Seneca Partners Ltd

Disclosure

FYE 24/25

Introduction

Seneca Partners Limited ("Seneca") is authorised and regulated by the Financial Conduct Authority ("FCA") and is subject to the prudential requirements set out in the FCA's MIFIDPRU sourcebook.

As determined through its Internal Capital and Risk Assessment (ICARA) process, Seneca qualifies as a Small and Non-Interconnected (SNI) firm under MIFIDPRU. As an SNI firm, Seneca is only subject to the remuneration disclosure requirements under MIFIDPRU 8.6.

This disclosure is made in accordance with MIFIDPRU 8.6.2 to 8.6.7 and will be reviewed and updated at least annually. Seneca has considered the nature, scale, and complexity of its business in determining the appropriate level of disclosure.

Qualitative disclosures

In setting remuneration packages, for all staff, by its remuneration committee, Seneca has twin objectives of equal weight. The first objective is to ensure that achieving good consumer outcomes is central to Seneca's business model. The second objective is to ensure that packages are sufficient to attract, retain and incentivise the best possible directors, employees, and contractors to Seneca to ensure Seneca has trained committed competent staff to meet Seneca aims and objectives.

Seneca has a remuneration committee which consists of the members of the board. The remuneration committee is responsible for reviewing the remuneration packages of all Directors and members of staff. As appropriate individual Directors will excuse themselves from committee meetings in the event of a conflict. The remuneration committee has an appropriate quorum in its terms of reference to allow for the absence of individual members.

Seneca does not use external advisers to advise on remuneration.

Qualitative disclosures are made in accordance with MIFIDPRU 8.6.2 to MIFIDPRU 8.6.7. Seneca has considered it's disclosures with reference to the nature, scale, and size of the business.

With respect to Seneca's broader remuneration policy, as a full-scope AIFM with MiFID permissions, Seneca is subject to the rules of SYSC 19B and SYSC 19G. There is general overlap between these two rules, however as appropriate Seneca will apply the most stringent.

Seneca has chosen to disapply the "pay-out process rules." In making such decision Seneca has considered the FCA's "General guidance on the AIFM Remuneration Code" in particularly the AUM thresholds and the further proportionality considerations at table 3. Seneca's view is that its activities are sufficiently modest, and its corporate structure is relatively straightforward to the extent that it would be disproportionate to apply such rules.

The board considers that all senior staff who are either Senior Managers or Certified Members of staff are AIFM Remuneration Code Staff. Such staff are those whose professional activities have a material impact on the risk profile of the Seneca in its role as an AIFM or in respect of the AIF's it manages. In the past financial year there have been five such members of staff.

The remuneration packages for the vast majority of staff includes a basic salary paid in cash (i.e., by bank transfer rather than physical currency) and a payment to each employee's pension (subject to an employee's statutory right to opt out). For such staff there are no contractual variable elements of remuneration which are contingent on the performance of the Company or any individual investment.

However discretionary bonuses may be paid. Such discretionary bonuses will be made to reward individual performance and generally will be paid in cash (again via bank transfer) unless there is some reason not to. Performance is assessed annually through a structured appraisal process, which includes both qualitative and quantitative measures aligned with firm objectives and conduct expectations

If a bonus is as a consequence of the performance of any investment either in whole or in part, such bonus will be based on actual return to investors and will be paid out of Seneca's own income. No detriment will be caused to any investors following such bonus. Seneca will never pay bonuses based on forecasts, potential valuations, or unrealised investment performance. Bonuses are subject to ex-post risk adjustment, as they are based only on realised performance and reviewed by the Remuneration Committee for conduct and risk alignment

The only business unit which has a different remuneration package are those employed in a sales role. Such staff will have a remuneration package which includes a basic salary paid in cash (i.e. via bank transfer), a vehicle allowance, and a payment to each employee's pension (subject to an employee's statutory right to opt out).

Any staff employed in a sales role have a structured contractual entitlement to a variable element of remuneration which is based on performance. However, such variable element is modest compared to their basic salary and is subject to scrutiny to ensure fairness to investors and prospective investors. Further like all bonuses offered by Seneca, it is discretionary and can be removed or adjusted in the event that there are any conduct concerns.

For the avoidance of doubt, the basic salary of Seneca staff is sufficient to ensure that any variable element of remuneration can be truly flexible. In setting basic salary Seneca considers the general market and the wider economic climate to seek to ensure that no staff should be reliant upon the variable element of their salary to meet their basic financial obligations.

Seneca's view is that this approach towards remuneration promotes effective risk management. Seneca does not believe that this approach encourages any risk-taking which would be inconsistent with the risk profile of the AIFs it manages.

Quantitative disclosures

In the past financial year, Seneca had 6 members of staff subject to the AIFM Remuneration code and 7 other staff.

The total remuneration for all staff was £1,522,107 of which -

Fixed remuneration £342,338; and

Variable remuneration £1,179,769

Contextual Note:

The level of variable remuneration in the reporting period was influenced by a significant one-off performance fee received in connection with a specific investment mandate. Such significant one-off performance fee is noted and recorded within Seneca's statutory accounts.

These payments were based entirely on realised performance, paid from the firm's own income, and subject to review and approval by the Remuneration Committee.

Seneca considers that further numerical breakdowns would not provide meaningful insight given its small size and straightforward structure. The firm places emphasis on the qualitative elements of its remuneration framework, which it considers a more accurate reflection of its risk culture and governance.

Conclusion

Seneca believes that its remuneration policy is appropriate, proportionate, and aligned with its business model and regulatory obligations. It supports the firm's culture, safeguards client interests, and is subject to regular review to ensure its continued effectiveness.

This disclosure has been prepared having regard to the FCA's MIFIDPRU 8.6 and accompanying guidance, including FG20/1 and the General Guidance on the AIFM Remuneration Code.