IFPR – MIFIDPRU 8 DISCLOSURES

As at 30 September 2023

1 Introduction

The Investment Firm Prudential Regime ('IFPR') is the new prudential regime designed by the FCA for MiFIDPRU firms that came into force on 1 January 2022. It replaces the Capital Requirements Regulation ('CRR') and has been designed with investment firms in mind, replacing many rules that were largely designed for deposit-taking credit institutions.

VIML is a collective portfolio management investment firm (CPMI) and Non-Small and non-interconnected investment firm ("Non-SNI").

This disclosure fulfils VIML's obligations to disclose to market participants key pieces of information on the firm's governance, own funds, own funds requirements and remuneration policy and practices.

These disclosures are not audited, and they have been produced solely for the purposes of satisfying the MIFIDPRU requirements.

2 Governance

As of September 2023, VIML's governing body is the Board of Directors, which is currently composed of 3 executive directors, 1 non-executive director (Shareholder Representative) and 3 independent non-executive directors. An independent non-executive director Chair was appointed in late 2021.

Executive and non-executive directors are as follows:

Name	Position	External Directorships
Anne A. Laing	Chief Executive Officer	None
Martin Henderson	Executive Director	None
Adrian Bond	Chief Risk and Compliance Officer, Executive Director	None
Jeremy Brettell	Non-executive Chairperson	Non-executive Director: • Integrated Financial Arrangements Ltd • Wesleyan Bank Ltd • Anderson Strathern Asset Management Ltd
Aidan O'Carroll	Shareholder Representative, Non-executive Director	Chair of Revenue Scotland Non-executive Director: • Hillhouse Estates Limited • ABE Global Ltd
Andrew Lewis	Independent Non-executive Director	None
John Brett	Independent Non-executive Director	Non-executive Director: • Royal London Unit Trust Managers • RLUM Limited • Anderson Strathern Asset Management Ltd

VIML adheres to a formalised corporate governance framework that ensures that the Board of Directors has a line of sight of the risks faced by VIML and the framework in place to manage and control those risks.

VIML's corporate governance arrangements are reviewed and approved by the Board of Directors on at least an annual basis.

The principal elements of VIML's corporate governance arrangements are:

- **Role and responsibilities of the Board of Directors** (the "Board") as defined in the Terms of Reference of the Board and Matters Reserved for the Board:
  - The Board is accountable for the supervision of the management of the business and the affairs of VIML, including the setting of the firms Strategy, financial objectives and risk appetite and provides direction to management generally through the Chief Executive Officer.
  - The Board is ultimately responsible for the oversight of risk management within VIML and has appointed the Risk & Compliance Committee to provide dedicated oversight and assurance in this area.
- **Composition of the Board**, which intends to provide the requisite levels of experience and appropriate challenge to oversee VIML:
  - The Board comprises Executive Directors, Independent Non-Executive Directors (INEDs) and a Shareholder Representative Non-Executive Director.
  - The NEDs provide challenge and independent oversight over VIML's strategy, risk exposure and financial and operational performance. The Chairman of the Board is an INED.
- **Committee structure** established by the **Board** to fulfil its responsibilities:
  - The Board has established a number of sub-committees, including the Board Risk & Compliance Committee, Audit Committee, Nomination & Remuneration Committee and Value Assessment Committee which are each chaired by an INED.
  - The primary sub-committee responsible for the oversight of the risk management framework, including the review of VIML's risk appetite, is the Board Risk & Compliance Committee.
  - The Board periodically seeks an evaluation of the effectiveness of its governance arrangements.
- **Role and responsibilities of the Executive Management team** (the "ExCo") as defined in the Terms of Reference of the Executive Committee:
  - The ExCo is responsible for the day-to-day management of the business, developing and executing VIML strategy and objectives as agreed with the Board, ensuring that VIML remains within risk appetite as agreed with the Board and ensuring that VIML culture and values are cascaded into the organisation's behaviours, actions and outcomes.
- **Policy framework** of VIML, helps ensure that the strategy and business activities remain aligned on VIML's risk appetite by communicating the principles, rules and limits that guide and determine present and future decisions and behaviours.
  - The VIML Policy Framework provides a common structure and set of principles for the consistent development, implementation, approval and management of individual policy areas.
  - The Policy Framework reflects the key policies which set out how VIML operates in accordance with its risk culture and risk appetite.
  - All policies are reviewed and re-approved on at least an annual basis and follow a standard format to ensure that they address the key expectations of the Board and remain relevant and effective.
  - Certain policies are reserved for Board approval.

The Policies of VIML are communicated through and stored centrally on the firms Learning and Development Platform Skillcast so that all colleagues know where to find them and can access them easily. The platform also enables individual attestations to be generated for key policies and new starters.

3 Risk management objectives and policies

VIML has established an independent Risk & Compliance Committee which is independent of the firm's governing body and acts as the 2nd line of oversight over the Business. The purpose of this committee is to advise the governing body on the firm's overall current and future risk appetite and strategy and assist the

Firm's governing body in overseeing the implementation of that strategy by senior management. Members of the Risk & Compliance committee have the appropriate knowledge, skills and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

As an investment management company, risk is a fundamental characteristic of VIML's business and is inherent in every transaction undertaken. As such, the Firm's approach to risk taking and how it considers risk relative to reward directly impacts its success. Therefore, the Firm has established limits on the level and nature of the risk that it is willing and able to assume in achieving its strategic objectives and business plans.

A key risk the firm faces is causing harm to its clients. Additionally, strategic risk may arise from the failure to remain relevant and competitive, and some credit and market risk may arise from exposure to foreign exchange or seed capital investments. The governing body recognises that reputational risk could arise from shortcoming in any of these areas.

