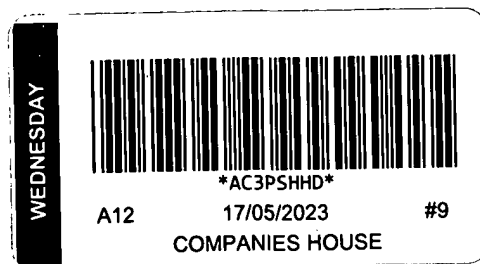


**MCAP Global Finance (UK) LLP**

**Report and Financial Statements**

31 December 2022

OC 347221



## **MCAP Global Finance (UK) LLP**

Registered No. OC 347221

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### **Members**

MCAP Global Finance Limited  
MCAP Global Finance 2 Limited

### **Auditors**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London E14 5EY

Ernst & Young U.S. LLP  
One Manhattan West  
401 9th Ave  
New York  
NY  
10001

### **Bankers**

HSBC Bank plc  
8 Canada Square  
Canary Wharf  
London  
E14 5HQ

### **Solicitors**

Simmons & Simmons  
CityPoint  
One Ropemaker Street  
London  
EC2Y 9SS

### **Registered Office**

16 Palace Street,  
London,  
UK  
SW1E 5JD

## **MCAP Global Finance (UK) LLP**

Registered No. OC 347221

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### **Contents**

Members' Report.....	3
Statement of Designated Members' Responsibilities .....	5
Independent Auditor's Report .....	6
Statement of Comprehensive Income .....	9
Statement of Financial Position .....	10
Statement of Members' Capital .....	11
Statement of Cash Flows .....	12
Notes to Financial Statements .....	13
Unaudited Appendix to Financial Statements.....	18

## MCAP Global Finance (UK) LLP

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### Members' Report

The members present their annual report and audited financial statements of MCAP Global Finance (UK) LLP (the 'LLP' or 'Partnership') for the year ended 31 December 2022.

#### Results, distributions and contributions

The results for the year are shown in the statement of comprehensive income on page 9. The members' interests as detailed on page 11 shows a satisfactory position, amounting to £6,660,000 (2021 – £6,660,000).

#### Principal activity and review of the business

The principal activity of MCAP Global Finance (UK) LLP is to provide sub advisory services to Marathon Asset Management LP. The profit prior to distributions for the year to 31 December 2022 was nil (2021 - £725,811).

#### Future Developments

Members do not see that the business activity will change.

#### Members' profit allocation

Any profits are shared among the members as decided by the Members and governed by the Limited Liability Partnership Agreement dated 1 July 2012 (the 'Partnership Agreement').

#### Policy for members' drawings, subscriptions, and repayments of members' capital

Policies for members' drawings, subscriptions and repayment of members' capital and transfers between equity and debt are governed by the Partnership Agreement. Member's drawings, subscriptions and repayment of members' capital are subject to the approval of at least a majority of members.

#### Going concern

The members have indicated that in their judgement there is reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future and the members continue to adopt the going concern basis in preparing these financial statements. The members believe that reliance on one customer, as discussed below, does not inhibit the LLP from continuing as a going concern into the foreseeable future.

#### Principal risks and uncertainties

The members regularly review the risks and uncertainties facing the LLP. The LLP effectively relies upon only one customer and is consequently exposed to that customer's willingness and capacity to provide capital for management by the LLP. The LLP is also exposed to legal and regulatory risks, as a Financial Conduct Authority regulated investment firm and as an investment manager active in many markets. The members continuously review their compliance procedures.

On 24 February 2022, Russia engaged in military actions in the sovereign territory of Ukraine. A number of countries (including the US, UK and the EU member states) imposed sanctions against certain entities and individuals in Russia and Belarus as a result of these actions. This in turn has led to significant volatility and price movements in a number of asset classes, including but not limited to sovereign debt and corporate debt of Russia, Belarus and Ukraine; as well as equities of companies located in these countries, their global commodities and to a lesser extent securities in other markets. The current military, political, and financial uncertainty surrounding Russia, Belarus and Ukraine may continue to lead to bouts of significant market

## MCAP Global Finance (UK) LLP

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### Members' Report (continued)

volatility and risk both of investing in securities in these countries and other impacted countries. Although neither the partnership's performance and its ability to continue as a going concern nor its operations, at the date of this report, have been significantly impacted by the above, the LLP continues to monitor the evolving situation and its impact on the financial position and operations of the firm.

