitment to ensure that the Board composition is suitable at all times for the MIMEL Board to be an effective decision-making body and to provide successful oversight and stewardship of MIMEL.

In its approach and efforts to promote, achieve and maintain diversity at Board level, MIMEL has adopted and applies the Suitability and Diversity Guidelines ("S&D Guidelines") implemented across Macquarie's EMEA entities. These guidelines serve as the diversity policy of the Firm.

The S&D Guidelines draw their objectives from the importance of ensuring that the Board members are suitable for the business both individually and collectively. In addition, they seek to ensure that the composition of the Board promotes distinct, individual thinking and decision making in its role of implementing the MIMEL's objectives aligned with the strategic direction of the Group. The S&D Guidelines are further supported by a number of other relevant diversity and inclusion policies and procedures.

Appointments of Board directors are subject to the approval of MIMEL's Board. All members of the Board should be suitable at all times. Their suitability is reassessed periodically. Notwithstanding the experience, knowledge and skills of each member of the Board, the overall composition of the MIMEL Board seeks to reflect an adequately broad range of experience.

The directors are appointed in accordance with the following suitability criteria set out in the S&D Guidelines:

- Being of good repute.
- Being able to act with honesty, integrity and independence of mind.
- Overseeing, monitoring and challenging management decision-making effectively.
- Possessing sufficient knowledge, skills and experience to perform their duties.
- Disclosing any financial or non-financial interests that could create potential conflicts of interest.
- Being able to commit sufficient time to perform management body functions in a supervisory context.
- Not being restricted from taking up the position by any regulatory requirement.

The assessment of an individual's adequate knowledge, skills and experience will consider:

- The role and duties of the position and the required capabilities.
- The knowledge and skills attained through education, training and practice.
- The practical and professional experience gained in previous positions.
- The knowledge and skills acquired and demonstrated by the professional conduct of the member of the Board.

As part of the formal director appointment process, the Board is assisted by the Legal and Governance, Risk Management and Human Resources departments as appropriate, for example, by monitoring the appointment periods, undertaking suitability assessments and any necessary regulatory screening and employment checks.

The Board undertakes an annual self-evaluation assessment of the effectiveness of the Board itself as well as the individual Board members against the requirements outlined in the Board Charter.

While MIMEL's policies and procedures are designed to avoid group-wide thinking, promote sound governance outcomes, facilitate constructive challenge and debate amongst the Board members, during the Board composition suitability and diversity assessments, MIMEL Board considers diversity aspects including but not limited to the following:

- Gender.
- Educational and professional background.
- Ethnicity.
- Geographical provenance.
- Professional experience.
- Tenure and personal background.

MIMEL acknowledges that the members (i.e., the Executive Directors) of its Board are typically nominated by virtue of their executive duties at the Firm and in accordance with a group-wide adopted standard relating to approval and governance requirements for Nominee Directors and Offices. Therefore, the Board suitability and diversity is closely linked to the suitability and diversity of senior management.

MIMEL is committed to promoting and maintaining inclusive and gender balanced Board which currently comprises 50% of female representation.



## 3. Own Funds

### Composition of Regulatory Own Funds

MIMEL's own funds (i.e., capital resources) comprise exclusively CET 1 capital. CET 1 capital consists of fully issued ordinary shares, satisfying all criteria for a CET 1 instrument in accordance with the IFPR.

As at the end of FY on 31 March 2022, MIMEL complied with the relevant capital regulatory obligations, as outlined in the IFPR.

