



RBC BlueBay  
Asset Management

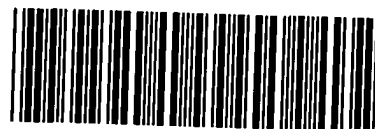
## **BlueBay Asset Management Corporation Ltd**

Annual Report and Financial Statements

For the year ended 31 October 2022

Registered number: 10651705

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## **Strategic Report**

The Directors present their Strategic Report of BlueBay Asset Management Corporation Ltd ("the Company") for the year ended 31 October 2022.

### **Business Review**

Operating profit for the year ended 31 October 2022 was £11,685,000 compared with a profit of £9,980,000 in the previous year ended 31 October 2021.

Profit for the year attributable to the ordinary equity Shareholder was £9,789,000 compared with £8,517,000 in the previous year.

### **Principal Activities**

The principal activity of the Company is to act as a service company for BlueBay Asset Management LLP ("the LLP"), a Limited Liability Partnership incorporated in the United Kingdom and RBC Global Asset Management (UK) Limited ('GAM UK'), a limited company incorporated in the United Kingdom. The LLP and GAM UK provide investment management and advisory services to institutions and high net worth individuals.

### **Directors' duties - Section 172 and Engagement Statement**

We, the Board of Directors of BlueBay Asset Management Corporation Ltd ("the Company") consider, both individually and collectively, that we have acted in a way that we believe is in line with the requirements of s. 172 of the Companies Act 2006 ("the Act") (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), which is in good faith and promotes the success of the Company both for the benefit of the Sole Member, whilst taking into consideration the remaining stakeholders contained within s. 172 (1) (a - f) of the Act, when taking decisions as a Board during the period 1 November 2021 to 31 October 2022. In addition, as the Company qualifies as a large sized company for the purposes of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), we have set out below how the Directors have engaged with the Stakeholders and how such has impacted their decisions.

We, the Board of Directors of BlueBay Asset Management Corporation Ltd ("the Company") consider, both individually and collectively, that we have acted in a way that we consider is in line with the requirements of Part 4 of the Companies (Miscellaneous Reporting) Regulations 2018, with regards to engagement with employees, having regards to employee interests and taking such into consideration when making principal decisions.

The BlueBay Group ("the Group") is headed by the Board of BlueBay Asset Management LLP ("the LLP"), with major decisions impacting the Group being reviewed and approved by the LLP Board.

The Board of the Company meets at least twice per year, with ad hoc Board Meetings held when required. The Board is an experienced and diverse Board, with updates provided from all relevant parts of the business at each Board Meeting. In addition, an open dialogue with the relevant department heads during the period between Board Meetings is encouraged, which ensures the Board is well informed of stakeholder issues throughout the year. All Directors also sit on several operating committees, which cover various elements of the business, with stakeholders discussed frequently, giving the Directors further insight and awareness of stakeholder matters, which are taken into consideration in decisions by the Directors of the Company.

The following stakeholders, as defined in s. 172 of the Act, have been identified as key for the Group:

- Employees;
- Customers;
- Community/environment;
- Sole Member;
- Regulators; and
- Third-party service providers.

## **Strategic Report (continued)**

### **Directors' duties - Section 172 and Engagement Statement (continued)**

The purpose, culture and values that the Board has established, in line with the Group, guide how the factors of s. 172 are applied in its decision making, particularly to ensure that the Board promotes success for its Sole Member; and below sets out how the Board have considered the matters set out in s. 172 in Board discussions and decision making, how they affect the development and implementation of strategy in line with the Group; and what the Board and Management plan to do in the future.

#### **High standards of business conduct:**

- Culture and values - The Company believe its culture and integrity set it apart. To us, this means a deep understanding of our clients' needs, and the collaboration of strong talent. We are continuously evolving in our efforts to offer compelling investment propositions to clients, through relevant products, with the goal of superior performance. A key element of this is to attract and retain high quality staff who share our goal and vision.
- The Company takes Anti-Money Laundering ("AML") seriously, with clear policies in place and one hundred percent of the Company's staff having undertaken Compliance Training (including AML).
- Pursuant to the Modern Slavery Act 2015, the Board reviews a Modern Slavery Statement annually, which is published on the Group's website.
- Pursuant to the Business Payment Practices and Performance Regulations, the Board of the Company reviews and publishes information about its payment practices.

High standard of governance is maintained, with the Company Secretary Charing a CoSec Forum to keep abreast of

#### **Impact of the Company's operations on the community and the environment:**

- The Company recognises the impact that its activities may have on the wider community and environment and takes this impact seriously. Dedication to corporate social responsibility is a key part of our culture and we have numerous employee lead Committee and Forums and initiatives that contribute to this.
- The Corporate Responsibility Committee ("CRC"), created during 2020, is responsible for proposing, implementing, monitoring, and reporting on the Corporate Responsibility Framework to the Management Committee. In addition, the CRC ensures the working groups and forums are aligned to the Corporate Responsibility Framework and are empowered to deliver against this framework, reporting back to the CRC. There are four pillars which make up the Corporate Responsibility Framework:
  - Responsibility to Our People;
  - Responsibility for Our Conduct;
  - Responsibility to Our Communities; and
  - Responsibility for Our Environment.
- The CRC produces a monthly Corporate Responsibility Newsletter to inform employees of each Committee/Forum's news and upcoming events, and any progress made against the corporate responsibility objectives.
- The Responsibility to Our Communities Pillar has two priorities; (i) active participant in the communities in which we operate to support and improve our environment, diversity, equity, and inclusion; and (ii) using our capabilities to assist the communities in which we operate; with the Charity Forum acting as a working group that feeds into the CRC and assists with the pillar.

## **Strategic Report (continued)**

### **Directors' duties - Section 172 and Engagement Statement (continued)**

- The Charity Forum organises several volunteering opportunities, with one of the four Charity Partners that the firm has; (i) Blue Marine Foundation (BLUE); (ii) EMpower; (iii) the Honeypot Children's Charity; and Panathlon Challenge. However, employees can also use their volunteering days with a charity or cause of their choice. As a business, we have set a target of 40% of our employees taking part in volunteering and all our staff can take two volunteering days per year.
- The Responsibility to Our Environment Pillar has two priorities; (i) understand the impact of our operations on the physical environment; and (ii) where possible remove, minimise or mitigate our impact on the environment.