#### Remuneration and Stewardship Disclosure

Details of the LLP's unaudited Remuneration and Stewardship disclosures required under the Financial Conduct Authority's Prudential Sourcebook for MiFID Investment Firms and Conduct of Business Sourcebook respectively are disclosed in the unaudited appendix to the financial statements on page 18.

#### Members

The members of the LLP are as follows:

MCAP Global Finance Limited\*

MCAP Global Finance 2 Limited

(\* indicates a Designated Member)

#### Disclosure of information

So far as the members approving this report are aware, there is no relevant audit information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The members have taken all the steps that they are obligated to take as members in order to have made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the next members meeting.

By order of the members

DocuSigned by:  
  
E1D4328F0C904FA...

Louis Hanover  
Director  
MCAP Global Finance Limited

26 April 2023

## MCAP Global Finance (UK) LLP

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### Statement of Designated Members' Responsibilities

The Designated Members are responsible for preparing the Members' report and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships (Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006 Regulations 2008) requires the members to prepare financial statements for each financial year. Under that regulation the Designated Members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under these regulations, the Designated Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that year. In preparing these financial statements, the Designated Members are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Designated Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Designated Members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Designated Members confirm that they have complied with the above requirements in preparing the financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCAP GLOBAL FINANCE (UK) LLP ('LLP')**

### **Opinion**

We have audited the financial statements of MCAP Global Finance (UK) LLP for the year ended 31 December 2022 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Members' Capital, Statement of Cash Flows and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2022 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCAP GLOBAL FINANCE (UK) LLP ('LLP') (CONTINUED)**

### **Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit

### **Responsibilities of members**

As explained more fully in the Statement of Designated Members' Responsibilities set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCAP GLOBAL FINANCE (UK) LLP ('LLP')  
(CONTINUED)**

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud  
(continued)***

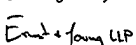
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are those that related to the reporting framework (United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland in conformity with the requirement of Companies Act 2006, the Companies Act 2006 as applied to limited liability partnerships and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships". In addition, the limited liability partnership is required to comply with relevant Financial Conduct Authority's (FCA) rules and regulations relating to its operations.
- We understood how the limited liability partnership is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance. We corroborated our understanding by reviewing members' meeting minutes and policy and procedures manuals. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by designating revenue recognition as a fraud risk. We recalculated the revenue based on the transfer pricing arrangement applied by management and tested a sample of inputs in the calculation back to source documentation. We also used our internal transfer pricing specialists to review the appropriateness of the transfer pricing arrangement.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses, review of breaches and complaints register, and review of members meeting minutes.
- The limited liability partnership is a regulated investment management firm under the supervision of the FCA. As such, the Senior statutory auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Ahmer Huda (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
26 April 2023

**MCAP Global Finance (UK) LLP****Statement of Comprehensive Income**  
for the year ended 31 December 2022

	<i>Notes</i>	2022 £	2021 £
<b><i>Income</i></b>			
Sub advisory fees	2	13,801,807	16,074,461
Interest Income		3,501	-
Administrative expenses	1	(13,805,308)	(15,348,650)
<b><i>Operating profit</i></b>		-	725,811
<b><i>Profit for year available for discretionary division amongst members</i></b>		-	725,811

All amounts arose from continuing operations.

