

# Albert E Sharp LLP

## MIFIDPRU 8 — Pillar 3 Disclosure

For the year ended 31/12/2025  
Published: 28/05/2026

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### 1. Introduction and Basis of Disclosure

Albert E Sharp LLP ("the Firm") is a limited liability partnership authorised and regulated by the Financial Conduct Authority ("FCA") as a MiFID Investment Firm. The Firm's FCA Firm Reference Number is 488822.

The Firm is classified as a Small and Non-Interconnected ("SNI") investment firm under the FCA's Investment Firms Prudential Regime ("IFPR"), having satisfied the conditions set out in MIFIDPRU 1.2. The IFPR came into effect on 1 January 2022 and replaced the previous Capital Requirements Directive framework for MiFID investment firms.

This document constitutes the Firm's annual public Pillar 3 disclosure as required by Chapter 8 of the FCA's MIFIDPRU sourcebook ("MIFIDPRU 8"). These disclosures are made in respect of the financial year ended 31/12/2025 and were approved by the board on 28/05/2026.

The Firm publishes this disclosure on its website at [www.albertesharp.com](http://www.albertesharp.com). The Firm will update this disclosure at least annually, or sooner if there is a material change to its business or risk profile.

As an SNI firm, the Firm is subject to the following specific disclosure obligations under MIFIDPRU 8:

- Risk management objectives and policies (MIFIDPRU 8.2)
- Own funds (MIFIDPRU 8.4)
- Own funds requirements (MIFIDPRU 8.5)
- Remuneration policy and practices (MIFIDPRU 8.6)

Note: SNI firms are not required to make disclosures under MIFIDPRU 8.3 (governance arrangements). The Firm has not made this disclosure but may do so voluntarily in future years.

## 2. Risk Management Objectives and Policies (MIFIDPRU 8.2)

### 2.1 Overview

The Firm's approach to risk management is designed to identify, assess, monitor and mitigate the principal risks to which it is exposed in conducting its investment management and advisory activities. The Firm's risk management framework is proportionate to its size, nature and complexity as an SNI firm.

Ultimate responsibility for risk management rests with the board (which is made up of the equity partners and the other designated members of the LLP), who collectively oversee the Firm's activities and ensure that adequate controls and procedures are in place. Given the Firm's size, risk management is conducted at board level without a separately staffed risk function. Risk matters are considered at regular board meetings.

The Firm maintains an Internal Capital and Risk Assessment ("ICARA") process which underpins its identification, assessment and management of risks and its approach to capital planning. The ICARA is reviewed and approved by the board at least annually.

### 2.2 Market Risk

Market risk is the risk of loss arising from adverse movements in financial market prices, including equity prices, interest rates and foreign exchange rates. The Firm's revenues are principally derived from investment management fees and commission, which are linked to the value of assets under management. Falls in market values therefore have a direct impact on the Firm's income.

The Firm mitigates market risk by:

- Maintaining a diversified client base across different asset classes and geographies
- Operating a robust, research-led investment process with appropriate controls on portfolio construction
- Not holding proprietary trading positions — the Firm has no direct balance-sheet exposure to market risk through trading activity
- Monitoring assets under management levels on a regular basis and stress-testing revenue projections under adverse market scenarios

### 2.3 Credit Risk

Credit risk arises from the potential failure of a counterparty to meet its contractual obligations to the Firm. The Firm's principal credit exposures are:

- Trade debtors — investment management fees and commission receivable from clients and platforms
- Cash deposits held with financial institutions
- Other receivables arising in the ordinary course of business

The Firm manages credit risk by monitoring debtor balances regularly, pursuing prompt collection of overdue amounts, and holding cash only with regulated financial institutions of good standing. The Firm does not extend credit facilities to clients.

## 2.4 Liquidity Risk

Liquidity risk is the risk that the Firm is unable to meet its financial obligations as they fall due, or can only do so at excessive cost. The Firm manages liquidity risk by:

- Maintaining liquid assets (primarily cash and near-cash balances and short duration gilts) sufficient to meet at least 3 months of projected fixed overheads
- Monitoring cash balances and forecasting cash flows on a regular basis
- Maintaining a liquid asset threshold as determined through its ICARA process
- Ensuring that partner drawings and profit distributions are managed so as not to impair the Firm's ability to meet its obligations

## 2.5 Operational Risk

Operational risk is the risk of financial loss or harm to clients or the Firm's reputation arising from inadequate or failed internal processes, people, systems or external events. As a service business, operational risk is one of the Firm's principal risk categories.

