PGIM Wadhwani LLP

MIFIDPRU 8 DISCLOSURE

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Version PGIMW 1.5

Contents

1 MIFIDPRU Disclosure

The Investment Firm Prudential Regime ("**IFPR**") is the Financial Conduct Authority's ("**FCA**") prudential regime for MiFID investment firms. As an FCA regulated Firm, PGIM Wadhwani LLP ("**PGIMW**" or the "**Firm**") is subject to IFPR and the corresponding prudential standards set out under the FCA's Prudential Sourcebook for MiFID Investment Firms ("**MIFIDPRU**"). PGIMW is classified as a "Non-SNI MIFIDPRU investment firm" and this disclosure is made in accordance with the requirements under MIFIDPRU 8.

The MIFIDPRU 8 disclosure aims to install market discipline on investment firms that come under IFPR by requiring disclosure of information to key stakeholders and counterparties. The disclosure seeks to describe the Firms' own funds (financial strength), behaviour (investment policy) and culture (risk management, governance, and remuneration).

This disclosure is required to be made by PGIMW at least annually, and all information contained is as of December 31st, 2022 (unless stated otherwise), which represents the date of PGIMW's most recent financial accounting year-end. This disclosure will be published more frequently than annually should any significant change to the relevant characteristics of the business require more frequent disclosure.

This disclosure is published on PGIM's website (https://www.pgim.com/terms-use/uk-regulatory-disclosures), in the section titled 'UK Regulatory Disclosures'.

The information set out in this disclosure is not subject to audit and should not be relied upon in making financial decisions.

The minimum capital requirements for PGIMW as at 31 December 2022 have been prepared in accordance with the MIFIDPRU rules within the FCA's Handbook. PGIMW has sufficient capital and liquidity resources in relation to its regulatory capital and liquidity requirements.

2 PGIM

PGIM ("PGIM") is the global asset management business of Prudential Financial, Inc.*, ("PFI"), a publicly-listed company (NYSE Ticker: PRU) headquartered in the State of New Jersey, U.S.A. PGIM is headquartered in Newark, New Jersey, U.S.A. and operates in the United States through PGIM, Inc. ("PGIM, Inc."), a registered investment adviser with the United States' Securities and Exchange Commission ("SEC"). PGIM provides investment management and advisory services to institutional investors across public and private markets through its various global affiliates and businesses.

PGIMW is a UK based company and forms part of PGIM's UK and EU operations. PGIMW is a 100% wholly owned direct subsidiary PGIM Financial Limited ("PFL"), a UK based holding company (and a wholly owned subsidiary of PGIM, Inc), which owns a range of regulated and unregulated subsidiaries located in the UK and the EU (together the "PGIM UK/EU Group).

PGIMW is authorised and regulated by the FCA. PGIMW provides investment management services and is affiliated with PGIM Quantitative Solutions LLC, the quantitative equity and global multi-asset solutions manager of PGIM. PGIMW and PGIM Quantitative Solutions may delegate certain non-advisory services to each other. The investment platforms operate independently of each other.

The PGIM UK/EU Group comprises the holding company, PFL, its four 100% wholly owned FCA authorised and regulated entities PGIM Limited, ("PGIML") , PGIM Real Estate (UK) Limited ("PGIMREL"), PGIM Private Capital Limited ("PPC") and, PGIMW (together the "PGIM UK Group") and a number of other 100% wholly owned EU regulated and unregulated subsidiaries.

** Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.*

3 Risk Management – Objectives and Policies

3.1 MIFIDPRU 8.2.1 Disclosure Requirements

In accordance with MIFIDPRU 8.2.1, PGIMW is required to disclose its risk management objectives and policies for the categories of risk addressed by:

(1) MIFIDPRU 4 (Own funds requirements);

(2) MIFIDPRU 5 (Concentration risk); and

(3) MIFIDPRU 6 (Liquidity)

3.2 Statement of the PGIMW– The Approach to Risk Management

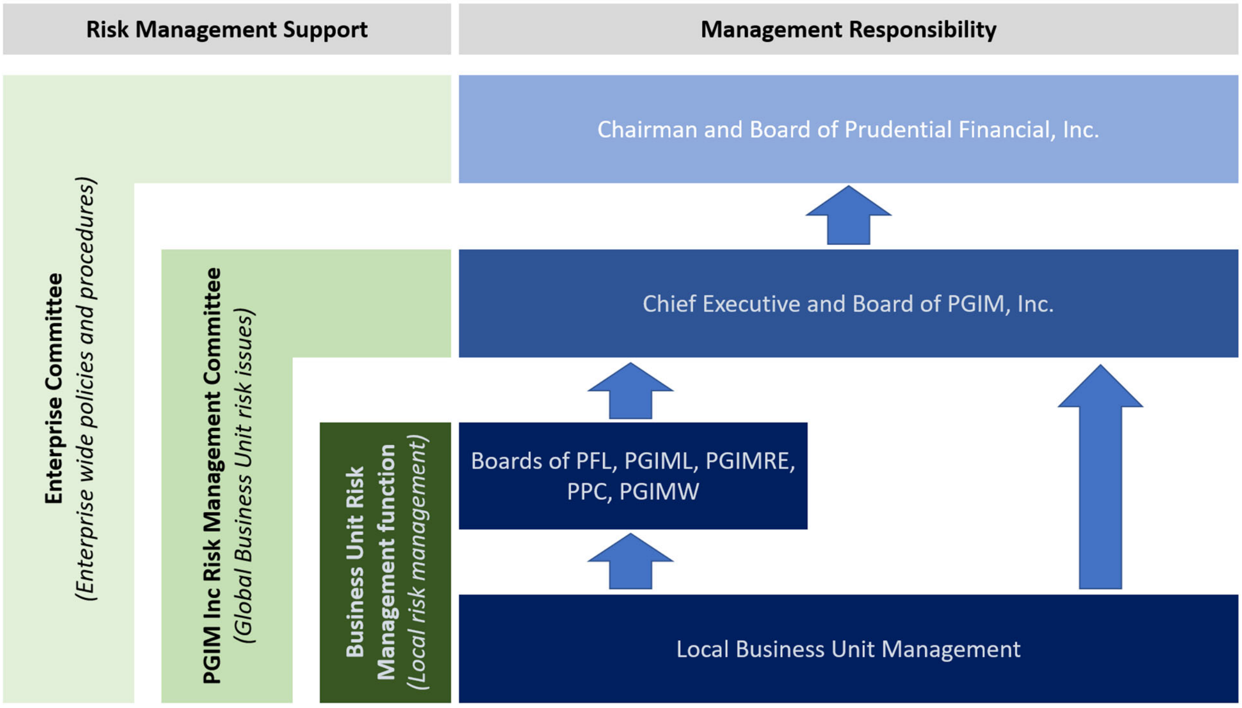
In accordance with MIFIDPRU 8.2.2 (1), the following statement has been approved by the PGIMW Management Committee (the **"Management Committee"**)