*The accompanying notes 1 to 12 form part of the financial statements*

**MCAP Global Finance (UK) LLP**


Registered No. OC 347221

**Statement of Financial Position**

as at 31 December 2022

	Notes	2022 £	2021 £
<b>Current assets</b>			
Debtors	5	6,159,344	7,404,526
Prepaid Expenses		3,186	-
Cash		571,804	506,851
		6,734,334	7,911,377
<b>Creditors:</b> amounts falling due within one year	1,6	(74,334)	(1,251,377)
<b>Net current assets</b>		6,660,000	6,660,000
<b>Total assets less current liabilities</b>		6,660,000	6,600,000
<b>Net Assets attributable to members represented by:</b>			
<b>Equity</b>			
Members' capital	7	750,000	750,000
Other reserves/net income		5,910,000	5,910,000
		6,660,000	6,660,000
<b>Total members' interests</b>			
Amounts due to members		-	1,182,098
Members' other interests		6,660,000	6,660,000
<b>Total members' interests</b>		6,660,000	7,842,098

The financial statements on pages 9 to 17 were approved by the managing member on 26 April 2023 and signed on its behalf by:

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Louis Hanover  
 Director  
 MCAP Global Finance Limited  
 Designated member

*The accompanying notes 1 to 12 form part of the financial statements*

**MCAP Global Finance (UK) LLP**

Registered No. OC 347221

**Statement of Members' Capital**

For the year ended 31 December 2022

	<i>Members' capital</i>	<i>Other reserves</i>	<i>Total members' other interests</i>	<i>Loans and other debts due to/(from) members</i>	<i>Members' total interests</i>
	£	£	£	£	£
At 1 January 2022	750,000	5,910,000	6,660,000	1,182,098	7,842,098
Profit for allocation among members	-	-	-	-	-
Other movements	-	-	-	(1,182,098)	(1,182,098)
At 31 December 2022	750,000	5,910,000	6,660,000	-	6,660,000

**Previous Year**

	<i>Members' capital</i>	<i>Other reserves</i>	<i>Total members' other interests</i>	<i>Loans and other debts due to/(from) members</i>	<i>Members' total interests</i>
	£	£	£	£	£
At 1 January 2021	750,000	5,184,189	5,934,189	(2,801,743)	3,132,446
Profit for allocation among members	-	725,811	725,811	-	725,811
Other movements	-	-	-	3,983,841	3,983,841
At 31 December 2021	750,000	5,910,000	6,660,000	1,182,098	7,842,098

The accompanying notes 1 to 12 form part of the financial statements

## MCAP Global Finance (UK) LLP

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### Statement of Cash Flows

for the year ended 31 December 2022

	<i>Note</i>	2022 £	2021 £
<b>Net cash inflow from operating activities</b>	8(a)	64,953	499,948
<b>Increase in cash for the year</b>	8(b)	<u>64,953</u>	<u>499,948</u>

*The accompanying notes 1 to 12 form part of the financial statements*

## Notes to the Financial Statements

for the year ended 31 December 2022

### 1. Accounting policies

MCAP Global Finance (UK) LLP is a United Kingdom Limited Liability Partnership. It is both incorporated and domiciled in England and Wales. The address of its registered office is 16 Palace Street, London, SW1E 5JD.

#### Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with applicable United Kingdom accounting standards, including FRS 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’), Companies Act 2006 as applied to the LLP by the Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and the requirements of the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, updated on 14 December 2018 and subsequently on 01 January 2022. The LLP is not a financial institution. The financial statements are presented in sterling (GBP), the primary currency of operations of the partnership.

On 24 February 2022, Russia engaged in military actions in the sovereign territory of Ukraine. A number of countries (including the US, UK and the EU member states) imposed sanctions against certain entities and individuals in Russia and Belarus as a result of these actions. This in turn has led to significant volatility and price movements in a number of asset classes, including but not limited to sovereign debt and corporate debt of Russia, Belarus and Ukraine, as well as equities of companies located in these countries, their global commodities and to a lesser extent securities in other markets. The current military, political, and financial uncertainty surrounding Russia, Belarus and Ukraine may continue to lead to bouts of significant market volatility and risk both of investing in securities in these countries and other impacted countries. Although neither the Firm’s performance and its ability to continue as a going concern nor its operations, at the date of this report, have been significantly impacted by the above, the Members continue to monitor the evolving situation and its impact on the financial position and operations of the LLP.

Having performed this analysis members believe that the firm’s regulatory capital requirements will continue to be met and that the firm will have sufficient liquidity to meet its liabilities for 12 months from the date of approval of the financial statements and that the preparation of the financial statements on a going concern basis remains appropriate as the company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

#### Expenses

Expenses incurred are costs in the ordinary course of business and have been recognised on an accrual basis.