The Firm manages operational risk through:

- Documented policies and procedures for key operational activities
- Segregation of duties where operationally practicable
- Regular oversight of operational matters by the board
- Professional indemnity and other appropriate insurance cover
- Business continuity arrangements covering key systems and personnel
- Compliance monitoring and oversight, including regular review of regulatory obligations

## 2.6 Business and Concentration Risk

Business risk encompasses the risk of a decline in revenues or an increase in costs that is not immediately offset by a commensurate reduction in expenses. For the Firm, this includes:

- Revenue concentration risk — dependence on a limited number of clients or client segments for a significant proportion of fee income
- Key person risk — the potential loss of partners or key employees who are responsible for managing significant client relationships or assets
- Competitive and market risk — changes in the competitive environment or in client demand for the Firm's services

The Firm monitors revenue concentration regularly and seeks to maintain a broad and diversified client base. Key person risk is addressed through the Firm's partnership structure, business continuity arrangements, and the involvement of multiple partners in client relationships where practicable.

## 2.7 Regulatory and Compliance Risk

Regulatory risk is the risk of financial loss, sanction or reputational damage arising from a failure to comply with applicable regulatory requirements. The Firm maintains a compliance framework proportionate to its size and activities and has a full-time dedicated Head of Compliance. It regularly reviews its obligations under the FCA's rules and applicable legislation. The board holds the ultimate responsibility for regulatory compliance, and the Firm retains access to external compliance support.

### 3. Own Funds (MIFIDPRU 8.4)

#### 3.1 Composition of Own Funds

The Firm's own funds are composed entirely of Common Equity Tier 1 ("CET1") capital. As a limited liability partnership, the Firm's CET1 capital comprises the members' capital accounts and retained profits attributable to the equity partners, after deduction of intangible assets and other regulatory adjustments as required by MIFIDPRU 3.

The Firm holds no Additional Tier 1 ("AT1") or Tier 2 ("T2") capital instruments. There are no hybrid instruments, subordinated debt or other qualifying capital instruments in the Firm's capital structure.

The table below sets out the Firm's own funds as at 31/12/2025:

Capital Component	Amount (£)
Members' Capital Accounts	£ 112,000
Retained Profits / (Losses)	£ 828,175
Intangible Assets and other regulatory deductions (deducted)	(£0)
Other CET1 deductions	(£0)
<b>Total Own Funds (CET1)</b>	<b>£ 940,175</b>

*Note: Members' capital accounts represent the equity capital contributed by and retained for the benefit of the equity partners. Regulatory deductions include intangible assets (including goodwill) required to be deducted under MIFIDPRU 3.3.*

## 4. Own Funds Requirements (MIFIDPRU 8.5)

### 4.1 Pillar 1 Own Funds Requirement

As an SNI firm, the Firm's Pillar 1 own funds requirement ("OFR") is the highest of the following three components:

- (a) Permanent Minimum Capital Requirement ("PMR") — £75,000, as applicable to MiFID investment firms under MIFIDPRU 4.4
- (b) Fixed Overheads Requirement ("FOR") — equal to one quarter of the Firm's relevant fixed overheads for the preceding financial year, calculated in accordance with MIFIDPRU 4.5 and the relevant technical standards
- (c) K-factor Requirement ("KFR") — determined by reference to the applicable K-factors under MIFIDPRU 4.6, reflecting the nature and scale of the Firm's activities and the risks they give rise to clients, markets and the Firm itself

The table below sets out the Firm's own funds requirements as at 31/12/2025:

Requirement	Amount (£)
(a) Permanent Minimum Capital Requirement (PMR)	£75,000
(b) Fixed Overheads Requirement (FOR)	£ 346,909
(c) K-factor Requirement (KFR)	£ N/A
<b>Pillar 1 Own Funds Requirement (highest of (a), (b) and (c))</b>	<b>£ 346,909</b>
Total Own Funds	£ 940,175
Surplus / (Deficit) of Own Funds over Requirement	£ 593,266

The Firm maintained a surplus of own funds over its Pillar 1 requirement throughout the year ended 31/12/2025.