The members of the Management Committee (the "**Committee Members**") regularly assess the Firm's risk strategy from both a commercial and risk of harm perspective to ensure the long term consequences of any strategic decision are understood and taken into account. PGIMW's Operational and Regulatory Risk Committee (the "Risk Committee") oversees the effective risk management of the Firm and reviews and monitors risk strategy, risk appetite, the risk management framework and risk policies which is ultimately recommended by the Risk Committee for approval by the Management Committee of PGIMW. This process is further enhanced by the ICARA Committee (the **"IC"**), a committee of the PFL board, who ensure that adequate capital and liquid assets are maintained at all times to mitigate ongoing business risk or perform an orderly wind down of the firm.

PGIM UK/EU Group has governance and internal control arrangements in place to manage risks across the business. The risk management framework is central to the Firm's internal capital and risk assessment ("**ICARA**") process. The ICARA, which has been adopted by PGIMW, sets out the ongoing risk and harm assessments of PFL and the PGIM UK/EU Group and how it intends to mitigate those risks and harms, such as 'Fraud' and 'Regulatory Compliance', and how much capital and liquid assets are necessary, having considered those risks and the mitigating factors (see section 3.8 for more detail on the ICARA process).

3.3 Risk Management Structure and Operations

The Firm follows PGIM's risk management structure and approaches the oversight of risk management based on a three-tier hierarchy. At the highest level, the PGIM UK/EU Group is subject to the principles and policies of PFI. These are approved by the Board and sub-committees of PFI and govern the detailed operational controls for support functions (such as operations, finance and human resources) as well as the general framework within which specific Business Unit risks are managed.



It is PFI's policy that the Business Unit managers of the relevant entities are ultimately responsible for control and risk management in their respective Business Units and must take ownership of the control framework they have in place. In this context, the Business Unit CEO's and/or management committees within PGIM, Inc are each responsible for the risk management of their global operations.

The second level is PGIM, Inc. PGIM functional heads have PGIM-wide and Business Unit oversight of their respective platforms. In the context of Risk Management policies and procedures, the PGIM Business Units are subject to the PRU policies and procedures as well as any additional oversight put in place by the PGIM Risk Management functional head, the PGIM Chief Risk Officer (CRO).

The third level is the PGIM Business Unit. Business Risk Officers (BROs) have oversight of operational risk for their respective Business Unit and risk team. In the context of Risk Management policies and procedures, the BROs can implement additional oversight that is aligned with the first and second level of oversight, as well as work with the PGIM CRO to consider deviations from that oversight to fit their business needs.

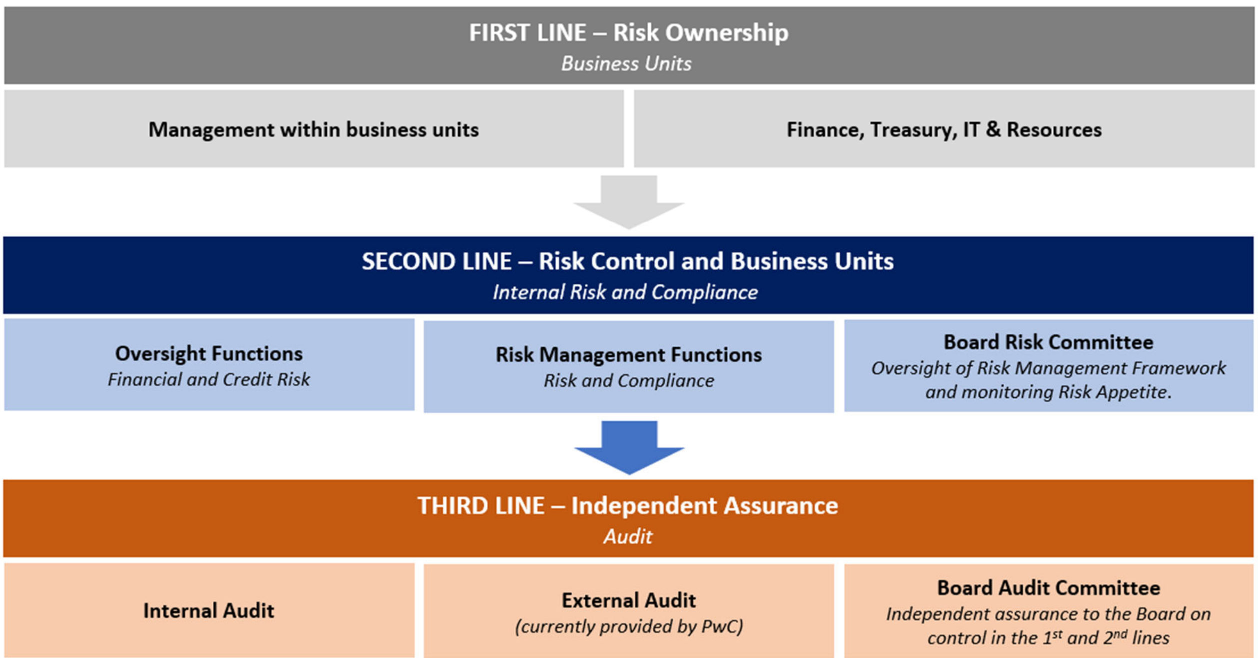
3.4 Risk Management Framework

The risk management framework focuses on:

1. The governance structure which is maintained and ultimately owned by the Board;
2. The policies and control documents that are reviewed by the Board providing the control framework that is relied upon to escalate and mitigate risks; and
3. The risk processes that flow from the control documents that are themselves the checks and balances to monitor a compliant and risk aware business.