#### Income

Income, which is stated net of VAT, represents fees receivable for investment advisory services provided during the year and arising from continuing activities in the UK. Fees are allocated from Marathon Asset Management LP and are recognised when the LLP obtains the right for consideration in exchange for its performance and are measured at the fair value of the consideration received.

#### Financial Instruments

##### *Trade receivables*

Trade receivables are measured at fair value on initial recognition. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2022

### 1. Accounting policies (continued)

#### *Cash*

Cash in the Statement of Financial Position comprises of cash at bank. For the purpose of the cash flow statement, cash is stated net of outstanding bank overdrafts. There are no foreign currency transactions or balances held.

#### *Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Division of Profits**

##### *Automatic division of profits*

Amounts becoming due to members in respect of liability participation rights following an automatic division of profits should be presented as an expense within profit or loss.

##### *Discretionary division of profits*

Amounts becoming due to members in respect of equity participation rights, following a discretionary division of profits, should be debited directly to equity in the year in which the division occurs. Such amounts should not be presented as an expense within profit or loss. A discretionary division of profits that takes place after the balance sheet date is a non-adjusting event under section 32 of FRS 102 Events after the End of the Reporting Period.

#### **Taxation**

No provision has been made for taxation in the financial statements. Each partner is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual partners and not on the LLP.

#### **Accounting policies and estimates**

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The members have not identified or made any accounting judgements or estimates believed to be critical to the financial statement during the period.

### 2. Income

Income is comprised as follows:

	2022	2021
	£	£
Sub advisory fees	13,801,807	16,074,461

All of the income in the year is from the sub advisory service to Marathon Asset Management LP.  
All income is derived from the United States of America in GBP.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2022

### 3. Operating profit

This is stated after charging:

	2022	2021
	£	£
Auditors' remuneration:		
Audit services	24,000	17,483
CASS Audit fee	5,000	5,000
Taxation services	35,000	27,236

### 4. Members' remuneration and allocation of profits

	2022	2021
	£	£
Profit for the year before members' remuneration and profit share	-	725,811
Profit for the year available for division among the members	-	725,811
Profit allocated in respect of the highest paid member	-	-

The highest percentage holding member was entitled to an allocation of 98.67% (£3,396) but no allocation was made. (2021 - £716,134 and no allocation was made)

	2022	2021
	No.	No.
The average number of members during the year was	2	2

### 5. Debtors

	2022	2021
	£	£
Amounts due from group undertaking	6,159,344	7,404,526
	6,159,344	7,404,526

### 6. Creditors: amounts falling due within one year

	2022	2021
	£	£
Due to parent undertaking	-	1,182,098
Accruals	74,334	69,279
	74,334	1,251,377



## MCAP Global Finance (UK) LLP

**Notes to the Financial Statements (continued)**

for the year ended 31 December 2022

**7. Members' financial statements****Capital account**

	<i>Corporate member</i> £	<i>Other members</i> £	<i>Total</i> £
At 31 December 2022	740,000	10,000	750,000
At 31 December 2021	740,000	10,000	750,000

**8. Notes to the statement of cash flows**

(a) Reconciliation of operating profit to net cash flow from operating activities:

	2022 £	2021 £
Operating profit	-	725,811
Decrease/(Increase) in debtors	6,763,250	(1,417,559)
(Decrease)/Increase in creditors	(6,698,297)	1,191,696
Net cash inflow from operating activities	64,953	499,948

b) Reconciliation of net cash:

At 1/1/2022 £	Cash inflow £	At 31/12/2022 £
506,851	64,953	571,804

At 1/1/2021 £	Cash inflow £	At 31/12/2021 £
6,903	499,948	506,851

**9. Other financial commitments and contingencies**

There are no other financial commitments or contingencies. (2021: Nil)

**10. Related party transactions**

During the period the LLP provided investment advisory services to its ultimate parent undertaking, Marathon Asset Management LP of £13,801,807 (2021 - £16,074,461). The amount due from Marathon Asset Management LP at 31 December 2022 and 2021 is disclosed in note 5. In addition, the LLP obtained services from its parent, MCAP Global Finance Limited for £13,688,931 (2021 - £15,241,685). The amount due to MCAP Global Finance Limited at 31 December 2022 and 2021 is disclosed in note 6. All transactions are done at arm's length.