### **Engaging with our employees:**

- With the implementation of the CRC Framework in 2020, the Responsibility to Our People Pillar was formed, which has three priorities; (i) Diversity, Equity, and Inclusion; (ii) Health and Wellbeing; and (iii) Talent Management. Various working groups filter into the "pillar" including: (i) the Charity Forum; (ii) the Employee Forum; (iii) the Diversity, Equity, and Inclusion Forum; and (iv) the Social Committee. The creation of the CRC Framework, particularly the Responsibility to Our People Pillar, has further strengthened the engagement with the Company's employees and has assisted in empowering employees to further share their interests.
- The Company has a strong culture, supported by a transparent approach to keeping employees informed, particularly of the Group's financial and economic performance. This is achieved by the Company's employees receiving regular updates including the monthly CEO's Business Dashboard Summary which covers; (i) Business Update; (ii) Compliance, Legal and Governance; (iii) Finance and Global Business Development; (iv) HR Reward; (v) infrastructure Operations; (vi) Marketing and Communications; (vii) Product Development; and (viii) Risk. The Company ensured its updates to employees were enhanced in response the employees working in a hybrid model of being in the office or working from home because of COVID-19; with the staff heavily engaged in the "future of work" project, to help ascertain what employee expectations and desires were in terms of future working environments/types of hybrid working; in addition to engagement and consultation on desk space, facilities, etc. for the upcoming move of the employees to a new office in the City.
- In addition to the monthly CEO's Business Dashboard Summary, there is a monthly Corporate Responsibility Committee Newsletter which is sent to all employees and Townhalls which are now held in a hybrid format to enable all staff from all locations, whether physically in attendance or virtually, to take part.
- Due to the UK Entity Alignment, which is targeted for 1 April 2023, the Company's employees have been receiving frequent Transition Updates, which provide overviews of planned changes, milestones hit and key pieces of information. As part of the UK Entity Alignment, the Company's employees would be transferring to another entity within the RBC Group and therefore an employee representative from each team had been selected to provide direct feedback between employees and management, in addition to distilling information from management and ensuring all questions from employees were passed on and answered.
- Diversity is a key focus within the Company, with the Diversity, Equity, and Inclusion ("DE&I") Forum having its own Vision and Strategy.
- BlueBay has in place an established, employee-led DE&I Forum. The Forum works with several external charities, organisations and think tanks to help drive our DEI work including City Hive, Reboot. and EMpower.

## Strategic Report (continued)

### Directors' duties - Section 172 and Engagement Statement (continued)

- For the last two years, we have partnered with three organisations to run our summer internship programme: 10,000 Black Interns, Girls are Investors and Sponsors for Educational Opportunity, with the aim of promoting a more diverse generation of future investment professionals.
- We believe in engagement and that nurturing and supporting a diverse, equitable and inclusive workplace results in better team dynamics and decision making. We believe this leads to superior outcomes for our clients and our business. As part of our broader approach to diversity, equity, and inclusion, we continue to attract talented individuals at all levels and pay our employees fairly for their roles.
- Understanding our diverse employees, we have ensured that our communications to employees reflect workforce, with communications being sent to employees on a variety of different religious holidays, including Diwali and a variety of cultural events e.g., Black History Month, ensuring that employees feel represented
- In line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, the Group publishes a Gender Pay Gap Report annually, which covers the employees of the Company. The Company takes equality very seriously and continues to take action to achieve our objectives in relation to such and our approach is based on the following principles of attract, retain, and promote. Some initiatives to help us achieve our objectives in addressing the pay gap disparity include recruitment training, internships, leadership commitment, compensation review process, learning and development, mentoring programmes and forums supporting diversity
- The Employee Forum was created in February 2018, which enables the Directors to consider the employees' interests when making business decisions. The focus of our remit is regular engagement with the Management Committee on employee sentiment, with recent efforts to unite the workforce through employee engagement by the Company, are as a direct result of feedback from the Employee Forum including Management Committee Members holding breakfasts with employees throughout the Company.
- The Directors sit on each of the Charity Forum, Corporate Responsibility Committee and Employee Forum and as a result they can inform the Board of employee interests where appropriate.
- The Board receives a Human Resources Update at every Board Meeting, at which the Head of Human Resources provides information on employees, raising any matters where required and provides information on, but not limited to; (i) leavers; (ii) joiners; (iii) recruitment; (iv) learning and development; (v) employee engagement survey; and (vi) internship programme. In addition, the Head of Human Resources also tables the Gender Pay Gap Report for discussion with the Directors.
- The wellbeing of employees is a focus for the Company, with many initiatives undertaken to ensure staff's wellbeing is prioritised, such as the introduction of Wellness Wednesdays (which was a two-month wellbeing series, held twice during the year where each week wellbeing information was shared or a wellbeing activity such as yoga classes, meditation sessions, etc. were held). With the existence of the Social Committee which holds frequent events, which continued throughout the COVID-19 pandemic, with virtual events offered and an emphasis from the Management Committee on a work life balance, given the difficulties of achieving this whilst working remotely. In addition to events held by the Social Committee, the firm also holds events to try and encourage face to face engagement between employees, which is not as frequent given the current hybrid working model, in addition to the Company taking part in wider RBC events such as the coffee roulette initiative.
- An annual employee survey is conducted, with deep dives into the results, with the commitment that points raised will be discussed and explored.

## **Strategic Report (continued)**

### **Directors' duties - Section 172 and Engagement Statement (continued)**

- Diversity is a key focus within the Group and the Company, with the Diversity and Inclusion Forum having its own Vision and Strategy.
- In line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, the Group publishes a Gender Pay Gap Report annually, which covers the staff of the Company.
- The Group has an Employee Forum, which enables the Directors to consider the employees' interests when making business decisions. The Employee Forum meets monthly, with two-way information flows to and from the Employee Forum and the Management Committee, which enables the Company's employee interests to be raised and communicated.
- A Director sits on each of the Charity Forum, Corporate Responsibility Committee and Employee Forum and as a result they can inform the Board of employee interests where appropriate.
- The Board receives a Human Resources Update at every Board Meeting, at which the Head of Human Resources provides information on employees, raising any matters where required and provides information on, but not limited to; (i) leavers; (ii) joiners; (iii) recruitment; and (iv) learning and development. In addition, the Head of Human Resources also tables the Gender Pay Gap Report for discussion with the Directors.
- The wellbeing of employees is a focus for the Company, with many initiatives undertaken to ensure staff's wellbeing is prioritised, such as the introduction of Wellness Wednesdays (which was a three month wellbeing series, where each week wellbeing information was shared or a wellbeing activity such as yoga classes, meditation sessions, etc. were held), the existence of a Social Forum which holds frequent events, which continued throughout the COVID-19 pandemic, with virtual events offered and an emphasis from the Management Committee on a work life balance, given the difficulties of achieving this whilst working remotely.
- An annual employee survey is conducted, with deep dives into the results, with the commitment that points raised will be discussed and explored.

### **Engagement with our clients:**

- Delivering long term investment performance for the Group's client base is critical to the Group's success as an active fixed income specialist, structured to deliver outcomes tailored for investors seeking to enhance the returns of their portfolios.
- All Directors are members of the Group's Management Committee, which meets weekly, and the Chief Investment Officer provides an update on investment performance and the Global Head of Sales provides an overview on engagement with clients.
- The Group established a Conflicts of Interest Committee in 2017 to reinforce governance and oversight of the identification, management and monitoring of conflicts of interest within the business.