PGIM Risk Management facilitates a holistic view of risks across the organisation, ensuring significant risks and issues for the Group are bought to the attention of senior management and that appropriate governance forums operate effectively.

The risk management framework for PGIMW is based on a "Three Lines of Defence" model and is summarised below:



The first line of defence is management within the Business Units, which through the implementation of the risk framework is responsible for the identification, assessment and management of risk.

The second line of defence is comprised of independent risk and compliance functions embedded within each Business Unit. These functions are accountable for challenging and guiding the units in managing risk exposures. These functions are represented by the various risk teams which then feed to the appropriate Business Unit committees. PGIM Risk Management (also referred to as Centre Risk Management within PGIM) also provides additional independent risk advisory and oversight within the second line. A Chief Risk Officer (CRO) oversees the PGIM Operational Risk platform across Business Units and PGIM-wide.

The third line of defence provides independent assurance to the PGIM Wadhwani LLP Management Committee via the external audit and internal audit functions regarding the adequacy and effectiveness of systems and controls in the first and second lines in identifying and managing risk.

3.5 Risk Management Policies

The following policies and other documents exist that set out how operational (including regulatory) risks are managed. (This list excludes documents that are within the purview of the Investment Risk Committee, including trade error policy and risk management policy):

1) Compliance Manual;
2) Code of Conduct ("Making the Right Choices");
3) Business Continuity Plan;
4) Prudential's Information Security Control Standards;
5) ESG Policy;
6) Market Abuse policy;
7) Trade Allocation and Aggregation Policy;
8) Best Execution Policy;
9) Operations Manual and Wiki;
10) Valuation Policy;
11) Proxy Voting Policy;
12) Payment for Research Policy;
13) Remuneration Policy.

3.6 Strategy and Risk Appetite

PGIM's business strategy is adopted by PGIMW and the PGIM UK/EU Group. The ICARA process sets a risk appetite on the amount of risk the PGIM UK/EU Group is willing to tolerate in the achievement of its business and strategic objectives. PGIMW's risk appetite is based on PGIM UK/EU Group's approach to risk. There are certain risks that PGIMW is willing to run and be opportunistic to achieve strategic objectives and growth. In that respect, PGIMW has adopted the "Risk Appetite Framework" set out in the ICARA, which comprises tangible risk appetite statements – focusing on capital, liquidity and profitability – and sets associated limits that define the level of risk each of the PGIM UK/EU entities including PGIMW are willing to accept in pursuit of the achievement of business and strategic objectives. As such, PGIMW's risk appetite refers to PGIMW's attitude towards risk taking and whether PGIMW is willing and able to tolerate either more or less exposure to specific risks.

PGIMW's Management Committee ensures that the Firm's strategy and its ambitions are aligned with its capacity and appetite for risk. Risk appetite statements and key risk indicators are in place for areas of potential risk. All risk areas and risk appetite statements are linked to each of the associated strategies and regularly reviewed to ensure alignment. Assessments of potential harm to client, harm to markets and harm to the business are made for each risk that are considered when determining tolerance levels for each risk.

The risk appetite framework fosters a strong risk culture by creating an environment where risks can be openly discussed at all levels of the organisation. They provide guidance regarding the appetite for risk and instil a risk culture throughout the organisation by aligning risk appetite and capacity with business planning and execution, performance measurement and remuneration and reward decisions.

Overall, the firm's risk appetite commits to reducing the potential for harm by maintaining a balance sheet that remains strong in terms of capital and liquidity throughout market cycles and meets or exceeds the expectations of our major stakeholders, including our clients, shareholders, employees, and regulators.

3.7 Effectiveness of Risk Management Processes

PGIMW's assessment of the effectiveness of its risk management processes is based principally on: (i) the governance arrangements in place to identify and set the Firm's risk appetite and overall risk appetite framework as described in section 3.6; and (ii) the control environment in place for the continued oversight and monitoring of the risks faced by the business.

Integral to the effectiveness assessment is the actual ICARA process itself (summarised in section 3.8 below) which actively identifies and assesses the risks and potential harms associated with its key business strategy, ongoing operations, business changes or external threats, as well as identifies and assesses the quality of controls in place to mitigate the associated risks and reduce the potential material harms. Key Risk Indicator reports which are reported to the Board at least quarterly to demonstrate whether the business is operating within its risk appetite are all component parts of the overall assessment of risk.

The 'Investment Risk Committee' and 'Operational and Regulatory Risk Committee' provide another layer of control on the oversight governance structure (see section 4.1) . The governance and control frameworks are designed to ensure appropriate systems and controls are in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operations of the business or from winding down the business and to hold adequate financial resources for the business it undertakes.

3.8 ICARA Summary

<u>ICARA Governance</u>

- *The Boards* - Ultimate responsibility for the supervision and preparation of the ICARA rests with the Board of Directors of PFL as the PGIM UK Group has chosen a consolidated basis for its ICARA. Specific aspects of the ICARA are delegated by the PFL Board to the ICARA Committee, a committee of the Board. Separate Board meetings by each regulated company and PFL are held to discuss and challenge the ICARA.

- *The ICARA Committee ("IC")* - At each quarterly Board meeting, an overview of the adequacy of own funds and liquid assets to meet threshold requirements is provided. The ICARA is prepared within the Risk and Finance departments. The Risk department coordinates the process and ensures that all aspects of the ICARA are covered and expertise is brought in to assist with the ICARA or regulatory matters.

  The ICARA is an ongoing and embedded process. Efficient escalation from Business Units and top down horizon scanning for material risks and themes enable the identification of potential key risk scenarios that warrant a review and update to the ICARA. It is the responsibility of the IC to recommend whether a revised assessment should be prepared. The IC meets regularly to discuss the ICARA process, any amendments and anticipated changes or requirements.

ICARA Process

The Firm's ICARA Process includes the following:

- a detailed review of the Firm's history and current and projected financial position, including the construction of a financial forecast model for the next 5 years in respect of the Firm's business;

- a review of the risks that face the business and the identification of measures which are being or could be put in place to mitigate these risks. Particular attention has been paid to assessing whether increasing the levels of capital or liquid assets held by the Firm would provide substantive additional protection against these risks;

- a review of the medium-term plans and strategy of the business and the impact this may have (if any) on the risk profile and financial projections of the business;

- analysis of a number of possible scenarios that the business could face and their financial impact modelled to consider how the Firm's business (including its own funds and liquid assets) would be affected; and

- documentation of the above (via the ICARA Document) and its review by the IC and the Management Committee of PGIMW.