VIML is committed to ensuring all business activities are conducted with a clear understanding of the risks, to maintaining a robust risk management framework, ensuring transparent disclosure, and treating its clients fairly, and to meet the expectations of major stakeholders, including clients, shareholders, employees and regulators.

The Risk Register sets out the risks, any controls to mitigate the impact or likelihood of the risk occurring, and the residual risk assuming the proper implementation of the controls and any capital or liquid assets required to mitigate any residual risks. The Risk Register is reviewed at least annually or where there is a material change in the Firm's business model and is considered to be a 'live' document.

4 Own funds

MIFIDPRU 4.3.1 states that a MIFIDPRU investment firm must at all times maintain own funds that are at least equal to its own funds' requirements. Own funds of a firm are the sum of its:

- Common equity tier 1 capital.
- Additional tier 1 capital; and
- Tier 2 capital.

Composition of regulatory own funds			
	Item	**Amount (GBP Thousands)**	**Source based on reference Numbers/Letters of the balance sheet in the audited Financial Statements**
1	**OWN FUNDS**	4,983	
2	**TIER 1 CAPITAL**	3,908	
3	**COMMON EQUITY TIER 1 CAPITAL**	3,908	
4	Fully paid up capital instruments	3,398	Note 15
5	Share premium	-	
6	Retained earnings	584	
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(74)	
19	CET1: Other capital elements, deductions and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**		
21	Fully paid up, directly issued capital instruments		

22	Share premium	-	
23	(-)TOTAL DEDUCTIONS FROM ADDITONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	**TIER 2 CAPITAL**	1,075	
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-)TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements for the year ending 28 May 2023

		A	B	C
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
		As at 28 May 2023	**As at period end**	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Fixed Assets	102,096		
2	Debtors: due within one year	628,910		
3	Cash at bank and in hand	4,723,442		
	Total Assets	5,454,448		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	521,150		
2	Creditors: amounts falling due after more than one year	951,331		
	Total Liabilities	1,472,481		
Shareholders' Equity				
1	Called up share capital	3,398,295		4
2	Profit and loss reserves	583,672		6
	Total Shareholders' Equity	3,981,967		

Own Funds: reconciliation of regulatory own funds to template OF2

1	Total Shareholders’ Equity	3,981,967		
2	Deferred tax asset	(74,186)		
3	Subordinated loan	1,075,000		
	Own Funds	4,982,781		

5 Own funds requirement

VIML’s own Funds Threshold requirement is the amount of own funds it needs to hold at any given time to comply with the Overall Financial Adequacy Rule under MiFIDPRU 7 and as a CPMI firm it also needs to be comply with IPRU-INV 11.

The Firm’s own funds threshold requirement is the higher of:

- The Firm’s Permanent minimum capital requirement (PMR).
- Assessment A - Own funds required to mitigate risk of harm arising from the firm’s ongoing operations;
- Assessment B - Own funds requirement to mitigate risk of disorderly wind-down;

		28th May 2023 (£)
PMR		150k
Assessment A	1. K-Factor Requirements	66k
	2. Additional Own Funds to Mitigate Harm Posed to Others Not Covered by K-Factors	3,419k
	3.Total - Ongoing Operations (1+2)	3,485k
Assessment B	4.Fixed Overhead Requirements (FOR)	1,361k
	5.Capital Required for Orderly Wind-Down	1,958k
	Total – (highest of 4 or 5)	1,958k
Additional Capital – Stress Scenarios		0
Own Funds Threshold Requirements (Higher of PMR, A or B) + Stress Testing		**3,485k**
Transitional Period Capital Requirement		**3,242k**

Liquidity Risk can be defined as “the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can secure such resources only at excessive cost” – FCA Glossary.

In order for VIML to comply with the overall financial adequacy rule, MIFIDPRU 7.7.3(2) states that they must hold the sum of the basic liquid assets requirement and the higher of:

- The amount of liquid assets that the firm requires at any given point in time to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; or
- The additional amount of liquid assets that a firm would need to hold when commencing its wind-down process to ensure that the firm could be wound down in an orderly manner.

This is known as the Firm’s liquid threshold requirement:

Requirement	**£’000**
1. Minimum liquidity requirement (1/3 of FOR)	454
2. Additional liquid assets for ongoing operations (Assessment A)	1,809
3. Additional liquidity assets for wind-down (Assessment B)	1,803
Liquid asset threshold requirement (1 + higher of 2 and 3)	**2,263**

6 Remuneration policy and practices

Employee remuneration is composed of a fixed remuneration amount as described in SYSC 19G.4.2 (3a), VIML does not currently pay a variable remuneration amount.

In accordance with the FCA rules, VIML is required to identify the categories of staff whose professional activities are deemed to have a material impact on the risk profile. These are referred to as Material Risk Takers (“MRTs”) and VIML ensures it applies all of the necessary remuneration requirements to these staff, taking into account the size and complexity of the business.

MRTs are identified in line with the criteria included within relevant guidance, but broadly, they include:

- non-executive directors
- executive directors;
- members of senior management which form the Executive Committee; and / or

- those individuals whose role means they can expose the firm, or the funds it manages for clients, to material risk.

As at 30 September 2023, VIML had 15 employed persons that would be classified as Material Risk Takers.

30 September 2023	Number of Beneficiaries	Fixed Remuneration	Variable Remuneration Paid	Total Remuneration Paid
Total remuneration paid by the AFM during the year	92	£ 3,671,643	0	£ 3,671,643
Remuneration paid to Senior Managers (Executive) during the year	3	£387,868	0	£ 790,956
Remuneration paid to employees identified as MRTs during the year (in addition to Senior Managers)	12	£639,431	0	£ 435,211