Valu-Trac Investment Management Limited

MIFIDPRU 8 DISCLOSURE

December 2025

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Glossary

Abbreviation	Definition
AIFM	Alternative Investment Fund Manager
AFM	Authorised Fund Manager
CEO	Chief Executive Officer
CET1	Common Equity Tier 1 Capital
CFO	Chief Financial Officer
CIS	Collective Investment Scheme
CPMI	Collective Portfolio Management Investment Firm
ERMR	Enterprise Risk Management Register
ExCo	Executive Committee
FCA	Financial Conduct Authority
FOR	Fixed Overheads Requirement
ICARA	Internal Capital Adequacy and Risk Assessment
IFPR	Investment Firms Prudential Regime
INED	Independent Non-Executive Director
IPRU-INV	The IPRU-INV handbook issued by the FCA
MiFID	Markets in Financial Instruments Directive
MIFIDPRU	The MIFIDPRU sourcebook issued by the FCA
Non-SNI	Non-small and non-interconnected investment firm
OFAR	Overall Financial Adequacy Rule
OFTR	Own Funds Threshold Requirement
PMR	Permanent Minimum Requirement
RCC	Risk and Compliance Committee
The Board	The Board of Directors of Valu-Trac Investment Management Limited
UCITS	Undertakings for Collective Investment in Transferable Securities
VIML	Valu-Trac Investment Management Limited
WDP	The Wind-Down Plan of Valu-Trac Investment Management Limited

Introduction

VIML is regulated by the FCA and authorised as a CPMI.

As a CPMI, VIML is subject to IFPR, which is the prudential regime for UK investment firms. MIFIDPRU is the handbook issued by the FCA which lays out the regulations applying to firms subject to IFPR. VIML is further classified within MIFIDPRU as a Non-SNI.

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

Basis of Disclosure

These disclosures are not audited, and they have been produced solely for the purposes of satisfying chapter 8 of the MIFIDPRU handbook.

As a non-SNI, VIML is required to disclose risk management objectives and policies, governance arrangements, capital and remuneration policies and practices. VIML is exempt from MIFIDPRU 8.6.8R(6) disclosures relating to remuneration and MIFIDPRU 8.7 disclosures relating to investment policies.

Frequency of Disclosure

MIFIDPRU 8 disclosures are prepared at least annually, based on the firm's accounting reference date. VIML's annual accounts are made up to 28th May annually and, therefore, 28th May 2025 is the accounting reference date for this disclosure. The assessment of the VIML Board is there is no requirement to publish this disclosure more frequently than annually unless the Board determines there to be a material change in the business. There has been no material change to the business in the period since 28th May 2025.

Disclosure Governance

The Board is responsible for ensuring that this document complies with the disclosure obligations detailed in MIFIDPRU 8. This document has been prepared by employees of VIML with sufficient knowledge and experience of the business, operations and risk management policies of VIML. An expert third party consulting firm has also been involved with providing guidance on aspects of this disclosure.

The Board is satisfied that the level of detail in this disclosure is proportionate to VIML's size and internal organization and is reflective of the complexity of VIML's activities.

Activities and Background

VIML's principal activity is acting as Authorised Fund Manager for Collective Investment Schemes and the provision of associated asset management and investment administration services. It is registered with the FCA as an AFM and AIFM. The regulated services are provided by VIML to private individuals and institutions, primarily though the operation of UK registered collective investment schemes, in addition to a discretionary portfolio service provided to certain clients.

To provide these services, VIML has the following FCA permissions (without limitations):

- Establishing, operating or winding up a collective investment scheme;
- Managing a UK UCITS;
- Managing an authorized AIF;
- Managing an unauthorized AIF.

VIML also provides some unregulated services, for which no permissions are required from the FCA.

Risk Management Objectives & Policies

VIML has established the Risk and Compliance Committee (RCC) which is a principal sub-committee of the firm's governing body and acts as the dedicated governance forum for the oversight of risk management and regulatory compliance across the Business. The purpose of this committee is to advise the governing body on the firm's overall current risk status versus the Board's Risk Appetite alongside its regulatory compliance position.