### 4.2 Fixed Overheads Requirement

The FOR is calculated as one quarter of the Firm's fixed overheads for the preceding financial year. Fixed overheads are calculated in accordance with MIFIDPRU 4.5 and exclude variable items such as profit-related payments to partners and discretionary staff bonuses that are genuinely variable and may be reduced in periods of reduced profitability.

Fixed overheads for the year ended 31/12/2025 were £1,387,636, giving rise to a FOR of £346,909.

### 4.3 K-factor Requirement

As an SNI MIFIDPRU Firm, in accordance with MIFIDPRU 4.3.3, the Firm is not required to assess its K-factor requirements in accordance with MIFIDPRU 4.6.

### 4.4 Overall Financial Adequacy Rule (ICARA Outcome)

In addition to the Pillar 1 own funds requirement, the Firm is required under MIFIDPRU 7.4 (the Overall Financial Adequacy Rule) to hold own funds and liquid assets that are adequate to address the harms that could arise from the Firm's activities, having regard to its ICARA process.

Following its most recent ICARA assessment (approved by the board on 28/05/2026), the Firm determined that its overall own funds requirement, after taking into account Pillar 1 and additional Pillar 2 considerations, is £346,909. The Firm held own funds of £940,175 as at 31/12/2025, representing a surplus of £593,266 over this amount.

The Firm's liquid asset threshold, as determined through its ICARA, is £346,909. The Firm held liquid assets of £940,175 as at 31/12/2025.

## 5. Remuneration Policy and Practices (MIFIDPRU 8.6)

### 5.1 Overview

The Firm maintains a remuneration policy that is consistent with and promotes sound and effective risk management. The policy is designed to ensure that remuneration does not encourage or reward excessive risk-taking, or incentivise any behaviour that could result in poor outcomes for clients or harm to the Firm.

This disclosure is made in accordance with MIFIDPRU 8.6. As an SNI firm, the Firm is subject to the basic remuneration requirements set out in MIFIDPRU 7 and is not subject to the extended remuneration requirements (including mandatory deferral and pay-out in instruments) that apply to non-SNI firms above the relevant thresholds. The Firm's remuneration policy is reviewed and approved by the board at least annually.

### 5.2 Governance of Remuneration

Responsibility for the Firm's remuneration policy and all remuneration decisions rests with the board collectively. The Firm does not operate a formal remuneration committee; given its size and structure, this is considered appropriate and proportionate.

Remuneration decisions for employees are made by the board having regard to the Firm's overall financial performance, individual performance assessments, and risk and compliance considerations. Partner profit allocations are determined in accordance with the LLP Members' Agreement and reviewed annually by the board.

### 5.3 Categories of Staff

The Firm's total workforce as at 31/12/2025 comprised 23 individuals in the following categories:

- 3 equity partners — members of the LLP with equity capital at risk
- 11 profit-share partners — members of the LLP remunerated by reference to income generated
- 9 employees — remunerated via fixed salary and discretionary bonus

### 5.4 Remuneration Structure

#### Equity Partners

The 3 equity partners are members of Albert E Sharp LLP and hold equity capital in the Firm. They do not receive a salary or guaranteed drawings. Their remuneration consists entirely of a share of the Firm's annual profits, allocated in accordance with the LLP Members' Agreement. Profit allocations reflect the overall financial performance of the Firm and are determined by the equity partners collectively.

As equity members, the equity partners bear direct financial risk in proportion to their capital accounts. This structure aligns their economic interests closely with the long-term sustainable performance of the Firm and the quality of outcomes delivered to clients.

#### Profit-Share Partners

The 11 profit-share partners are also members of the LLP and do not receive a salary. Their profit share is determined primarily by reference to the investment management fees and commission income attributable to their respective client relationships and portfolios. This

model creates a direct link between partner remuneration and the value delivered through client portfolios.