### **Engaging with our Sole Member:**

- To support the Group's Sole Member with its long-term investment plan, it is important for the Group and Company to fulfil its strategic plan.
- During COVID-19 there was increased engagement with the Sole Member to keep them informed on how the pandemic was impacting the Group, including the Company and what action was being taken to mitigate such impact, both on performance and the working conditions/environment of its staff whilst they worked remotely.

## **Strategic Report (continued)**

### **Directors' duties - Section 172 and Engagement Statement (continued)**

#### **Engaging with our Regulators:**

- The Group operates in several jurisdictions, with several different regulators. However, the Company is not regulated.
- The Compliance Team have strong working relationships with the regulators and where appropriate are involved in deep dives, industry body working groups, consultations, etc.
- No enforcement actions were brought against the Group during the reporting period.

#### **Engaging with third-party service providers:**

- The Group and the Company use the services of several third-party service providers across business functions and there were no material or significant changes in any outsourced agreements wherein a key service, process or activity had been delegated to a third party which would otherwise be undertaken by BlueBay itself.
- Periodic due diligence is performed on all key third-party service providers and the results are reported to the Group's Operating Committee.

#### **Actions undertaken during the year:**

- In the previous year the Directors had received formal training from the Group's External Corporate Legal Counsel, Simmons and Simmons LLP, with the training covering; (i) Directors' Duties; (ii) s.172 (1) Statement; (iii) Stakeholder Engagement Statement; (iv) Employee Engagement Statement; (v) Gender Pay Gap Report; (vi) Disclosure of Payment Practices and Policies; (vii) Modern Slavery Statement; (viii) Energy and Carbon Reporting; and (ix) Matters Reserved for the Board. Therefore, formal training was not deemed necessary during the period.
- Each year the Directors take part in a Board Evaluation Questionnaire, where they can highlight any strategic or governance issues that they wish to discuss throughout the year, that are not already standing items on the Agenda Schedule. This enables the Directors who sit on Committees to bring to the Board's attention anything that requires discussion/thought that impacts a stakeholder and which should be considered when making long-term decisions for the Company.

#### **Planned action for the coming year**

- Due to another Group-wide rebranding and the upcoming UK Entity Alignment the planned amendments to Board Agendas, Board Packs and Board Minutes was deemed not appropriate. However, a Board Note summarising the Board's Section 172 duties is now a standard inclusion in the Board Packs, reminding the Directors on its key stakeholders and how they should give thought to these when making decisions.

To mitigate against these changing inherent risks, RBC has implemented and enhanced a number of controls to adapt to the remote working environment, as well as strengthened communications to remind employees of their obligations. To date the Company has not experienced any significant adverse financial impact from COVID-19, and management will continue to monitor developments through its risk management framework.



**Key Performance Indicators**

The Company's performance is dependent on the level of service charges receivable from the LLP. In the year ended 31 October 2022 revenue was £123,063,000 (year ended 31 October 2021: £109,954,000). The Directors do not consider further KPIs to be relevant to gain an understanding of the business.

**Outlook**

The Directors are satisfied with the development of the business during the year. The Directors anticipate the Company will continue to operate in a similar capacity in the future.

A handwritten signature in black ink, appearing to read 'J Fieldhouse', is positioned above the printed name and date.

**Jayne Fieldhouse**

26 January 2023

## **Directors' Report**

The Directors submit their report together with the audited Financial Statements for the year ended 31 October 2022 as required by the Companies Act 2006.

### **Called up share capital**

As at 31 October 2022, the called up share capital of the Company consisted of 12,000,000 shares of £1.00 each.

The Company is a wholly-owned subsidiary of BlueBay Asset Management (Services) Ltd ("BBAMS") which is a wholly-owned subsidiary of Royal Bank of Canada ("RBC").

### **Directors**

The Directors who served during the year and up to the date of signing the Financial Statements, except as otherwise noted below, were as follows:

Luc Leclercq (Executive Director) – resigned 31 December 2021

Sui-Wai Ng (Executive Director) – resigned 21 January 2022

Jayne Fieldhouse (Executive Director)

Paul Bromley (Executive Director) – appointed 20 January 2022

Christopher Wiksyk (Non-Executive Director) – appointed 20 January 2022

None of the Directors held any share capital of the Company at 31 October 2022 (2021: none).

### **Disabled Employees**

The Company is an equal opportunities employer. It is the Company's policy not to discriminate against employees or job applicants on the grounds of disability. The Company's Equal Opportunities Policy applies to the advertisement of jobs, recruitment and appointments, training, conditions of work, pay and to every other aspect of employment. When a disabled person is recruited and where employees become disabled during the course of their employment, the Company will make reasonable adjustments as are practicable which may assist them in the performance of their duties.

### **Financial instruments**

Details of the financial risk management objectives and policies of the Company and exposure to interest risk, credit risk, liquidity risk and foreign exchange risk are given in note 7 of the Financial Statements.

### **Streamlined Energy and Carbon Reporting**

In accordance with the Streamlined Energy and Carbon Reporting ('SECR') regulations the Company is required to publish its annual global emissions. The reporting period is 1 November 2021 to 31 October 2022.

The SECR requirements state if an entity consumes less than 40,000kWh annually the entity is deemed to be a low energy user and is exempt from SECR. The Company consumes less than 40,000 kWh so is exempt from SECR.

### **Going Concern**

Heightened macroeconomic and geopolitical volatility from late 2021 and into 2022 brought a series of challenges to the market environment. Throughout 2022 in particular, the pressures placed on the global economy from supply chain disruptions, high levels of inflation, and rising interest rates worsened while geopolitical uncertainty increased following the Russian invasion of Ukraine.

## **Directors' Report** (continued)

### **Going Concern** (continued)

While the Company has seen an increase to its market risk due to the heightened macroeconomic volatility, as a whole the Company was not materially impacted throughout these developments as it benefitted from having a diverse product offering, as well as maintaining a strong risk appetite, which is closely monitored by management through frequent reporting to senior stakeholders and committees. The Company continues to monitor both the situation in the UK as well as the wider global environment closely through its risk management framework. No direct impacts were seen for the Company following the Russian invasion of Ukraine.

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, based on their review of the Company's future profitability and cash flows, and accordingly continue to adopt the going concern basis in preparing the Financial Statements.

Following a strategic review by Management the intention is to enter into a transaction whereby the BlueBay UK business conducted out of BlueBay Asset Management LLP ("the LLP") and the Company will be transferred to RBC Global Asset Management (UK) Limited ("GAM UK") by way of an asset sale, such that the combined businesses will be conducted out of GAM UK. The objectives of the transaction is to achieve closer operational alignment to provide the ability to leverage our collective strengths, resources and talents.

Timing and scope of the transaction remain under management review and are currently ongoing. The board fully expect the Company to remain as a going concern.