The RCC advises the Board on developments in risk appetite and strategy and assists the Firm's governing body in overseeing the controlled implementation of that strategy by senior management within the Risk Appetite parameters. Members of the RCC have the appropriate knowledge, skills and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

As an Authorised Fund Management company, risk is a fundamental characteristic of VIML's business and is inherent in every Fund the firm operates and in each transaction undertaken. The Board recognises that the nature of its business and products, alongside its position in the sector gives rise to the potential for the business to cause harm to the firm, clients or the market.

As such, the Firm's approach to risk management and decision making (including how it considers risk relative to reward) considers how a course of action is expected directly impacts its success and the outcome achieved for individual investors. To underpin this approach, 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 in a detailed Risk Appetite Statement.

The Firm is potentially exposed to numerous categories of risk due to the nature and complexity of its business, the Funds that it supports and the environment in which it operates as a commercial business. These include but are not limited to:

- Risk of harm to its clients (the investors in VIML Funds). VIML funds are available to a range of investors including private individuals, companies and institutions. The design and delivery of the Funds investment outcomes Tailored frameworks, policies and processes are in place to identify potential and actual events which may lead to investor detriment and to mitigate the likelihood of such outcomes.
- Strategic Risk - Strategic risk may arise from the failure to remain relevant and competitive and the Board adopts and oversees business deliverables against a pre-determined strategic plan.
- Market and Credit Risk - VIML has limited exposure to credit and market risk during the normal course of business and this is controlled through our financial management framework and processed.
- Legal & Regulatory Risk - The Firm is also subject to considerable legal and regulatory obligations due to the nature of the activities it undertakes. The Firm operates a mature three lines of defence model to provide the Board with the information and assurance of ongoing legal and regulatory compliance.
- Own Funds Risk (per MIFIDPRU 4) - The potential for financial instability or inability to absorb losses, which could result in harm to clients or disruption in the firm's operations. VIML ensures financial stability through robust capital adequacy assessments under the Internal Capital Adequacy and Risk Assessment (ICARA) process. This includes forward-looking stress tests, reverse stress tests, and wind-down planning to always maintain sufficient own funds. These measures reduce the potential for financial harm by ensuring the firm remains solvent and can continue to meet client obligations.
- Concentration Risk (per MIFIDPRU 5) – Concentration risk is the risk arising from the strength of a firm's relationship with, or direct exposure to, a single client or group of connected clients. The Firm may be exposed to risk if its commercial viability is dependent on one or a limited number of funds or fund ranges. The Board monitors concentration via the financial reporting it receives, and financial stress tests are performed by the CFO to evidence that the Firm can absorb foreseeable changes in the range of Funds it supports.

  VIML's revenue is generated from a broadly diversified range of approximately 50 fund sponsors who have 150 funds in total. The Board and ExCo does not consider VIML to have significant concentration risk as a result.

- Liquidity Risk (per MIFIDPRU 6) – Liquidity risk is the risk that VIML cannot meet its liabilities as they fall due through having insufficient liquid assets to meet financial obligations, considered on the going concern basis and a simulated wind-down basis.

  As a commercial business, the firm is potentially exposed to liquidity risk. The business holds surplus liquidity more than forecast liquidity requirements and diversifies its liquidity balances across financial institutions, where considered appropriate.

  VIML's main source of income and cash is the receipt of management fees as compensation for being the Authorised Fund Manager to a broad range of collective investment schemes. The schemes themselves are continually assessed against their own liquidity risks, being the ability to facilitate redemptions and pay all suppliers on an on-going basis by VIML's investment management oversight team.

  The VIML CFO is responsible for the on-going monitoring and management of the firm's liquidity risk and reports against key liquidity risk metrics (both current and forward looking) to the Board and Executive Committee on a frequent basis.

  As the firm deals only with institutional counterparties and operates a simple business model, the Board and Executive Committee believe that robust strategies, policies, processes and systems have been implemented to identify, manage and monitor liquidity risk.