The ICARA process operates over the PGIM UK/EU Group of companies and a single ICARA document represents all UK regulated entities and the PGIM UK/EU Group. Risk assessments and analysis are performed at group level and appropriately apportioned to represent each regulated entity, or where risk is specific to legal entities, this is assessed at the legal entity level and aggregated up for the PGIM UK/EU Group view.

Own funds and liquid asset thresholds are determined and monitored at regulated entity levels. Separate wind down plans exist for PGIMW, each regulated entity and the PGIM UK Group.

3.9 Material Risks

The UK/EU PGIM Group is principally exposed to credit, operational, business, and market risk. The risks associated with the UK/EU PGIM Group's regulated activities are more closely aligned with the various products and services offered, strategies, and operations of the Business Units than with specific legal entities. In order to adequately analyse its overall risk profile, risk of harm assessments are made for all principle risks. Harm to client, harm to market and harm to the business are assessed for each risk. Control effectiveness is assessed and residual assessments are derived representing the residual risk of harm to client, market and the business.

Summary of key risks assessed through PGIM's ICARA process	
Credit Risk (MIFIDPRU 4)	Credit risk refers to the potential financial losses the firm may face due the potential default of banks holding our cash deposits and / or clients defaulting on their payments.
Operational Risk (MIFIDPRU 4)	Operational risk arises from the failure of people, processes, technology or external causes. The Risk Framework and risk processes embedded within the business enables the identification, assessment, monitoring and reporting of potential or actual risk exposures. Operational risks are identified through processes and controls established within the business. The approach can be described as "Top-down" with the identification of Key Risk Scenarios and validated "Bottom-up" with the Business Units and their supplementing risk registers.
Business / Strategic Risk (MIFIDPRU 4)	The risk of adverse change in the performance of the business against strategy resulting from external factors e.g. changes to the competitive landscape or a failure to implement strategy. Business / Strategic risks are subject to stress testing whereby factors and variables are applied that will stress the financial revenue, costs and profitability of the business. Generally, these business stresses will be a negative impact / reduction of Assets Under Management ("AUM") that will have direct impact to revenue, e.g. Loss of key client / client concentration risk, or a market downturn. The UK/EU PGIM Group is resilient, diversified and insulated from many short-term market risks. It has a highly regulated SEC listed parent on which it can call for additional cash or capital as well as strong, well-positioned immediate U.S.A. parent, PGIM, Inc. Its Business Units are highly integrated with their parent businesses and can benefit from the increased support and oversight that scale brings. However, business strategy or strains to business fundamentals can drive business risks. The business is predicated on providing investment services with differentiated returns to a large range of clients. Revenues are driven by the valuation of AUM and sustained positive investment outperformance. Business risks of note include: ▪ Group Risk: Revenue streams for some entities operate through a cost plus mechanism. A material reduction or removal of these revenue streams from the US parent would have a significant impact on the UK PGIM Group;

<table>
<tr><td></td><td>Contagion Risk: This would be a significant unforeseen event originating from subsidiaries or group entities that results in a contagion effect to the reputation and operations of the UK PGIM Group;
Contagion Risk / Group Risk is considered a potential winddown scenario. Stress test results inform the internal monitoring thresholds for levels of own funds and liquid assets. </td></tr>
<tr><td>Market Risk
(MIFIDPRU 4)</td><td> Market risk represents the risk that a significant market downturn will impact PGIMW’s revenue or the value of its balance sheet holdings. PGIMW has a low appetite to take market risk on its balance sheet.
PGIMW does not undertake trading on its own account and, as a result, for PGIMW, market risk is mainly the risk associated with the loss resulting from fluctuations in the market value of net FX positions attributable to changes in FX rates. </td></tr>
<tr><td>Proprietary Concentration Risk
(MIFIDPRU 5)</td><td> Concentration risk is the risk arising from the strength or extent of a firm’s relationships with, or direct exposure to, a single client or group of connected clients.
Stress tests are performed on the loss of ‘Assets Under Management’ (“AUM”) that demonstrate the resilience of PGIMW to large AUM losses. The withdrawal of support by the parent company is modelled as the trigger scenario for the firm’s orderly wind down scenario. Adequate capital and liquid assets are held at all times to wind down the firm. Surpluses of capital and liquid assets are determined by the board that are monitored. Should the level of own funds or liquid assets go below the internal monitoring thresholds, recovery plans are in place to restore a viable position. Should these plans be ineffective, the Board would consider triggering an orderly wind down of the firm. </td></tr>
<tr><td>Proprietary Liquidity Risk
(MIFIDPRU 6)</td><td> Liquidity risk for PGIMW relates to the potential of not having sufficient liquid assets to meet its financial obligations and day to day operating expenses or to wind down the firm in an orderly manner.
As part of the ICARA process, the Management Committee of PGIMW determines the liquidity risk appetite for the business. The type of assets that can be held by the business are set out and used to calculate available liquid assets. The levels of suitable liquid assets are monitored against regulatory requirements, the ‘Basic Liquid Asset Requirement’ (“BLAR”) and the ‘Liquid Asset Threshold Requirement’ (“LATR”). In addition to regulatory requirements, the board sets additional internal levels of liquid assets that should be held in excess of the regulatory requirement. The additional monitoring thresholds are informed by stress tests that are performed as part of the annual ICARA process.
As set out in the Liquidity Policy, liquid resources are monitored against the LATR on an on-going basis as follows:
Weekly bank reconciliations
Monthly monitoring of liquid assets against the liquid asset threshold requirement</td></tr>
</table>

	• Quarterly monitoring and reporting of liquid assets against the liquid asset threshold requirement to the Regulator • Quarterly Key Risk Indicator monitoring with reporting to the Management Committee • Annual review of the Liquid Asset Threshold Requirement as part of the ICARA process