Table 3: OF1 - Composition of Regulatory Own Funds

No.	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	<b>OWN FUNDS</b>	<b>34,877</b>	
2	<b>TIER 1 CAPITAL</b>	<b>34,877</b>	
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>34,877</b>	
4	Fully paid up capital instruments	50,000	1 - Called up share capital
5	Share premium	N/A	
6	Retained earnings	4,683	4 - Profit and loss account
7	Accumulated other comprehensive income	N/A	
8	Other reserves	217	2 - Equity contribution from ultimate parent entity 3 - Other Reserves
9	Adjustments to CET1 due to prudential filters	N/A	
10	Other funds	N/A	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(20,023)	
19	CET1: Other capital elements, deductions and adjustments	(20,023)	2 - Investments in subsidiaries
20	<b>ADDITIONAL TIER 1 CAPITAL</b>	<b>N/A</b>	
21	Fully paid up, directly issued capital instruments	N/A	
22	Share premium	N/A	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	N/A	
24	Additional Tier 1: Other capital elements, deductions and adjustments	N/A	

No.	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
25	<b>TIER 2 CAPITAL</b>		N/A
26	Fully paid up, directly issued capital instruments		N/A
27	Share premium		N/A
28	(-) TOTAL DEDUCTIONS FROM TIER 2		N/A
29	Tier 2: Other capital elements, deductions and adjustments		N/A

## 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 below reflects the balance sheet in the audited financial statements.

Table 4: OF2 - Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

	a	b	c
Amount in GBP (thousands)	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
<b>As at period end</b>	<b>31 March 2022</b>		
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>			
1	Tangible assets	9	
2	Investments in subsidiaries	20,023	19 - CET1: Other capital elements, deductions and adjustments
3	Debtors: amounts falling due after more than one year	571	
4	Debtors	64,048	
5	Cash at bank	7,000	
6	Deferred tax assets	80	
	<b>Total Assets</b>	<b>91,731</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
1	Creditors: amounts falling due within 1 year	(7,835)	
2	Provisions for liabilities	(88)	
3	Creditors: amounts falling due after 1 year	(28,796)	
4	Provisions for liabilities	(112)	
	<b>Total Liabilities</b>	<b>(36,831)</b>	

	a	b	c
<b>Shareholders' Equity</b>			
1	Called up share capital	50,000	4 - Fully Paid Up Capital Instruments
2	Equity contribution from ultimate parent entity in relation to share-based payments	47	8 - Other Reserves
3	Reserves	170	8 - Other Reserves
4	Profit and loss account	4,683	6 - Retained earnings
	<b>Total Shareholders' equity</b>	<b>54,900</b>	

## Main Features of Own Instruments

The table below provides information on the CET1 Instruments issued by MIMEL.

Table 5: OF3 -Main Features of Own Instruments Issued by MIMEL

Issuer	MIMEL
Public or private placement	Private
Instrument type	Ordinary share
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	50,000
Issue price (GBP whole number)	1
Redemption price	N/A
Accounting classification	Called up share capital
Original date of issuance	1 on 28 May 2015; 50,000,000 on 1 December 2016
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	
Fixed or floating dividend/coupon	
Coupon rate and any related index	
Existence of a dividend stopper	
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

## 4. Own Funds Requirements

### K-Factor Requirement and Fixed Overheads Requirement

MIMEL is required to disclose the K-Factor requirement (“KFR”) and the fixed overhead requirement (“FOR”) amounts in relation to its compliance with the own funds requirements (“OFR”) set out in MIFIDPRU 4.3. The amounts are presented in Table 6 below. For the definition of each K-factor, please refer to the Appendix.

Table 6: KFR displayed by sums of individual K-factors broken into three groupings and the FOR amount

Item	Total amount in GBP (thousands)	
	$\Sigma$ K-AUM, K-CMH and K-ASA	1,755
K-Factor	$\Sigma$ K-DTF and K-COH	0
	$\Sigma$ K-NPR, K-CMG, K-TCO and K-CON	0
FOR		6,570

### Approach to Assessing the Adequacy of Own Funds

MIMEL is further required to disclose its approach to assessing the adequacy of its own funds in accordance with the Overall Financial Adequacy Rule (“OFAR”) as outlined in MIFIDPRU 7.4.7R.

### ICARA Process

The Internal Capital Adequacy and Risk Assessment (“ICARA”) process serves as the means of assessing key risks to which MIMEL is exposed. Further, it assists MIMEL with identifying and managing material harms that MIMEL may cause through its regulated and unregulated activities. The process further seeks to determine the level of own funds and liquidity the Firm needs to hold. The ICARA process has been implemented and embedded within the Firm’s Risk Management Framework (“RMF”).