- Reputational Risk - The governing body also recognises that reputational risk could arise from shortcomings in any of these areas.

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

The Firm's Enterprise Risk Management Register (ERMR) identifies the relevant risks to which the Firm carries a risk exposure alongside the controls used to mitigate the impact or likelihood of the risk occurring. The ERMR is used to establish the residual risk exposure the Firm faces assuming the proper implementation of the controls and any capital or liquid assets required to mitigate any residual risks.

Each ERMR entry is measured against the Board Risk Appetite. The Risk Register is reviewed at least annually or where there is a material change in the Firm's business model and is a 'live' document.

In combination with the Enterprise Risk Management Framework & processes, VIML undertakes an ICARA at least annually in line with requirements outlined in MIFIDPRU. The ICARA process includes:

- An assessment of the firm's own funds
- An assessment of the firm's liquid assets
- An assessment of the firm's fixed overheads
- Identification and calculation of relevant K-Factors
- An assessment of the risks faced by the Firm in performing its activities and meeting its objectives
- Identification and assessment of potential harms the Firm may encounter
- Performance of financial stress tests and reverse stress tests of own funds and liquid assets
- Production of an orderly wind-down plan

The above outputs are incorporated into the firms ICARA to establish the level of own funds and liquid assets the firm is required to hold to meet its requirements as an FCA authorised firm.

Governance

As of November 2025, VIML's governing body is the Board of Directors, which is currently composed of three executive directors, one non-executive director and three independent non-executive directors. An independent non-executive Chair was appointed in 2021.

The below table provides the executive and non-executive directors of VIML and the number of external directorships they each hold:

Name	Position	Number of External Directorships*
Jonathan Sim	Chief Executive Officer, Executive Director	2
Anne Laing	Head of Relationship Management, Executive Director	-
Adrian Bond	Chief Risk and Compliance Officer, Executive Director	-
Jeremy Brettell	Independent Non-executive Director, Chair of VIML	3
Aidan O'Carroll	Shareholder Representative, Non-executive Director	2
Andrew Lewis	Independent Non-executive Director	2
John Brett	Independent Non-executive Director	4

* - all external directorships are non-executive appointments.

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** 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 ("RCC") to provide dedicated oversight and assurance in this area. The RCC is equivalent to the risk committee, which is required by VIML under MIFIDPRU 8.3.1(6)R.
- **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 (together with the INEDs, "the NEDs").
  - 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 several sub-committees, including the RCC, 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 RCC. The Committee fulfills the requirements of MiFIDPRU 8.3.1R(4).
  - 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 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.

Diversity, Equality and Inclusion

VIML continually develops as a firm to represent the diversity of backgrounds, cultures and locations in which VIML operates. The Board aims to ensure that VIML's decision-making processes, ways of working, internal and external communication, and approach to diversity is welcomed and embraced by all staff. Individuals both within and outside the Firm are treated openly and fairly and with dignity and respect. Adherence to VIML's equal opportunities policy provides a working environment free from any harassment, bullying, victimisation, and unlawful discrimination, ensuring equality of opportunity throughout all our processes and practices.

VIML's equal opportunities policy does not include specific targets. It is intended to support equality for all staff, by putting diversity and inclusion into practice. Monitoring of progress is through gathering employee feedback, including a periodic employee survey, and collection of DEI data.

Own funds

VIML is required to assess the level of capital ("Own Funds") it needs to operate as a going concern and maintain itself as a sustainable business in accordance with MIFIDPRU 4. VIML's Risk Management and Financial Management processes establish the level of sufficient capital needed to address the risks faced by the firm while fulfilling its activities across the economic cycle.