Profit-share allocations are reviewed and approved annually by the equity partners. In determining allocations, the equity partners take into account not only financial performance but also qualitative factors including adherence to the Firm's investment process, compliance with regulatory requirements, and the quality of client outcomes. Remuneration that incentivises short-term revenue maximisation at the expense of client interests or risk management standards is not permitted.

### Employees

The 9 employees of the Firm are remunerated via a fixed annual salary and a discretionary annual bonus. Fixed salaries are set by reference to market rates, the individual's role, seniority and level of responsibility. Salary levels are reviewed annually.

Discretionary bonuses are awarded by the board having regard to the Firm's overall financial performance and the individual's contribution, conduct and compliance record. No bonuses are guaranteed and none are determined solely by reference to revenue generation. Qualitative performance criteria — including adherence to the Firm's policies and conduct standards — are taken into account in all bonus decisions.

## 5.5 Summary of Remuneration Structure

Category	Fixed Remuneration	Variable Remuneration
Equity Partners (3)	None (LLP members — profit distributions only)	Annual profit share based on overall Firm profitability
Profit-Share Partners (11)	None (LLP members — profit distributions only)	Profit share linked to investment management fees and commission income generated
Employees (9)	Fixed annual salary	Discretionary annual bonus at board's discretion

## 5.6 Performance Assessment and Criteria

The performance criteria used in the determination of variable remuneration and profit share allocations include:

- Revenue and fee income generated by the individual, including investment management fees and commission attributable to client relationships managed
- Quality of investment management and client outcomes, including portfolio performance relative to benchmarks and client objectives
- Client retention and development of new business relationships
- Adherence to the Firm's compliance, risk management and conduct standards
- Contribution to the overall development and sustainability of the Firm's business

The Firm ensures that the application of these criteria does not create incentives for excessive risk-taking, mis-selling, or any behaviour that could result in harm to clients, markets or the Firm. Compliance and risk management performance are considered alongside financial metrics in all remuneration decisions.

## 5.7 Identified Staff (Material Risk Takers)

As an SNI firm the extended remuneration disclosures (MIFIDPRU 8.6.8R (3-7)) are not required.

## 5.8 Aggregate Remuneration

The table below sets out aggregate remuneration information for the financial year ended 31/12/2025:

Category	Total Remuneration (£)
Total fixed remuneration — employees (salary)	£ 655,650
Total variable remuneration — employees (discretionary bonus)	£ 113,448
Total profit distribution to partners	£ 2,030,138
Total remuneration across all staff and partners	£ 2,799,236

*Note: Partner profit distributions reflect profit allocated under the LLP Members' Agreement and are not 'remuneration' in the employment law sense, but are included here for the purposes of MIFIDPRU 8.6 disclosure.*

## 5.9 Pension and Other Benefits

Employees are enrolled in the Firm's workplace pension scheme in accordance with auto-enrolment legislation. The Firm contributes 3% of qualifying earnings to the scheme. No supplementary pension arrangements or early retirement schemes are operated by the Firm.

Equity and profit-share partners, as members of the LLP, do not participate in the Firm's workplace pension scheme. Partners make their own pension arrangements independently.

No severance payments, sign-on awards, or other exceptional remuneration arrangements were made during the year ended 31/12/2025.

## Appendix — Regulatory References

This disclosure has been prepared in accordance with the following regulatory provisions:

Regulatory Provision	Description
MIFIDPRU 8.1	General disclosure requirements — application, publication and frequency
MIFIDPRU 8.2	Risk management objectives and policies
MIFIDPRU 8.4	Own funds — composition and amounts
MIFIDPRU 8.5	Own funds requirements — Pillar 1 and ICARA outcome
MIFIDPRU 8.6	Remuneration policy and practices
MIFIDPRU 7	Remuneration — basic and extended requirements
MIFIDPRU 4	Own funds requirements — FOR, PMR and K-factors
MIFIDPRU 7.4	Overall Financial Adequacy Rule (OFAR)
MIFIDPRU 1.2	SNI classification criteria

The Firm's Designated Person with responsibility for this disclosure is: John Flynn, Head of Compliance.

This disclosure was approved by the board of Albert E Sharp LLP on 28/05/2026.

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Albert E Sharp LLP is a limited liability partnership registered in England and Wales. Authorised and regulated by the Financial Conduct Authority.