The ICARA process, which has replaced the former Internal Capital Adequacy Assessment Process, has been enhanced to improve the effectiveness of the new process, including better alignment of own funds and liquidity stress-testing and wind-down planning.

The following are the key ICARA elements that are assessed as part of the process:

- Business strategy and growth plans.
- Comprehensive key risk and harms assessment.
- Internal assessment of own funds adequacy.
- Internal assessment of liquidity adequacy.
- Capital and liquidity planning (i.e., financial, own funds and liquidity).
- Stress testing.
- Recovery actions.
- Wind-down Plan (“WDP”).

The adequacy of the ICARA process will be reviewed at least annually or more frequently, should there be any material changes to MIMEL’s risk profile, business strategy or if requested by the MIMEL Board.

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## Overall OFAR Compliance

At all times, MIMEL must hold adequate financial resources, both in amount and quality, to ensure that the Firm remains financially viable throughout the economic cycle with the ability to address and mitigate any potential harms that may be caused, arising from its ongoing business activities, and that the Firm is prepared for an orderly wind-down while minimising harm to customers or to other market participants, without threatening the integrity of the UK financial system.

As a minimum to meet the OFAR, an FCA standard of determining the adequacy of its financial resources through the internal assessment of its capital and liquidity adequacy, MIMEL must meet the OFR and basic liquid assets requirement ("BLAR").

As a non-SNI firm, MIMEL has to comply with the provisions of the OFR contained within MIFIDPRU 4.3.2R by holding the highest of:

1. Its Permanent Minimum Capital Requirement ("PMR"). (Per MIFIDPRU 4.4).
2. Its FOR (per MIFIDPRU 4.5); or
3. Its KFR. (per MIFIDPRU 4.6).

MIMEL complies with its PMR of £75,000 being a fixed requirement based on the permissions the Firm has to undertake its regulated activities. The FOR, which is an amount equal to one quarter of MIMEL's expenditure from the preceding year after the distribution of its profits and deduction of certain non-fixed expenditure items, is calculated from MIMEL's audited annual financial statements.

The IFPR KFR methodology for calculating own funds requirements provides for K-Factors to be applied as relevant, based on a firm's permissions. The single relevant K-Factor applicable to MIMEL is the K-AUM. This is referred to as the Firm's KFR.

MIMEL does not expect any other K-Factors to be relevant to its calculations given the Firm's current permissions and activities. However, should MIMEL explore alternative business activities, impacts would be assessed through MIMEL's new product and business approvals process.

Further, MIMEL performs an internal assessment of the own funds and liquid assets required to support its ongoing operations and to support an orderly wind-down of the Firm. The Firm also undertakes regular stress testing and scenario analysis as key inputs in these internal assessments of the adequacy of its financial resources.

These internal assessments, alongside the OFR and BLAR, help inform the adequate level of financial resources required to be maintained by MIMEL in compliance with the OFAR.

## Own Funds Adequacy and Monitoring

MIMEL's approach to ensuring that it has appropriate own funds is its alignment with the Firm's strategy and risk appetite. All identified key risks are individually assessed.

The Capital Escalations and Triggers Framework ("ETF") details the levels relating to own funds at which specific notifications, escalations and mitigating actions may be taken.

The Firm performs own funds and exposure monitoring on a T+1 basis. This includes the calculation of MIMEL's proximity to its own funds detailed in the ETF. Any breach of the set thresholds is escalated in line with the procedures outlined in the ETF.

## Liquid Assets Adequacy and Monitoring

MIMEL has an established liquidity RMF based on the Firm's approved liquidity risk appetite in order to ensure that:

- The regulatory BLAR is met; and
- The liquid assets threshold requirement is determined.

The Firm further assesses its compliance with liquid assets threshold requirement, which is based on the sum of BLAR and an additional liquid asset requirement determined during the ICARA process, to ensure liquidity adequacy in stressed conditions and during an orderly wind-down as part of its OFAR compliance from a liquidity perspective.