4 Governance Arrangements

4.1 Corporate Governance

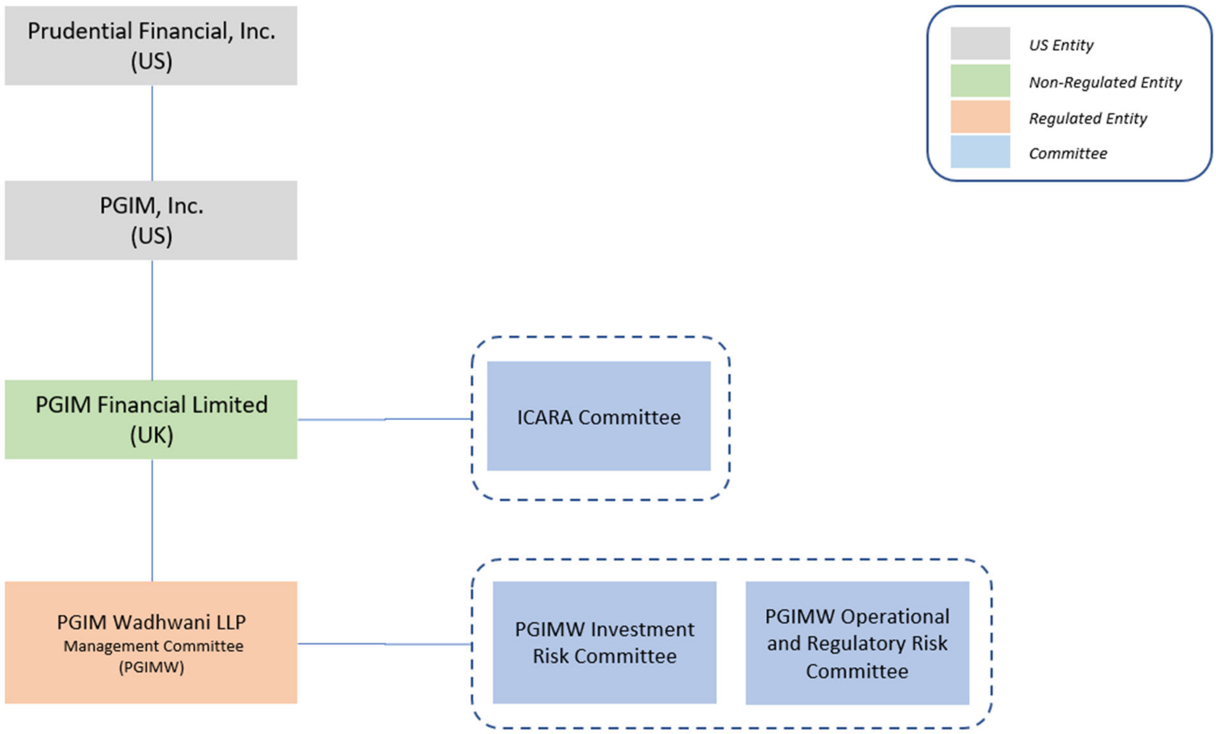
MIFIDPRU 8.3.1 (1): an overview of how the firm complies with the requirement in SYSC 4.3A.1R to ensure the management body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm, including the segregation of duties 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.

PGIMW is managed by its Management Committee who are responsible for the Firm's long-term success. The management committee defines, oversees and is accountable for the implementation of governance arrangements to ensure the effective and prudent management of the Firm. PGIMW's Management Committee's terms of reference provides that the Committee:

i. has overall and collective responsibility for the Firm;
ii. sets, approves and oversees implementation of the Firm's strategic objectives, risk strategy and internal governance;
iii. ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system;
iv. oversees the process of disclosure and communications;
v. has responsibility for providing effective oversight of senior management;
vi. monitors and periodically assesses:
    a. the adequacy and the implementation of the firm's strategic objectives in the provision of investment services and/or activities and ancillary services;
    b. the effectiveness of the firm's governance arrangements;
    c. the adequacy of the policies relating to the provision of services to clients;
vii. takes appropriate steps to address any deficiencies; and
viii. has adequate access to information and documents which are needed to oversee and monitor management decision-making.

The members of the Management Committee are required to have appropriate knowledge, experience and leadership qualities to operate the business effectively and sufficient resources to oversee the activities conducted by the Firm. The members are required to act in accordance with the best interests of the Firm and the business connected with it. Quarterly management committee meetings are in place for PGIMW to oversee significant matters and provide a regular forum for discussion and challenge on the decision-making process.

The below sets out a simplified version of the holding companies of PGIMW, the Board and the relevant committees.



PGIMW is able to leverage and benefit from the resources of its affiliated companies including PFL and PGIM. PGIMW operates in accordance with the same core values as its ultimate parent company, PFI which are: being worthy of trust; being customer focused; having respect for each other and becoming the unrivalled industry leader by achieving superior results for customers, shareholders and communities and adhering to PFI's code of conduct entitled "Making the Right Choices". The Committee is responsible for the implementation and control of both the enterprise wide principles and policies, as laid out by PFI.

The Firm is assisted by a number of committees which are established at PFL or PGIM such as the ICARA Committee.

PGIMW Investment Risk Committee

The Investment Risk Committee has ultimate oversight of portfolio risk, in particular the monitoring of measures of risk in relation to regulatory, investor and internal limits, triggers and thresholds for each fund or account. These measures will reflect the diversification within the portfolio and measures of correlation between instruments. The terms of reference of the Investment Risk Committee give details of specific types of limits, which may be reviewed periodically. Each member of the Risk Committee has a veto on risk that breaches these limits, triggers and thresholds.   This Framework is communicated to investors via marketing materials, as well as in the Firm's Due Diligence Questionnaires. The funds' investment restrictions are set out in the Fund Offering Memorandums or, in the case of any managed accounts, in the Investment Management Agreements. The Firm has controls and processes in place to ensure that these restrictions are adhered to. Breaches of the investment restrictions may ultimately expose a fund to additional risk. Breaches to the investment restrictions (or the Firm's Risk Management Framework) are reported to the Investment Risk Committee and documented by the COO. The Risk Committee will investigate and take appropriate action to ensure that further controls are implemented, as needed.