Director: **Jayne Fieldhouse**  
Date: 26 January 2023

## **Statement of Directors' responsibilities in respect of the Financial Statements**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with UK-adopted international accounting standards.

Under company law, Directors 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 Company and of the profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

select suitable accounting policies and then apply them consistently;

state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;

make judgements and accounting estimates that are reasonable and prudent; and

prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

### **Directors' confirmations**

In the case of each Director in office at the date the Directors' report is approved:

so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



Director: **Jayne Fieldhouse**  
Date: 26 January 2023

# Independent auditors' report to the members of BlueBay Asset Management Corporation Ltd

## Report on the audit of the financial statements

### Opinion

In our opinion, BlueBay Asset Management Corporation Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 October 2022; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholder's Equity, the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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

# Independent auditors' report to the members of BlueBay Asset Management Corporation Ltd (continued)

audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 October 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting

# Independent auditors' report to the members of BlueBay Asset Management Corporation Ltd (continued)

of inappropriate journal entries to administrative expenses and revenue. Audit procedures performed by the engagement team included:

- Discussions with management, and review of relevant directors' meeting minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Testing journal entries, with a focus on journals indicating unusual transactions based on our understanding of the business, and;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



**Natasha McMillan (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

26 January 2023

**Income Statement**

For the year ended 31 October 2022

	<b>Note(s)</b>	<b>2022 £000s</b>	<b>2021 £000s</b>
Revenue	2	123,094	109,954
Other Income	2	106	-
<b>Total income</b>	<b>2</b>	<b>123,200</b>	<b>109,954</b>
Net (losses) / gains on investments		(2,823)	7,369
Net foreign exchange gains / (losses)		3,076	(1,034)
Administrative expenses	3,4	(111,768)	(106,309)
<b>Operating profit</b>	<b>3</b>	<b>11,685</b>	<b>9,980</b>
Finance income	5	12	174
Finance charge	5	(100)	(163)
<b>Net finance (charge) / income</b>	<b>5</b>	<b>(88)</b>	<b>11</b>
<b>Profit on ordinary activities before taxation</b>		<b>11,597</b>	<b>9,991</b>
Taxation	6	(1,808)	(1,474)
<b>Profit for the year attributable to ordinary equity Shareholder</b>		<b>9,789</b>	<b>8,517</b>

**Statement of Comprehensive Income**

For the year ended 31 October 2022

	<b>2022 £000s</b>	<b>2021 £000s</b>
Profit for the year	9,789	8,517
<b>Total comprehensive income for the year</b>	<b>9,789</b>	<b>8,517</b>

The notes to the Financial Statements on pages 17 to 34 are an integral part of these Financial Statements.

All results during the financial year were from continuing operations.



**Statement of Financial Position**

As at 31 October 2022

	Note	2022 £000s	2021 £000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	763	1,207
Intangible assets	9	7,517	8,889
Deferred tax asset	14	4,308	3,480
Investments held at fair value through profit or loss	13	40,901	46,424
Investment in affiliated entity		100	-
<b>Total non-current assets</b>		<b>53,589</b>	<b>60,000</b>
<b>Current assets</b>			
Trade and other receivables	10	16,873	14,423
Cash and cash equivalents	11	11,257	3,719
Investments held at fair value through profit or loss	13	23,667	17,796
Current tax assets		-	1,289
<b>Total current assets</b>		<b>51,797</b>	<b>37,227</b>
<b>Total assets</b>		<b>105,386</b>	<b>97,227</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	12	10,447	10,950
<b>Total non-current liabilities</b>		<b>10,447</b>	<b>10,950</b>
<b>Current liabilities</b>			
Trade and other payables	12	41,565	43,942
Current tax liabilities	6	1,250	-
<b>Total current liabilities</b>		<b>42,815</b>	<b>43,942</b>
<b>Total liabilities</b>		<b>53,262</b>	<b>54,892</b>
<b>Shareholders' equity</b>			
Called up share capital	15	12,000	12,000
Retained earnings		40,124	30,335
<b>Total Shareholders' equity</b>		<b>52,124</b>	<b>42,335</b>
<b>Total equity and liabilities</b>		<b>105,386</b>	<b>97,227</b>

The notes to the Financial Statements on pages 17 to 34 are an integral part of these Financial Statements. BlueBay Asset Management Corporation Ltd Registered Company Number: 10651705  
The Financial Statements on pages 13 to 34 were approved by the Board of Directors and authorised for issue on 26 January 2023 and signed on its behalf by:



Director: **Jayne Fieldhouse**

## Statement of Changes in Shareholders' Equity

For the year ended 31 October 2022

	Called up share capital £000s	Retained earnings £000s	Total equity £000s
<b>At 1 November 2021</b>	<b>12,000</b>	<b>30,335</b>	<b>42,335</b>
Profit for the year and total comprehensive income	-	9,789	9,789
<b>At 31 October 2022</b>	<b>12,000</b>	<b>40,124</b>	<b>52,124</b>

For the year ended 31 October 2021

	Called up share capital £000s	Retained earnings £000s	Total equity £000s
<b>At 1 November 2020</b>	<b>12,000</b>	<b>21,818</b>	<b>33,818</b>
Profit for the year and total comprehensive income	-	8,517	8,517
<b>At 31 October 2021</b>	<b>12,000</b>	<b>30,335</b>	<b>42,335</b>

The notes to the Financial Statements on pages 17 to 34 are an integral part of these Financial Statements.

**Statement of Cash Flows**

For the year ended 31 October 2022

	Note	2022 £000s	2021 £000s
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	16	16,622	(1,867)
Interest income received	5	12	1
<b>Net cash generated from operating activities</b>		<b>16,634</b>	<b>(1,866)</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	8	(195)	(1,120)
Purchase of intangibles assets	9	(2,129)	(1,610)
Purchase of investments held at fair value through profit or loss	13	(22,733)	(20,010)
Sale of investments held at fair value through profit or loss	13	23,161	18,271
Investment in affiliated entity		(100)	-
<b>Net cash used in investing activities</b>		<b>(1,996)</b>	<b>(4,469)</b>
<b>Cash flows from financing activities</b>			
Intercompany loan received	17	17,000	30,000
Intercompany loan Paid	17	(24,000)	(23,000)
Interest charge paid	5	(100)	(163)
<b>Net cash (used in) / generated from financing activities</b>		<b>(7,100)</b>	<b>6,837</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,538</b>	<b>502</b>
Cash and cash equivalents at the beginning of the year		3,719	3,217
<b>Cash and cash equivalents at the end of the year</b>	11	<b>11,257</b>	<b>3,719</b>

The notes to the Financial Statements on pages 17 to 34 are an integral part of these Financial Statements.

## Notes to the Financial Statements

### 1. Significant Accounting Policies

#### Basis of accounting

The Company is a limited company and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company's registered office is 77 Grosvenor Street, London W1K 3JR.