Own Funds Requirement

VIML is required to disclose compliance with the Own Funds Requirement ("OFR") set out in MIFIDPRU 4.3. The firm's OFR is higher of 1) – the K-factor requirement, 2) – the Permanent Minimum Requirement ("PMR") and 3) – the Fixed Overheads Requirement ("FOR"). The table below discloses VIML's OFR:

28th May 2025	
OFR Metric	**£000s**
FOR	2,077
PMR	150
K-factors (sum of 1,2 and 3 below):	78
1 - sum of K-AUM, K-CMH and K-ASA	2
2 - sum of K-COH and K-DTF	76
3 - sum of K-NPR, K-CMG, K-TCD and K-CON	-
OFR	**2,077**

The list of K-factors, definitions and applicability to VIML are disclosed in appendix 1 to this report.

Approach to assessing the adequacy of Own Funds

Under MIFIDPRU 7.4.7R, VIML must hold own funds and liquid assets which adequate, both as to their amount and their quality, to ensure that:

- VIML can remain financially viable throughout the economic cycle, with the ability to address any potential material harm that my result from its ongoing activities; and
- VIML's business can be wound down in an orderly manner, minimizing harm to consumers or to other market participants.

These requirements are known as the OFAR. To assess and quantify the OFAR, VIML completes an annual Internal Capital Adequacy and Risk Assessment ("ICARA"). This process requires the firm to assess any additional own funds required to meet the risks of VIML's activities to clients, the market and the firm.

The process includes an assessment of risks from ongoing business, utilising the company's Enterprise Risk Management Framework and the supporting ICARA process to assess harms or risks and identify the amount of capital to be held to meet them, and additionally to model the costs associated with winding down the company.

MIFIDPRU 7.4.7R states that a MIFIDPRU investment firm must always 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.

The composition of Own Funds, the reconciliation of Own Funds to the audited financial statements and the main features of instruments issued by VIML at 28th May 2025 are each shown in the below three tables:

Table OF1 - Composition of regulatory own funds			
	Item	**Amount (GBP Thousands)**	**Source in the audited Financial Statements**
1	**OWN FUNDS**	5,774	
2	**TIER 1 CAPITAL**	4,699	
3	**COMMON EQUITY TIER 1 CAPITAL**	4,699	
4	Fully paid up capital instruments	3,398	Note 15
5	Share premium	-	
6	Retained earnings	1,301	
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	-	
19	CET1: Other capital elements, deductions and adjustment	-	
20	**ADDITIONAL TIER 1 CAPITAL**	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 2	-	
24	Additional Tier 1: Other capital elements, deductions and adjustment	-	
25	**TIER 2 CAPITAL**	1,075	
26	Fully paid up, directly issued capital instruments	1,075	Note 14
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Table OF2 - Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
	A	B	C
Balance sheet per audited financial statements	**As at period end 28 May 2024**	**Under regulatory scope of consolidation**	**Cross-reference to Table OF1**
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
Intangible Fixed Assets	8	-	
Tangible Fixed Assets	108	-	
Debtors: due within one year	938	-	
Cash at bank and in hand	5,398	-	
Total Assets	**6,452**	**-**	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
Creditors: amounts falling due within one year	787	-	
Creditors: amounts falling due after more than one year	966	-	Item 25
Total Liabilities	**1,753**	**-**	
Shareholders' Equity			
Called up share capital	3,398	-	Item 4
Profit and loss reserves	1,301	-	Item 6
Total Shareholders' Equity	**4,699**	**-**	
Reconciliation of Shareholders' Equity to Own Funds at 28th May 2024			
Total Shareholders' Equity	**4,699**		
Add:			
Subordinated loan - tier 2 capital	966		
Subordinated loan - amortised cost	109		
Own Funds per table OF1	**5,774**		

Table OF3 - Own Funds: Main features of own instruments issued by the firm		
Instrument	**Ordinary Shares**	**Subordinated Loan**
Regulatory Classification	CET1	Tier 2
Private of public placement	Private	Private
Amount recognised in regulatory capital (£000s)	3,398	1,075
Nominal amount of instrument	£1 each	Issued at par
Original date of issue	3rd October 1989	31st January 2022
Term	Perpetual	10 years
Maturity date	N/A	31st January 2032
Entitlement to dividends	Yes	No
Interest bearing	No	Yes
Fixed or floating dividend/coupon	Floating	Fixed