PGIMW trades only in highly liquid and vanilla products and considers itself to have good investment risk management systems and controls –as a systematic manager with a focus on investment risk these controls are embedded within all stages of the portfolio investment process

For the assets it manages, PGIMW's investment management team operates within the risk parameters documented in the prospectus and the Investment Management Agreements. A comprehensive array of automated risk control features has been developed, which are constantly under review, subject to testing, and built into the systematic models. Daily measurement and monitoring is facilitated by regular automated reports and extensive scenario analysis with stress testing regularly undertaken.

PGIMW Operational and Regulatory Risk Committee

The Operational and Regulatory Risk Committee's purpose is to provide the independent knowledge and experience required to monitor operational and regulatory risk. Further, the Risk Committee provides an interdisciplinary forum for the identification, review, and resolution of risk and exposure issues, and ensures the adoption of standards and procedures intended to deal proactively with these issues. As part of the Firm's risk governance structure, the Risk Committee is designed to promote awareness, accountability and transparency of operational and regulatory risks within and across the business unit.

The key responsibilities of the Committee are to ensure that PGIMW:

1) Complies with relevant statutory and regulatory obligations with respect to operational and regulatory risk management;
2) Reviews and discusses current, new and emerging operational risks;
3) Reviews the adequacy and effectiveness of controls, based on assessments, risk events, audits and examinations;
4) Brings to the attention of the Management Committee risk/control issues and concerns
5) Escalates risk issues to the Management Committee in addition to any reporting needed to the FCA, SEC, CFTC or other applicable regulatory bodies.

4.2 Governing Body Membership

Membership of the Management Committee of PGIMW is detailed in the following table, and in accordance with MIFIDPRU 8.3.1(2), sets out the number of directorships (executive and non-executive) held by each Member outside of PGIMW other than those directorships (executive and non-executive) in organisations which do not pursue predominantly commercial objectives and/or those held within the same group or within an undertaking (including a non-financial sector entity) in which PGIMW holds a qualifying holding (as defined by the FCA):

Name	Title	Number of Directorships *(exec and non-exec)*
Linda Gibson	Chairman, PGIM Wadhwani LLP and CEO, PGIM Quantitative Solutions	0
Sushil Wadhwani	Chief Investment Officer (CIO)	0
Mark Fresson	European Finance Director	1

4.3 Board Diversity Policy

In accordance with the requirements under MIFIDPRU 8.3.1R (4), the following sets out a summary of the policy promoting diversity on the Management Committee.

PGIMW appreciates the importance of diversity at Management Committee level and recognises the benefits of balanced membership which makes good use of differences in social and ethnic backgrounds as well as race, gender and skills. PGIMW's Management Committee Diversity Policy aims to ensure that the Management Committee is engaged and committed to having a broad set of qualities and competencies with a variety of views and experiences which facilitates independent opinions/perspectives and sound decision-making within the Management Committee. The Management Committee is tasked with ensuring that it considers, amongst other things, diversity when making recommendations of new members to the Board.

4.4 Segregation of Duties and Prevention of Conflicts of Interest

The segregation of duties and prevention of conflicts of interest described below are all designed to ensure, amongst other things, that PGIMW meets its regulatory obligations and the wider objectives of conducting its business with integrity, due skill, care and diligence. These governance arrangements and other measures implemented by the Firm ensure the promotion of the integrity of the market and the interests of clients.

<u>Segregation of Duties</u>

As described at Section 3.4, the risk management framework is based on a "Three Lines of Defence" model. Business leadership (the First Line of Defence) is responsible for the day-to-day management, operation and execution of risks and controls within their respective area of management. Risk management and compliance teams perform separate but complementary roles within the Second Line to identify, measure, track and escalate areas of risk.

The Compliance Department operates to independently provide guidance and assess, monitor and test the design and operational effectiveness of the PGIMW's first Line controls required to appropriately support risk-based oversight of business growth that meets the firms values and regulatory requirements.

The scope of the Compliance Program includes the following risks:

- Market conduct requirements in the design and sale of products and services;
- Privacy requirements in managing consumer and employee data;
- Financial crime requirements regarding money laundering, economic sanctions, and ant-bribery and corruption;
- Institutional and personal conflicts of interest;
- Investment guideline and management regulations;
- Material non-public information and information barriers; and
- Ethical conduct consistent with our values

The Compliance Department primarily reports along functional lines globally through to the Chief Ethics and Compliance Officer (CECO) who oversees the Compliance Program and the adequacy of resources devoted to it across Business Units and firm-wide. Notwithstanding, and consistent with regulatory guidance that a firm's governing body should be knowledgeable about the content and operation of the Compliance Program, regular Compliance reports are provided to the PGIMW Management Committee.

Prevention of Conflicts of Interest

PGIMW strives to identify potential risks, including conflicts of interest, that are inherent in its business and conducts annual conflict of interest reviews. PGIMW seeks to address conflicts through one or more of the following: elimination of the conflict; disclosure of the conflict; or management of the conflict through the adoption of appropriate policies, procedures or other mitigants.

PGIMW has adopted a Conflicts of Interest Policy which sets out the framework and organisational controls applied by PGIMW for the identification, recording, monitoring and effective management/prevention of conflicts of interests. The Conflicts of Interest Policy applies to the directors and senior management of PGIMW and to all other individuals who are employed by, or seconded to PGIMW (whether on a full or part-time basis) or who are otherwise authorised to act on behalf of PGIMW in the conduct of its business. In accordance with its obligations as an SEC registered investment adviser, PGIMW has also identified and made further disclosures regarding conflicts of interest as set out in PGIMW's "Form ADV Part 2A brochure" which can be found at www.adviserinfo.sec.gov.

PGIMW's Compliance Department provides periodic reports to the Operational and Regulatory Risk Committee which reports to the Management Committee setting out identified conflicts of interests and the proposed controls and management thereof. PGIMW maintains a conflicts register setting out the actual and potential conflicts and the Conflicts of Interest Policy (including the register) are reviewed and approved on an annual basis to ensure the Management Committee has appropriate governance and oversight of (a) the actual and potential conflicts; and (b) the effectiveness of the mitigating controls and processes to manage the said conflicts.

5 Own Funds

5.1 MIFIDPRU 8.4.1 R Disclosure Requirements

The Firm is required to disclose the following under MIFIDPRU 8.4.1 R:

a) a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the Firm

b) a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the Firm; and

c) a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm

The reconciliations and description are shown in the tables below.

