

AFH Wealth Management Gender Pay Report 2019

About this report

This report is based on AFH Independent Financial Services Ltd. (the 'Company'), also known as AFH Wealth Management.

For the purposes of this report, our gender pay gap is calculated using the approach required by the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (the "Regulations"), which compares the pay of males and females. However, there is a recognition by the Company that gender doesn't simply refer to male and female and we welcome the introduction of annual gender pay gap reporting.

We have a greater number of females to males across the Company which explains our gender pay gap results. Furthermore, the shape of our Company is such that we have a higher number of females in our administration roles (which hold lower average salaries) than in our technical roles (which hold higher average salaries and have a more balanced male/female mix).

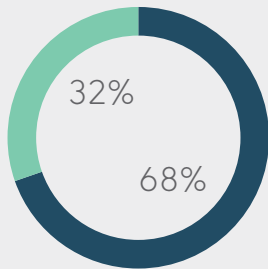
One of our core values is trust and respect. We have a continued commitment to creating a working environment where all our employees are valued equally.

We take pride in offering our employees flexible working patterns and wherever possible, we support part-time and flexible working hours. We also welcome applications for shared parental leave. We're focused on encouraging both men and women to make the most of the flexible working opportunities offered.

Annually we conduct a review of our salary structures with fairness and consistency being at the heart of what we do. Our approach to pay is no different, which is why we value the data generated.

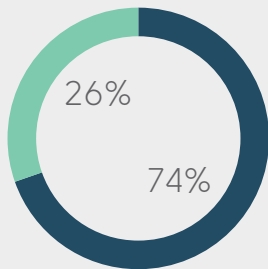


Lower quartile



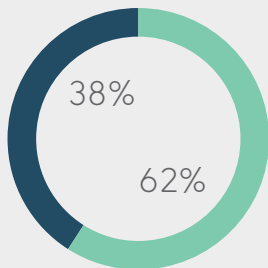
This is a decrease in women of 2% on last year

Lower middle quartile



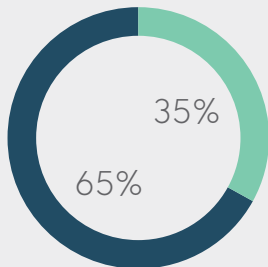
This is an increase in women of 4% on last year

Upper middle quartile



This is an increase in women of 3% on last year

Upper quartile



This is a increase in women of 3% on last year

Female Male

About the gender pay gap

A gender pay gap is a measure of the difference in the average pay of men and women – regardless of the nature of their work – across an entire organisation, business sector, industry or the economy. It can be driven by the different number of men and women across all roles. It is different from an equal pay comparison, which would involve direct comparison of two people or groups of people carrying out the same, similar or equivalent work.

Median and mean gaps

Using the calculations set out in the gender pay gap reporting regulations we have taken data that includes all roles across the Company, which brings a variety of pay rates together.

Calculations of mean and median pay and of quartile pay bands are based on our snapshot date of 5 April 2018, including ordinary pay and bonus pay. Calculations of mean and median bonus pay use bonus pay from the 12 months ending on 31 March 2019.

Pay quartiles

The gender distribution is demonstrated by the proportion of men and women in four equally sized pay quartiles. In the lower, lower middle and upper middle quartiles we have more women than men. In the upper quartile we have more men in higher paid roles than women.

However, this is positive progress over the last 12 months where we have seen an increase of the percentage of women in the Upper, Upper Middle and Lower Middle quartiles and a reduction in the percentage of women in the Lower quartile.

We continue to work and strengthen this positive progress into 2020 and look forwards to further positive movement ongoing.

Difference in hourly rate (2019)

30%

Median

29%

Mean

On average across the Company, women are paid **29%** less than men, which is an increase of 2% on last year.

Difference in bonus pay (2019)

0%

Median

16%

Mean

On average across the Company, men receive **16%** more bonus than women.

Our bonus structure

We have two types of Company bonus schemes, affecting different proportions of male and female employees:

- Our end-of-year Christmas bonus scheme, which applies to most of the business and is based on performance against objectives.
- Our senior management bonus scheme, which pays out higher levels of bonus and is based on performance against objectives.

Those eligible within each of the bonus schemes are treated equally, whether male or female.

Percentage of men and women at AFH IFS who received a bonus in 2019



There is a higher proportion of females in receipt of the Company-wide bonus scheme compared to the senior management scheme.

There are slightly fewer women at senior management level and, overall, there is a higher proportion of females who received a bonus in 2019 due to the fact there are more female employees than male employees in the Company.

What we're doing to reduce the gender pay gap

Although we recognise there may be talent attraction challenges in this sector for the technical roles, we're dedicated to creating an environment in which all of our employees can thrive.

We have also made, and will continue to make, a significant number of strategic acquisitions in order to deliver our 3-5 year aspiration growth plan but this also comes with its own challenges of inheriting pre-existing terms and conditions of employment that are protected by statutory legislation.

Notwithstanding these significant challenges, through the broad range of initiatives listed below, we're focused on reducing the gender pay gap:

- Investigate signing up to the HM Treasury's Women in Finance Charter (which is a pledge for gender balance across financial services).
- Continue to ensure our resourcing and talent management initiatives are free from bias.
- Continue to develop our leadership programme to support all of our managers in delivering an inclusive and diverse culture.
- Continue the promotion of our flexible working opportunities and consider ways of supporting employees in their transition to taking and returning from parental leave.
- Expansion of our diversity and inclusion training, which includes unconscious bias.

We want to build on our success so far in making AFH Independent Financial Services Ltd. a standout employer.

I confirm that the information contained in this report is accurate and aligned with the requirements of the Regulations.

Alan Hudson
CEO