The significant accounting policies applied in the preparation of the Financial Statements are summarised below. These policies have been consistently applied to all the years presented.

#### a) Basis of preparation

The Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of investments that are held at fair value through profit or loss. The Financial Statements have been prepared on a going concern basis.

#### b) Going concern

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

#### c) Impact of new accounting standards

At the date of authorisation of these Financial Statements, there were no standards and interpretations relevant to the Company's operation that were issued by the IASB and are mandatory for the Company's annual accounting periods beginning 1 November 2021.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### d) Critical accounting estimates and judgements

The preparation of the Financial Statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the Financial Statements, deviate from actual circumstances, the original estimates and assumptions, such as accruals, provisions and estimates of useful life, will be modified as appropriate in the year in which the circumstances change. The areas where a higher degree of judgement or complexity arise, or areas where assumptions and estimates are significant to the Financial Statements are in staff costs detailed below and in note 4.

#### e) Intangible assets

Computer software licences acquired are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Company and are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development and associated contractor costs. Other costs related to the research or maintaining computer software programmes are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

The following useful lives have been determined for the intangible assets acquired during the year:

Computer software licences	3 years
Portfolio Insight	5 years
SimCorp	10 years

Please note that SimCorp relates to the Company's fund accounting software and Portfolio Insight relates to the investment team's portfolio investment tool.

#### f) Property, plant and equipment

All property, plant and equipment are stated at transferred value or cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to reduce the cost of each asset to its residual value over its useful life as follows:

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### f) Property, plant and equipment (continued)

Furniture, fixtures and fittings	5 years
Information and communication technology equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Income Statement.

#### g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost. The impairment of loans and receivables is calculated using the expected credit loss model. Expected credit losses on trade receivables are calculated on the simplified approach based on historic default rates and adjusted for forward looking estimates. The initial amount of the provision and subsequent changes are recognised in the Income Statement in administrative expenses.

#### h) Cash and cash equivalents

Cash and cash equivalents comprise deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less.

#### i) Trade and other payables

Trade and other payables are recorded initially at fair value and subsequently at amortised cost.

#### j) Operating income

Operating income earned is the income which the Company earns for providing services to the LLP.

#### k) Employee benefits

##### (i) Pension costs

The Company operates a defined contribution scheme. Employees may contribute directly to this scheme. The Company also contributes to the scheme and the cost of the contribution is recognised as an expense when paid.

##### (ii) Bonus plans

The Company operates non-contractual bonus pools based on formulae that take into consideration either profitability or strategy profitability (with reference to investment performance), on a calendar year basis. The formulae are reviewed and approved annually by the Remuneration Committee. At the end of the financial period, the Company recognises a liability for employee bonus pools accrued but not yet paid.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### k) Employee benefits (continued)

##### (iii) Deferred compensation scheme

The Company provides for the present value of the deferred bonus liability on a straight line basis over the 34 months vesting period in the Income Statement within administrative expenses. As the obligation is linked to the performance of funds units or Reference Index, the deferred bonus liability is fair valued at the end of each period in the Company's Statement of Financial Position based on the net asset valuation of the investments in the funds held at each Statement of Financial Position date.

#### l) Foreign currency translation

##### (i) Functional and presentation currency

The Financial Statements are presented in Pounds Sterling ("GBP"), which is the Company's functional and presentation currency and the currency in which the Company's assets, liabilities and funding are predominantly denominated.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in other income/expense in the Income Statement.

The following exchange rates were used to convert monetary items on the Statement of Financial Position which are not denominated in GBP.

Currency	2022	2021
GBP/USD	1.1466	1.3686
GBP/EUR	1.1606	1.1840

#### m) Revenue

Revenue represents amounts receivable in the normal course of business for services provided in the normal course of business, net of value added tax. Services are charged for the support function provided to the LLP and are included in the Financial Statements on an accrual basis.

#### n) Taxation

##### (i) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in the Statement of Shareholders' Equity or Comprehensive Income, in which case it is recognised in the Statement of Changes in Shareholders' Equity or Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the period, using rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

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

### **1. Significant Accounting Policies (continued)**

#### **n) Taxation (continued)**

##### **(ii) Deferred tax**

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the Statement of Financial Position date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

#### **o) Dividend distribution**

Dividend distributions to the Company's Shareholders are recognised in the Company's Financial Statements in the year in which the dividend is declared or approved by the Company's Shareholders.

#### **p) Share capital and share premium**

Ordinary shares are classified as Shareholders' equity. The Company has not issued any shares as at a premium.

#### **q) Investments**

##### **(i) Classification**

Investments are classified as Financial Assets at Fair Value through Profit or Loss (FVPL) in accordance with IFRS 9 from 4 March 2017. These investments relate to the purchase of unit funds in Investment Funds managed by the LLP. These represent fund units acquired by the Company to hedge liabilities arising under employee deferral compensation plans linked to the funds performance.

##### **(ii) Recognition and Measurement**

Purchases and sales of investments are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Investments are held at fair value. The fair values of investments are determined by using the published net asset values of the funds at the Statement of Financial Position date. Unrealised gains and losses arising from changes in fair value are recognised through profit or loss.



**Notes to the Financial Statements** (continued)**1. Significant Accounting Policies** (continued)**q) Investments** (continued)

## (ii) Recognition and Measurement (continued)

Investments are classified in accordance with the following three-level hierarchy for fair value measurement disclosure, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**r) Corporate member**

The Company is member of BBAM LLP, a Limited Liability Partnership incorporated in England and Wales. The holding is held at cost, less provision for impairment.

**2. Revenue and Other income**

The breakdown of revenue and other income by type is as follows:

	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
Revenue - fees from affiliated entities	123,094	109,954
Other income	106	-
<b>Total</b>	<b>123,200</b>	<b>109,954</b>

**3. Operating profit**

Operating profit is stated after charging:

	<b>Note</b>	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
Staff costs	4	91,088	90,629
Depreciation - Property, plant and equipment	8	639	487
Amortisation - Intangible assets	9	3,501	2,970

**Audit fees**

	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
Audit of the Financial Statements	47	47
<b>Total auditors' remuneration</b>	<b>47</b>	<b>47</b>

**Notes to the Financial Statements** (continued)**4. Staff costs**

	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
Wages and salaries (includes cash bonuses, deferred bonuses and termination payments)	77,588	77,487
Social security costs	10,461	10,245
Pension contributions	3,039	2,897
<b>Total staff costs</b>	<b>91,088</b>	<b>90,629</b>

Staff costs are based on a full time equivalent basis and all employees are eligible for an annual discretionary bonus.

The average number of persons employed by the Company during the year was as follows:

	<b>2022</b> <b>Number</b>	<b>2021</b> <b>Number</b>
Investment Management	89	89
Distribution	40	37
Infrastructure	216	208
<b>Total average number of employees</b>	<b>345</b>	<b>334</b>

**Directors' emoluments**

Directors of the Company do not receive emoluments in respect of the Company. Their emoluments are deemed to be wholly attributable to other entities within the RBC Group. The directors therefore receive no incremental emoluments for their services to the Company.