The Firm's own funds are calculated in accordance with MIFIDPRU 3 and comprise of common equity tier 1 ("CET1") items and tier 2 items.

5.2 Common equity tier 1

The Firm's common equity tier 1 ("CET1) is comprised of share capital and retained earnings.

The Firm's called up share capital is comprised of 10,000,000 allotted, called up and fully paid ordinary shares of £1.00 each and are wholly owned by its immediate parent, PGIM Financial Limited ("PFL").

Profits included in retained earnings are included in CET1 once verified by an independent auditor. Losses are included as and when incurred.

5.3 Deductions from CET1

There were no CET1 deductions for the Firm

5.4 Tier 2

There is no Tier 2 capital

5.5 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	26,309	
2	TIER 1 CAPITAL	26,309	
3	COMMON EQUITY TIER 1 CAPITAL	26,309	
4	Fully paid up capital instruments	38,065	B/S – Member's Capital
5	Share premium	-	
6	Retained earnings	-11,756	B/S – Other Reserves
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	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPTIAL	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier1: 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	-	

The Firm is a subsidiary of PFL, the UK parent entity, and together with other regulated subsidiaries forms an investment firm group and is subject to prudential consolidation under MIFIDPRU 2.5.

5.6 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Item		Balance sheet *as in published/audited financial statements* (£'000)	Cross-reference to template OF1
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*			
1	Investments	223	
2	Trade and other receivables	31,644	
7	Cash and cash equivalent	10,976	
8	Total Assets	42,843	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*			
1	Trade and other payables	16,534	
Total Liabilities		16,534	
Shareholders' Equity			
1	Members' capital	38,065	4
2	Other reserves	(11,756)	6
Total Shareholders' equity		26,309	

5.7 Main features of own instruments issued by the Firm

Instrument type:	£000's
Member's capital under the Limited Liability Partnership Deed	38,065

5.8 Overall financial adequacy rule (OFAR) compliance

As a minimum to comply with the OFAR, PGIMW must meet its own funds requirement ("OFR") and its basic liquid assets requirement ("BLAR").

Under MIFIDPRU 4.3, PGIMW is required to maintain at all times own funds that are at least equal to its OFR, which is calculated as the highest of:

- The permanent minimum capital requirement ("PMR") (set out in MIFIDPRU 4.4);
- The fixed overheads requirement ("FOR") (set out in MIFIDPRU 4.5);
- The k-factor requirement ("KFR") (set out in MIFIDPRU 4.5).

Own Funds Requirement	Amount £'000
1. PMR	75
2. FOR	2,898
3. KFR (sum of (a), (b) and (c)	55
(a) Sum K-AUM, K-CMH and K-ASA	55
(b) Sum K-DTF and K-COH	-
(c) Sum K-NPR, KCMG and K-CON	-
Own funds requirement (Higher of 1, 2 and 3)	2,898

The PMR for PGIMW of £75k is a fixed requirement determined by their regulatory permission profile and the activities undertaken.

The Firm's FOR is calculated as one quarter of the previous year fixed expenses based on the most recent audited financial statements.

If there is a material change to projected relevant expenditure during the year this revised FOR is applied.

Under the IFPR regime investment firms are to use quantitative indicators (K-factors) to reflect the potential harm that it can cause to its clients, the markets in which it operates and to itself. All K-factors may not necessarily apply to any one firm as they are specific to the its business activity.

The KFRs relevant to the Firm are K-AUM and K-DTF. The remaining K-Factors are not applicable.
Under MIFIDPRU 6.2, PGIMW is required to hold an amount, as their BLAR, of core liquid assets equal to the sum of: 1) one third of FOR; and 2) 1.6% of the total amount of any guarantees provided to clients.

In addition, PGIMW are required to perform an internal assessment through the ICARA to establish if additional own funds and liquid assets are required to support their ongoing operations and/or an orderly wind-down, as prescribed by MIFIDPRU 7. This assessment determines PGIMW's own funds threshold requirement ("OFTR") and liquid assets threshold requirement ("LATR"). The assessment of own funds and liquid assets against OFTR and LATR, respectively, ensures the full compliance with the OFAR.

PGIMW maintains own funds and liquid assets which are adequate, both in amount and quality, to ensure it remains financially viable.

The Firm also state and monitor additional 'internal' thresholds over and above the OFTR and the LATR. These additional internal thresholds are determined using a number of stress tests performed on a range of key business and market risks. Any triggers or breaches would be immediately escalated in line with the internal escalation framework.

6 Remuneration Policy and Practices

PGIMW is subject the FCA's MIFIDPRU Remuneration Code set out in SYSC 19G as a non-SNI MIFIDPRU investments firm subject to the standard remuneration requirements.

6.1 Remuneration Policy

PGIMW has adopted a group-wide Remuneration Policy in conjunction with its immediate parent company, PFL. The Remuneration Policy applies to all staff providing services to PGIMW and has been designed to account for the following guiding principles:

Principle	Commentary
Service	The firm rewards staff for the value they provide and the impact they have on its clients and its businesses, whilst reflecting the accountability the firm has to its clients.
Expertise	The firm's success is dependent on the expertise and skillsets of its employees. The design of compensation programmes are flexible and segmented to respond to the unique talent profiles and expertise of PGIMW employees.
Integrity	The Remuneration Policy is designed to drive behaviours that focus on both realising the firm's business strategy and the way in which it is achieved.
Aligned with business strategy	The design and delivery of the Remuneration Policy aligns with the short- and long-term business strategy, objectives, values and interests of the firm, the accounts/funds it manages and the services it provides.
Performance oriented and client centric	The firm's compensation programmes provide distinct recognition and differentiated rewards to its highest performers who consistently achieve superior results. The compensation programmes are results-focused, differentiated, and driven by individual, team and firm wide performance. To support a pay-for-performance orientation, a portion of total compensation for most staff is variable and performance-based. The firm will generally reduce/contract its total variable remuneration where the financial performance of the firm or PGIM Group is subdued or negative.
Market competitive	The firm's compensation programmes are designed to be market competitive, enabling it to attract and retain talent needed to deliver on the firm's strategy.
Risk balanced	Risk mitigation is an essential part of the firm's culture, and compensation programmes. Processes and governance are designed to discourage imprudent risk-taking and appropriately consider risk factors in reward decisions. The input of the firm's Risk Management, Legal, Compliance and Finance functions were sought in developing the Remuneration Policy. Policies and procedures have been adopted to mitigate any potential conflicts that may arise between staff members and the firm, staff members and the funds or other accounts the firms manages and between one fund/account and another.
Aligned with regulatory expectation	The Remuneration Policy is designed to comply with applicable regulations governing remuneration and does not facilitate the avoidance of the requirements contained within those regulations.