## **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2022**

### **11. Intermediate and ultimate parent undertaking**

The LLP is a majority-owned subsidiary of MCAP Global Finance Limited which is a wholly owned subsidiary of Marathon Asset Management LP, incorporated in the United States of America. Marathon Asset Management LP has included the LLP and MCAP Global Finance Limited in its group accounts.

### **12. Subsequent events**

These financial statements were approved by the members and available for issuance on 26 April 2023. Subsequent events have been evaluated through this date and the members have determined that no additional subsequent events have occurred that would require disclosure in the financial statements or accompanying notes.

## Unaudited Appendix to the Financial Statements (continued)

at 31 December 2022

### Remuneration disclosure statement

Year ending 31 December 2022

#### Background

This disclosure has been made by MCAP Global Financial (UK) LLP ("MCAP", "the firm") in accordance with the FCA's Prudential Sourcebook for MiFID Investment Firms ("MIFIDPRU").

MCAP is an investment firm that is authorised and regulated by the FCA with reference number 587257. It meets the criteria for small and non-interconnected ("SNI") firms, detailed in MIFIDPRU 1.2 and is categorised as an "SNI investment firm." As an SNI Investment Firm, MCAP is required to publish key information relating to its remuneration policies and practices (in accordance with MIFIDPRU 8.6) at least on an annual basis.

This disclosure has been prepared by MCAP in accordance with the requirements of MIFIDPRU 8 and has been approved by MCAP's management committee. It relates to the financial year ending 31 December 2022 and is published alongside the audited annual accounts for that period. MCAP has complied with its obligations in a manner which is appropriate to its size, internal organisation, and to the nature, scope and complexity of activities undertaken.

#### Approach to remuneration

MCAP's management committee is responsible for its Remuneration Policy, which is designed to ensure that compensation plans:

- are consistent with and promote sound and effective risk management;
- do not encourage excessive risk taking, include measures to avoid conflict of interest; and
- are in line with MCAP's business strategy, objectives, values, and long-term interests, and those of its clients.

#### Objectives of financial incentives

Remuneration is made up of both fixed salary and variable components. Fixed salary is set in line with the market at a level to retain, and when necessary attract, skilled staff. Any variable payments are designed to both reflect the performance of a person in contributing to the firm's success and their success in meeting, or exceeding, targets that have been set by the firm on an individual basis.

Assessment of performance will also take into account compliance with regulatory obligations and adherence to effective risk management and MCAP's core values of:

- **Integrity:** Integrity above all drives the firms' culture while influencing the decisions made in order to better achieve its clients' investment goals.
- **Transparency:** The firm's client-centric approach promotes a culture of transparency and confirms its commitment to client service.
- **Dynamic Solutions:** In today's ever-evolving investment landscape, the firm seeks to deliver long-term, dynamic and actively managed portfolios to fit the needs of its investors.
- **True Partnership:** The firm's key goal is to provide exceptional dialogue and service for its clients, a "one partnership" goal as fiduciary and caretaker of capital.
- **Collaboration:** Collaborative idea generation across our investment and operational teams yields value for our investors and fosters our dedication and teamwork.

#### Governance and oversight

The management committee, along with senior management of the firm, determines the business strategy and risk appetite, and is responsible for setting and overseeing the Remuneration Policy and practices. An identification of risks is considered, and the firm's resultant exposure is assessed after the application of both management and mitigation of these risks.

## Unaudited Appendix to the Financial Statements (continued)

at 31 December 2022

MCAP has considered the contribution that can be made by a remuneration committee. In order to take a proportionate approach given the size and non-complex nature of both the activities undertaken and the organisation, the firm has decided that the management committee will undertake the role which would otherwise been undertaken by a remuneration committee. The management committee has overall responsibility for approving and overseeing the Remuneration Policy to ensure that it remains consistent with the MIFIDPRU principles and MCAP's objectives. The management committee assigns responsibility to the Marathon global Compensation Committee for making recommendations regarding all remuneration awarded during employment, in line with the Remuneration Policy.