**5. Finance Income/Charge**

	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
Finance income:		
Interest on cash deposits	12	1
Other interest	-	173
<b>Total finance income</b>	<b>12</b>	<b>174</b>
Finance charge:		
Interest on loan from related party	(90)	(163)
Interest on overdue tax	(10)	-
<b>Total finance charge</b>	<b>(100)</b>	<b>(163)</b>

**6. Taxation**

	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
Analysis of charge in the year:		
Current tax:		
UK corporation tax on profits for the year	2,735	2,356
Prior year adjustment	(99)	(1,239)
<b>Total current tax</b>	<b>2,636</b>	<b>1,117</b>
Deferred tax:		
Origination and reversal of temporary differences	(521)	(454)
Prior year adjustment	136	1,309
Effect of change in tax rates	(443)	(498)
<b>Total deferred tax</b>	<b>(828)</b>	<b>357</b>
<b>Total tax expense</b>	<b>1,808</b>	<b>1,474</b>

**Notes to the Financial Statements** (continued)**6. Taxation** (continued)

The UK tax rate for the Company for the year ended 31 October 2022 is 19% (2021:19%).

Following the enactment of Finance Act 2021 the standard UK corporation tax rate will remain at 19% before increasing to 25% from 1 April 2023. Accordingly, the Company's taxable profits for this accounting year are taxed at 19%. Deferred tax has been recognised at either 19% or 25% depending on the rate expected to be in force at the time of the reversal of the temporary difference. The tax on the Company's profit before tax is lower than (2021: lower) from amounts that would arise using the effective UK tax rate applicable to profits of the Company, as follows:

	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
Profit on ordinary activities before tax	11,597	9,991
Tax charge at UK rate of 19%	2,203	1,898
Effects of:		
Expenses not deductible for tax purposes	11	3
Prior year adjustment	37	71
Effect of change in tax rates	(443)	(498)
<b>Total tax expense</b>	<b>1,808</b>	<b>1,474</b>

**7. Financial risk management****(a) Credit risk management**

Credit risk is the possibility that the Company may suffer a loss from the failure of one of its counterparties to meet their contractual obligations. The Company is primarily exposed to credit risk in respect of amounts owed by related parties and from cash deposits with banks.

Financial assets subject to credit risk are:

	<b>Note</b>	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
Cash and cash equivalents		11,257	3,719
<b>Total excluding trade receivables</b>		<b>11,257</b>	<b>3,719</b>
Amounts owed by related parties	10	12,953	11,291
VAT receivable <sup>1</sup>	10	968	771
Other trade receivables	10	237	186
<b>Total trade receivables</b>		<b>14,158</b>	<b>12,248</b>
Investments held at fair value through profit or loss	13	64,568	64,220
<b>Total investments held at fair value through profit or loss</b>		<b>64,568</b>	<b>64,220</b>
<b>Financial assets</b>		<b>89,983</b>	<b>80,187</b>

<sup>1</sup> Not subject to credit risk.

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(a) Credit risk management** (continued)

## (i) Counterparty credit rating

The counterparty rating of the Company's financial assets subject to counterparty risk and neither past due nor impaired was as follows:

<b>31 October 2022</b>	<b>A-<sup>1</sup> or better %</b>	<b>Not rated %</b>
Cash and cash equivalents	100.0	-
Amounts owed by related parties	-	100.0
Other trade receivables	-	100.0
Investments held at fair value through profit or loss	-	100.0

<sup>1</sup> Standard & Poor's ratings

<b>31 October 2021</b>	<b>A-<sup>1</sup> or better %</b>	<b>Not rated %</b>
Cash and cash equivalents	100.0	-
Amounts owed by related parties	-	100.0
Other trade receivables	-	100.0
Investments held at fair value through profit or loss	-	100.0

<sup>1</sup> Standard & Poor's ratings

## (ii) Concentrations of credit risk

The Company's largest counterparty exposure at the end of each year is as follows:

	<b>2022 %</b>	<b>2021 %</b>
A- <sup>1</sup> rated bank	100.0	100.0

<sup>1</sup> Standard & Poor's ratings

The amount of these exposures can change significantly each month. Other trade receivables are considered to have minimal credit risk exposure as the majority of these receivables relate to amounts owed by related parties.

**(b) Market risk management**

## (i) Investment risk

The Company has investments in funds managed by BBAM LLP as described in note 13. Investments designated as fair value through profit and loss are stated at market value based on their most recently published net asset value on the Statement of Financial Position. The Company is exposed to fluctuations in these net asset values.

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(b) Market risk management** (continued)

## (i) Investment risk (continued)

The Company has calculated its exposure to these fluctuations by recalculating the Statement of Financial Position value of its holdings based on the assumptions stated below.

In respect of total investments at 31 October 2022, a 100 basis point strengthening/(weakening) of the net asset valuation of the funds, with all other variables held constant, would have resulted in a fair value adjustment of +/- £644,000 (2021: +/- £642,000) to the Income Statement.

## (ii) Foreign exchange risk

The Company's financial assets and liabilities are denominated in the following currencies:

**As at 31 October 2022:****Financial assets**

	<b>Note</b>	<b>Sterling £000s</b>	<b>US Dollar £000s</b>	<b>Euro £000s</b>	<b>Other £000s</b>	<b>Total £000s</b>
Cash and cash equivalents	11	11,256	1	-	-	11,257
Trade and other receivables <sup>1</sup>	10	14,158	-	-	-	14,158
Investments held at fair value through profit or loss	13	41,924	19,600	3,044	-	64,568
<b>Total financial assets</b>		<b>67,338</b>	<b>19,601</b>	<b>3,044</b>	<b>-</b>	<b>89,993</b>

<sup>1</sup> Excludes prepayments of £2,715,000 which are not subject to foreign exchange risk

**Financial liabilities**

	<b>Note</b>	<b>Sterling £000s</b>	<b>US Dollar £000s</b>	<b>Euro £000s</b>	<b>Other £000s</b>	<b>Total £000s</b>
Trade and other payables due within one year <sup>2</sup>	12	41,565	-	-	-	41,565
Trade and other payables due after one year	12	10,447	-	-	-	10,447
<b>Total financial liabilities</b>		<b>52,012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,012</b>

<sup>2</sup> Includes accruals of £1,175,000 which are not subject to foreign exchange risk

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(b) Market risk management** (continued)