Own Funds Threshold Requirement

VIML's Own Funds Threshold Requirement ("OFTR") 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. Additionally, as a CPMI firm, VIML must also comply with own funds required by IPRU-INV 11. To comply with this rule, VIML must always hold own funds equal to the higher of the following items to ensure that VIML is able to remain financially viable throughout the economic cycle and can be wound down in an orderly manner:

1. The Own Funds Requirement (as shown above);
2. The higher of A) – the firm's assessment of capital required to address the risk of harms from ongoing activities or B) – the firm's assessment of capital required to wind-down in an orderly manner;
3. Own Funds required under IPRU-INV 11

At 28th May 2025, item 3 above was the higher amount and is VIML's Total Own Funds Requirement.

Operational loss events have been assessed as part of the ICARA process based on the key identified material risks to ongoing operations as captured in the VIML risk register. The costs of winding down the company have also been analysed and modelled in the ICARA process.

The outcome of these assessments is the amount of capital and liquid assets to maintain ongoing operations and wind down the company in a manner that results in the risks of harm to clients and other market participants being minimized.

This process included the involvement of the Chief Executive, the Chief Financial Officer, the Head of Risk and Compliance, with additional input from an expert third party consultant. The analysis included financial forecasts, stress tests and reverse stress tests utilizing several variables based on risks proportionate to VIML's business.

Wind-Down Plan

VIML has a Wind-Down Plan ("WDP") which details the sequencing of actions, order of events and period over which the company would cease operations should an event occur which causes the Board to determine the company to no longer be viable. It also considers the amount of capital and liquidity the company must always hold to facilitate an orderly wind-down.

Remuneration policy and practices

VIML's approach to remuneration is to ensure remuneration practices are aligned to the company's business strategy and objectives. Remuneration is proportionate to and calibrated with effective risk management and ensures staff are not incentivised to act in a manner that compromises their responsibilities, the company's risk management policies and business strategy but does promote quality of client service delivery.

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 the necessary remuneration requirements to these staff, considering 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 (senior management)
- executive directors (senior management)
- members of staff who are on the Executive Committee (other MRTs)
- and / or those individuals whose role means they can expose the firm, or the funds it manages for investors, to material risk (other MRTs)

The below table represents the components of remuneration paid to each staff cohort in the year to 28th May 2025:

	Number of Staff	Fixed Remuneration	Variable Remuneration	Total Remuneration
Senior Management	8	£962,169	£-	£962,169
Material Risk Takers	8	£839,162	£-	£839,162
All other staff	123	£4,848,723	£-	£4,848,723
Total	**139**	**£6,650,054**	**£-**	**£6,650,054**
Total severance payments to senior management and material risk takers		£-	£-	£-

Oversight of Remuneration

Remuneration is set and approved by the VIML Remuneration & Nomination Committee ("RemCom"). RemCom is formed by the independent non-executive directors and has responsibility for setting VIML's remuneration practices and policies.

Remuneration for individual staff members is considered in relation to their level of seniority, risk management responsibilities, leadership and personnel management responsibilities and if they are responsible for operating a regulatory function.

The performance of the firm and of the business units which make up the firm are considered on a holistic basis when decisions relating to remuneration are made.

Appendix 1

K-factors

MIFIDPRU 4 describes the K-factor methodologies for firms to calculate their own funds requirement. The application of each K-factor to an investment firm is determined by its regulatory permissions. The table below shows the definition of each K-factor and if they applied to VIML in the reporting period:

K-factor	Definition	Applicable to VIML
K-AUM	Assets Under Management	Yes
K-COH	Client Orders Handled	Yes
K-ASA	Assets Safeguarded and Administered	No
K-CMH	Client Money Handled	No
K-NPR	Net Position Risk	No
K-CMG	Clearing Margin Given	No
K-TCD	Trading Counterparty Default	No
K-DTF	Daily Trading Flow	No
K-CON	Concentration Risk	No