Governance of the Remuneration Policy and practices includes consideration of the following:

- **Equality:** The firm promotes a diverse and inclusive workplace, and its Remuneration Policy and practices are based on equal pay for all workers who are comparable in performance, standing, and responsibility. All decisions in respect of remuneration are made on an objective basis without reference to an individual's particular protected characteristic.
- **Risk Management:** The firm ensures that there is consistency and promotion of sound and effective risk management by ensuring that remuneration, including variable remuneration, is not entirely dependent on an individual's performance. It also ensures compliance with regulatory obligations, and adherence to effective risk management and the firm's core values.
- **Avoiding Conflicts of Interest:** The firm adopts policies and practices aimed at mitigating potential conflicts, including oversight by the Global Risk Officer and their team in determining the risk of portfolios and monitoring adherence to risk guidelines. Furthermore, the firm has implemented a ratification process via the firm's Compensation Committee in relation to the level of remuneration awarded to an individual to ensure that appropriate levels of remuneration are awarded.
- **Remuneration and Capital:** The firm reviews its capital base each year to ensure a sufficient level of liquidity and adjusts its remuneration policies and practices as a result of this, including the ratio of fixed and variable remuneration or adjusting the level of deferred compensation.

The Remuneration Policy is reviewed annually. The Human Resources function presents the review of the Remuneration Policy to the management committee following input from Compliance. In addition, the Compliance Officer, as part of MCAP's regulatory monitoring, will include a review of the implementation of the policy.

### Components of remuneration

As stated above, remuneration is made up of fixed and variable components. The fixed component is made up of base annual salary, pension contributions, and benefits.

Variable remuneration has two components:

- Discretionary bonus based on the performance of an individual (both financial and non-financial), the business unit and the firm in a particular performance year. The assessment of performance will take into account longer term performance and payment of any such performance related bonuses may need to be spread over more than one year to take account of the firm's business cycle. The measurement of financial performance will be based principally on profits and not on revenue or turnover. Awards will reflect the firm's financial performance and as such variable remuneration may be contracted where subdued or negative financial performance occurs.
- 'Synthetic' points of carried interests in a particular fund awarded to eligible employees as part of MCAP's Points Scheme. The decision to award points is discretionary. Any points awarded are subject to a vesting schedule and the terms and conditions of a specific points agreement.

### Qualitative disclosure

For the financial year ending 31 December 2022, the total amount of remuneration awarded to all staff was:

- Fixed remuneration: £4,937,970
- Variable remuneration: £17,960,265

## **Unaudited Appendix to the Financial Statements (continued)**

**at 31 December 2022**

### **Stewardship Code**

Year ending 31 December 2022

The Financial Conduct Authority's Conduct of Business Sourcebook, COBS 2.2B SRD requirements and 2.2.3R Disclosure of commitment to the FRC's Stewardship Code, requires MCAP Global Finance (UK) LLP (MCAP) to include a disclosure on its website stating the nature of its commitment to the UK Stewardship Code (the Code) issued by the Financial Reporting Council. The Code sets out various principles relating to the level of engagement by institutional investors with UK listed companies. The Financial Reporting Council recognises that not all parts of the Code will be relevant to all institutional investors and that some institutions may judge some of the principles and guidance to be disproportionate. As MCAP does not commit to the Code, it must state in general terms its alternative investment strategy.

MCAP's alternative investment strategy is a multi-strategy approach covering various jurisdictions and asset classes. This strategy does not have significant investments in UK equities. Therefore, although MCAP supports the objectives set out within the Code, the provisions are not deemed to be relevant to the type of investment strategy and trading currently undertaken. Should any material changes occur to the strategy which would make the Code relevant, MCAP will amend this disclosure.

MCAP has only one client, Marathon Asset Management, LP (client). MCAP does not have a website on which it can post this disclosure statement; therefore, this memorandum will be published on the website of Marathon Asset Management, LP.