## (ii) Foreign exchange risk (continued)

**As at 31 October 2021:****Financial assets**

	<b>Note</b>	<b>Sterling £000s</b>	<b>US Dollar £000s</b>	<b>Euro £000s</b>	<b>Other £000s</b>	<b>Total £000s</b>
Cash and cash equivalents	11	3,659	23	37	-	3,719
Trade and other receivables <sup>1</sup>	10	9,665	2,484	97	2	12,248
Investments held at fair value through profit or loss	13	44,157	17,043	3,020	-	64,220
<b>Total financial assets</b>		<b>57,481</b>	<b>19,550</b>	<b>3,154</b>	<b>2</b>	<b>80,187</b>

<sup>1</sup> Excludes prepayments of £2,175,000 which are not subject to foreign exchange risk**Financial liabilities**

	<b>Note</b>	<b>Sterling £000s</b>	<b>US Dollar £000s</b>	<b>Euro £000s</b>	<b>Other £000s</b>	<b>Total £000s</b>
Trade and other payables due within one year <sup>2</sup>	12	43,942	-	-	-	43,942
Trade and other payables due after one year	12	10,950	-	-	-	10,950
<b>Total financial liabilities</b>		<b>54,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,892</b>

<sup>2</sup> Includes accruals of £778,000 which are not subject to foreign exchange risk

Financial liabilities comprise of current trade payables and accruals. They do not include provisions which are explicitly excluded from the definition of a financial instrument under IFRS 7.

The Company estimates, by recalculating the Statement of Financial Position values of financial assets and liabilities denominated in foreign currencies, that at 31 October 2022, if the foreign currency rates applicable to the Company's financial assets and liabilities strengthened/(weakened) by 100 basis point against sterling, with all other variables held constant, pre-tax profit for the year would have (decreased)/increased by £226,000 (2021: £227,000) respectively, principally as a result of the (decrease)/increase in assets and liabilities denominated in foreign currencies

## (iii) Interest rate risk

Interest rate risk is the risk arising from unexpected or untoward movements in interest rates. The Company's monetary assets which attract interest rate risk are cash balances which are held at a floating rate. There is no interest rate risk for investments held at fair value through profit and loss.

At 31 October 2022, if interest rates had been 100 basis points higher with all other variables held constant, post-tax profit for the year would have been £55,000 lower (2021: £36,000 lower), if

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(b) Market risk management** (continued)

## (iii) Interest rate risk (continued)

interest rates had decreased to nil basis points the post-tax profit would have been £43,000 lower (2021: £107,000 lower).

**(c) Liquidity risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances.

## (i) Financial assets and liabilities

The table below analyses the Company's financial assets and liabilities. The amounts disclosed are the contractual undiscounted cash flows. Balances due equal their carrying amount as the impact of discounting is not significant.

**Financial assets**

	<b>Note</b>	<b>2022 £000s</b>	<b>2021 £000s</b>
Cash and cash equivalents	11	11,257	3,719
Trade and other receivables	10	14,158	12,248
Investments held at fair value through profit or loss	13	64,568	64,220
<b>Total financial assets<sup>1</sup></b>		<b>89,983</b>	<b>80,187</b>

<sup>1</sup> Includes prepayments of £2,715,000 (2021: £2,175,000) which are not subject to liquidity risk.

**Financial liabilities**

	<b>2022 £000s</b>	<b>2021 £000s</b>
Less than 30 days	4,725	11,092
Greater than 30 days less than 60 days	-	-
Greater than 60 days less than 90 days	-	-
Greater than 90 days but less than 120 days	36,840	32,850
Greater than 120 days but less than 180 days	-	-
Greater than 180 days	10,447	10,950
<b>Total financial liabilities<sup>2</sup></b>	<b>52,012</b>	<b>54,892</b>

<sup>2</sup> Includes accruals of £1,175,000 (2021: £778,000) which are not subject to liquidity risk.

The Company's total financial assets exceed its total financial liabilities in the ratio 1.73:1 (2021: 1.46:1).

Financial liabilities comprise of trade payables and accruals which are payable within one year and which are not explicitly excluded from the definition of a financial instrument under IFRS 7.

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(c) Liquidity risk management** (continued)

## (ii) Commitments

## Capital commitments and contingent liabilities

The Company did not have any capital commitments or contingent liabilities as at the end the accounting year.

**(d) Capital management**

The Company uses its capital to support the growth of the business, to provide it with a cushion to shield it from adverse market conditions. Once these requirements have been met, available capital may be used to pay dividends to Shareholders, to provide funding for new business initiatives and to provide seed capital for new funds.

**8. Property, plant and equipment**

	<b>Furniture, fixtures and fittings £000s</b>	<b>Information and communication technology equipment £000s</b>	<b>Total £000s</b>
<b>Cost</b>			
At 1 November 2020	135	1,552	1,687
Additions	-	1,120	1,120
<b>At 31 October 2021</b>	<b>135</b>	<b>2,672</b>	<b>2,807</b>
Additions	-	195	195
<b>At 31 October 2022</b>	<b>135</b>	<b>2,867</b>	<b>3,002</b>
<b>Accumulated depreciation</b>			
At 1 November 2020	95	1,018	1,113
Depreciation charge	12	475	487
<b>At 31 October 2021</b>	<b>107</b>	<b>1,493</b>	<b>1,600</b>
Depreciation charge	17	622	639
<b>At 31 October 2022</b>	<b>124</b>	<b>2,115</b>	<b>2,239</b>
Net book amount as at 31 October 2021	28	1,179	1,207
<b>Net book amount as at 31 October 2022</b>	<b>11</b>	<b>752</b>	<b>763</b>

At 31 October 2022, none (2021: none) of the above assets were held under finance leases.



**Notes to the Financial Statements** (continued)**9. Intangible assets**

	<b>Total £000s</b>
<b>Cost</b>	
At 1 November 2020	17,746
Additions	1,610
Disposals	-
<b>At 31 October 2021</b>	<b>19,356</b>
Additions	2,129
Disposals	-
<b>At 31 October 2022</b>	<b>21,485</b>
<b>Accumulated amortisation</b>	
At 1 November 2020	7,497
Amortisation charge	2,970
Disposals	-
<b>At 31 October 2021</b>	<b>10,467</b>
Amortisation charge	3,501
Disposals	-
<b>At 31 October 2022</b>	<b>13,968</b>
Net book amount as at 31 October 2021	8,889
<b>Net book amount as at 31 October 2022</b>	<b>7,517</b>
As at 31 October 2022 £6,032,000 (2021: £7,425,000) of the intangible assets balance related to internally developed assets.	