Liquidity risks at MIMEL are identified through ongoing liquidity management and monitoring, which contribute to the development of MIMEL's Liquidity RMF and formulating stress testing, scenario design and key assumptions.

MIMEL's monitoring and reporting on its liquidity position is undertaken through established regular reporting against the key liquidity metrics, where any triggers or breaches would be escalated in line with the escalation framework.

## Wind-Down

MIMEL has a WDP, which provides an overarching governance framework for the process of ceasing its operations while ensuring minimal adverse impact to clients, markets or the entity's counterparties. The WDP provides a detailed guide and practical steps to assist the MIMEL Board and senior management in making timely and effective decisions to wind down MIMEL in the event of a severe financial stress. The WDP includes key actions and a timeline from when a Point of Non-Viability ("PoNV") metric is triggered, which determines a wind-down event, through to the preparation, execution and endpoint of the process.

The thresholds and escalations set out in the ETF used in the monthly assessment of own funds are aligned and consistent with the wind-down triggers (i.e., the PoNVs) included in the WDP.

The WDP is reviewed and updated annually.

## Overview of Risk Management and Control Environment

The management of risk within the Firm is formalised and set out in MIMEL's enterprise wide RMF, the Risk Appetite Framework and in associated policies. The RMF comprises the following components:

- Risk governance including policies and procedure.
- Risk culture and strategy.
- Board-defined overall risk appetite, risk statements and risk tolerances.
- Risk taxonomy.
- Risk and control self-assessment.
- Capital and liquidity adequacy.
- Stress testing.
- Monitoring, reporting and management information.
- ICARA process review document.

MIMEL assigns clear roles and responsibilities for managing its identified risks by using the three lines of defence model. The primary responsibility for risk management is assigned to the business operations.

Monitoring of risks, reporting to senior management and the Board and the overall oversight of risk management to ensure effective operation of the RMF are subject to formalised processes and procedures.

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## 5. Remuneration Policy and Practices

MIMEL operates a financial year running from 1 April to 31 March.

### Transitional Provisions

In accordance with the transitional provisions for public disclosure requirements contained in rule 12.8 of MIFIDPRU TP12, for the financial year that ended on 31 March 2022, MIMEL continues to comply with remuneration disclosures requirements as they applied to MIMEL in the previous financial years under BIPRU.

### Remuneration Disclosure

MIMEL's remuneration disclosures are prepared using the most up-to-date full-year remuneration data available at the time (i.e., 1 April - 31 March). For remuneration disclosures on information concerning MIMEL's remuneration arrangements, please refer to the following link:

<https://www.macquarie.com/au/about/investors/regulatory-disclosures>.

## 6. Appendix

### K- factors Definition

The Prudential sourcebook for MIFID investment firms (i.e., MIFIDPRU) of the FCA Handbook sets out the KFR methodology for calculating own funds requirements effective from 1 January 2022. The IFPR introduced nine K-factors. The application of each K-factor at individual investment firms is determined by a firm's regulatory permissions.

Table 7: Summary of individual K-factors used in the KFR methodology

K-factor	Description
K-AUM	Assets under management
K-COH	Client orders handled
K-ASA	Assets safeguarded and administered
K-CMH	Client money held
K-NPR	Net position risk
K-CMG	Clearing margin given
K-TCD	Trading counterparty default
K-DTF	Daily trading flow
K-CON	Concentration risk



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## 7. Disclaimer

The material in this document has been prepared by Macquarie Investment Management Europe Limited, Company number 09612439 (“MIMEL”) purely for the purpose of explaining the basis on which MIMEL has prepared and disclosed certain information about its governance arrangements, own funds, own funds requirement and remuneration arrangements in accordance with the relevant regulatory requirements and for no other purpose. Information in this document, including any forward-looking statements, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments (the “Investment Activity”) and does not take into account investors’ or potential investors’ particular investment objectives, financial situation or needs. Before acting on any information investors and potential investors should consider the appropriateness of information having regard to the Investment Activity, any relevant offer document and in particular, investors and potential investors should seek independent financial advice. No representation or warranty is made as to the accuracy, completeness or reliability of the information. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

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