6.2 Assessing performance

PGIMW's performance management and annual appraisal process provides a direct link between performance assessment and remuneration outcomes. In assessing performance of the individual, several factors based on both quantitative and qualitative criteria are considered which are specific to the individual's role, including:

- complying with standards of good conduct,
- acting with integrity and in the best interests of clients,
- annual agreed performance objectives set during an appraisal.

In addition, and where relevant, the following factors may also be included: growth of assets under management, Business Unit and fund investment performance, development of business opportunities, meeting of certain environmental, social and governance targets and competency-based factors that are identified in the individual's annual appraisal. Some of these factors will consider adjustments for current and potential risks as well as the cost and quantity of the capital and liquidity required. Serious compliance concerns are also considered when assessing performance.

6.3 Providing reward

PGIMW pays both fixed and variable remuneration to staff. The fixed remuneration paid principally consists of salary which reflect the individual's relevant professional experience and organisational responsibility, and benefits which are aligned to the local market.

PGIMW aligns employee interests to those of its clients and shareholders via its variable remuneration structures, principally the annual bonus which may be based on a share of performance and management fees generated by a fund/product. PGIMW ensures that the factors to be used in setting such bonuses are risk adjusted and take into consideration the business and fund strategy, objectives, values and long-term interests of the firm. .

In addition, eligible staff may be rewarded through long-term incentive plans which align compensation with the performance realised and interests of investors in the funds or accounts they manage, or via share awards to align compensation with that of the broader PRU group and its shareholders.

6.4 Performance and risk adjustment

PGIMW ensures that any measurement of performance used as a basis to calculate pools of variable remuneration considers all relevant types of current and future risks, as well as the cost of capital and liquidity that is required in accordance with the ICARA process. The allocation of variable remuneration components within the group considers all types of current and future risks.

In certain circumstances, PGIMW has the right to apply in-year adjustments, malus or clawback from a current (or ex-) employee. Malus or clawback will be applied in at least the following circumstances:

- If an employee failed to act in accordance with appropriate standards of fitness and propriety; or
- If an employee participated in or was responsible for conduct which resulted in significant losses to the PGIMW.

In addition, malus will be applied when, as a minimum:

- There is reasonable evidence of employee misbehaviour or material error;
- PGIMW suffers a material downturn in its financial performance; or
- PGIMW suffers a material failure of risk management.

Clawback will be applied in cases of fraud or other conduct with intent or severe negligence which led to significant losses.

6.5 Guaranteed reward, severance and retention payments

PGIMW can provide a guaranteed variable remuneration award in order to attract someone it considers to be important to the business and to be able to compete for talent. This will only be granted in the first full year of service and if PGIMW has sound regulatory capital.

Severance pay is at PGIMW's absolute discretion. Any payments related to early termination of contracts will reflect performance achieved over time and will be designed in a way which does not reward failure.

Retention awards may be considered in exceptional circumstances, and where it is consistent with the Firms remuneration policy to promote sound and effective risk management and do not encourage behaviour that may be detrimental to the interests of clients.

6.6 Remuneration Governance

The PGIMW Management Committee has responsibility for setting the remuneration policies. In doing so, the PGIMW management Committee considers the incentives the policies create for managing risk, capital and liquidity. The PGIMW Management Committee also takes into consideration the long-term interests of shareholders, investors and other stakeholders.

To ensure a strong alignment between risk with reward, PGIMW has further established a Conduct Panel with a mandate to review any conduct, ethics, risk or compliance breaches of staff providing services to PGIMW. Where the Conduct Panel consider an issue to be of sufficient importance, the PGIMW Management Committee would consider the impact such issue would have on an individual's reward. This Conduct Panel consist of members of the PGIMW Management Committee, together with senior members of the HR, Risk, Compliance and Legal departments.

During the 2022 calendar year, PGIMRE received external advice from the law firm Norton Rose in respect of regulated remuneration matters.

6.7 Material risk takers

Under the MIFIDPRU Remuneration Code, PGIMW must report annually on the remuneration policy and practice for employees identified as Material Risk Takers ("MRTs").

MRTs comprise of senior management, those with responsibility for control functions (such as risk and compliance) and risk takers whose professional activities could have a material impact on PGIMW's risk profile. MRTs are defined with reference to managerial responsibility to influence the firm's overall risk profile and follow the identification principles set out in the FCA's SYSC 19G handbook.

An annual review of PGIMW's risk profile is conducted to allow the firm to determine the MRT population and a record is kept by HR and the Board. PGIMW identified 16 individuals as MRTs for 2022.

6.8 Quantitative Disclosure

PGIMW are required to publish quantitative remuneration information for its MRTs and other staff providing services to the company for the performance year ending 31 December 2022.

All amounts are in millions pounds sterling.

PGIM Wadhwani LLP £M	Senior Management & Other MRTs	Other Staff	Total
Total amount of remuneration	7.29	17.67	24.95
Total Fixed	2.38	9.09	11.46
Total Variable	4.91	8.58	13.47

Notes:

Whilst MRTs and other staff may provide services to multiple regulated and non-regulated entities, PGIMW has not apportioned the remuneration paid to UK staff between these different entities.

In preparing the quantitative disclosure, PGIMW has relied upon the exemptions set out in MIFIDPRU 8.6.8R(7) to aggregate and senior management and other material risk taker information and in relation to guaranteed variable remuneration and severance payments to prevent individual identification of a material risk taker.

All severance payments are made in accordance with the MIFIPRU Remuneration Code and PGIMW's Remuneration Policy which includes complying with PGIMW's fixed to variable compensation ratios. Severance payments made to material risk takers in the 2022 performance year did not exceed 33% of an individual's prior-year total compensation.