**10. Trade and other receivables**

	<b>Note</b>	<b>2022 £000s</b>	<b>2021 £000s</b>
Trade receivables:			
Amounts owed by related parties	17	12,953	11,291
VAT receivable		968	771
Other receivables		237	186
Prepayments		2,715	2,175
<b>Total amounts falling due within one year</b>		<b>16,873</b>	<b>14,423</b>

**11. Cash and cash equivalents**

	<b>2022 £000s</b>	<b>2021 £000s</b>
<b>Cash at bank</b>	<b>11,257</b>	<b>3,719</b>

**Notes to the Financial Statements** (continued)**12. Trade and other payables**

	<b>Note</b>	<b>2022 £000s</b>	<b>2021 £000s</b>
Trade payables		1,860	1,754
Other tax and social security payable		1,690	1,555
Deferred bonus		36,840	32,850
Amounts owed to related parties	17	-	7,005
Accruals		1,175	778
<b>Total trade and other payables due within one year</b>		<b>41,565</b>	<b>43,942</b>
Deferred bonus		10,447	10,950
<b>Total trade and other payables greater than one year</b>		<b>10,447</b>	<b>10,950</b>

**13. Investments held at Fair Value through Profit or Loss**

	<b>2022 £000s</b>	<b>2021 £000s</b>
At 1 November 2020 and 2021	64,220	56,256
Additions	22,733	20,010
Net foreign exchange gains / (losses)	3,247	(990)
Net (losses) /gains on investments held at fair value through profit or loss	(2,471)	7,364
Disposals	(23,161)	(18,420)
<b>Total investments at fair value through profit or loss</b>	<b>64,568</b>	<b>64,220</b>
Total investments falling due after more than one year	40,901	46,424
Total investments falling due less than one year	23,667	17,796
<b>Total investments at fair value through profit or loss</b>	<b>64,568</b>	<b>64,220</b>

The classification and measurement of investments is discussed in significant accounting policies (q).

The measurement of investments can be analysed as follows:

<b>As at 31 October 2022</b>	<b>Level 1 £000s</b>	<b>Level 2 £000s</b>	<b>Level 3 £000s</b>	<b>Total £000s</b>
Investments at fair value through profit or loss	-	64,568	-	64,568
<b>As at 31 October 2021</b>	<b>Level 1 £000s</b>	<b>Level 2 £000s</b>	<b>Level 3 £000s</b>	<b>Total £000s</b>
Investments at fair value through profit or loss	-	64,220	-	64,220

Level 2 investments consist of holdings of units in fund managed by the LLP and are fair valued based on the fund units' published net asset value. Where the Company has the ability to redeem its investment at the published net asset value the financial asset is classified as Level 2. If the Company were unable to redeem its investment at the published net asset value due to restrictions on redemptions placed on the fund the investment would be classified as Level 3.

**Notes to the Financial Statements** (continued)**14. Deferred tax asset**

The corporate tax rate change from 19% to 25% from 1 April 2023 has now been substantively enacted. The change affects the deferred tax balance, with deferred tax balance recognised at the average statutory rate of 22.2% to reflect the expected impact on future reversals of temporary differences.

Deferred tax assets have been recognised where the tax deduction in the current period has exceeded the current forecast taxable profits. The recognition of the deferred tax asset is based on the probability that the Company will derive taxable profits in the future.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction) during the period are shown below.

	Temporary differences 2022 £000s	Temporary differences 2021 £000s
At 1 November	3,480	3,837
Origination and reversal of temporary differences	521	454
Prior year adjustment	(136)	(1,309)
Effect of changes in tax rates	443	498
<b>At 31 October</b>	<b>4,308</b>	<b>3,480</b>

An analysis of the deferred tax asset is as follows:

	2022 £000s	2021 £000s
Accelerated depreciation for tax purposes	265	279
Deferred compensation scheme	4,043	3,201
<b>Total deferred tax asset</b>	<b>4,308</b>	<b>3,480</b>

**15. Called up share capital**

	Number of shares	Ordinary shares £000s
At 31 October 2021	12,000,000	12,000
<b>At 31 October 2022</b>	<b>12,000,000</b>	<b>12,000</b>

	31 October 2022 Number	31 October 2021 Number	31 October 2022 £000s	31 October 2021 £000s
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	12,000,000	12,000,000	12,000	12,000
<b>Total</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000</b>	<b>12,000</b>

Ordinary shares in issue in the Company rank pari passu. All of the ordinary shares in issue carry the same right to receive dividends and other distributions declared, made or paid by the Company. All of the ordinary shares have equal voting rights.

**Notes to the Financial Statements** (continued)**16. Cash generated from operations**

	<b>2022</b> <b>£000s</b>	<b>2021</b> <b>£000s</b>
<b>Continuing operations</b>		
<b>Operating profit for the year</b>	<b>11,685</b>	<b>9,980</b>
Adjustments for:		
Foreign exchange (gains) / losses on investments	(3,247)	990
Net losses /(gains) on investments	2,471	(7,364)
Depreciation	639	487
Amortisation of intangibles	3,501	2,970
	<b>3,364</b>	<b>(2,917)</b>
Changes in working capital:		
Increase in trade and other receivables	(2,547)	(2,122)
Increase /(decrease) in trade and other payables	4,120	(6,808)
	<b>1,573</b>	<b>(8,930)</b>
<b>Cash generated from / (used in) operations</b>	<b>16,622</b>	<b>(1,867)</b>

**17. Related party transactions**

The following transactions were carried out with related parties:

**(a) Transactions and balances with related entities during the year**

During the year the following categories of related party transactions occurred:

<b>Description of relationship</b>	<b>Description of service</b>	<b>Description of transactions</b>
Service fees due from the LLP	Intercompany fees	Fees for distribution support, execution and research provided by affiliate entities
Cash on deposit with RBC Europe Limited	Cash on deposit	Interest earned on cash deposit (note 5)
Rolling Credit Facility ('RCF') of £30,000,000 from BlueBay Asset Management (Services) Ltd	RCF	Drawdown of £17,000,000 in March 2022, outstanding amount at 31 October 2022 was £nil
Service fees due from GAM UK	Intercompany fees	Fees for distribution support, execution and research provided by affiliate entities
Investment in LLP	Investment	The Company invest £100,000 in the year

**Notes to the Financial Statements** (continued)**17. Related party transactions**

Transactions between the Company and related parties are disclosed below.

**Year ended 31 October 2022**

	Revenue £000s	Finance income £000s	Finance charge £000s	Cash and cash equivalents £000s	Amounts owed by related parties £000s	Amounts owed to related parties £000s
Immediate parent	-	-	(90)	-	-	-
Affiliated entities	123,094	-	-	-	12,953	-

**Year ended 31 October 2021**

	Revenue £000s	Finance income £000s	Finance charge £000s	Cash and cash equivalents £000s	Amounts owed by related parties £000s	Amounts owed to related parties £000s
Immediate parent	-	-	(163)	-	-	7,005
Affiliated entities	109,954	-	-	-	11,291	-

All transactions with related parties were on an arm's length basis.

**18. Ultimate Parent Company**

The Company's ultimate parent Company is the Royal Bank of Canada, incorporated in Canada, which is also the parent undertaking of the smallest and largest group, which includes the Company for which Group's Financial Statements are prepared. Copies of the Group's Financial Statements of Royal Bank of Canada are available at 100 Bishopsgate, London EC2N 4AA. The Group's Financial Statements are filed at Companies House.