

Veritas Investment Partners Limited MIFIDPRU Disclosures

Regulatory Requirement

The Investment Firms Prudential Regulations (“IFPR”), implemented in January 2022, requires investment firms to make a public disclosure concerning their adherence to the regulations. This disclosure fulfils Veritas Investment Partners (UK) Limited (“VIP (UK) Ltd”) obligations to market participants key pieces of information on the firm’s governance, own funds, own funds requirements, remuneration and diversity and inclusion.

Company structure and MIFIDPRU consolidation

MIFIDPRU requirements (including the ICARA) have been produced at the Veritas Investment Partners Limited (“VIPL”) level. Veritas Investment Partners (UK) Limited (“VIP (UK) Ltd”) is the FCA regulated entity which is subject to the MIFIDPRU handbook. We have decided to produce MIFIDPRU documentation at the VIPL level for the following reasons:

- We are required to have appropriate capital on a consolidated basis.
- A group level assessment captures the financial position of all companies in the structure.

Group Structure Chart

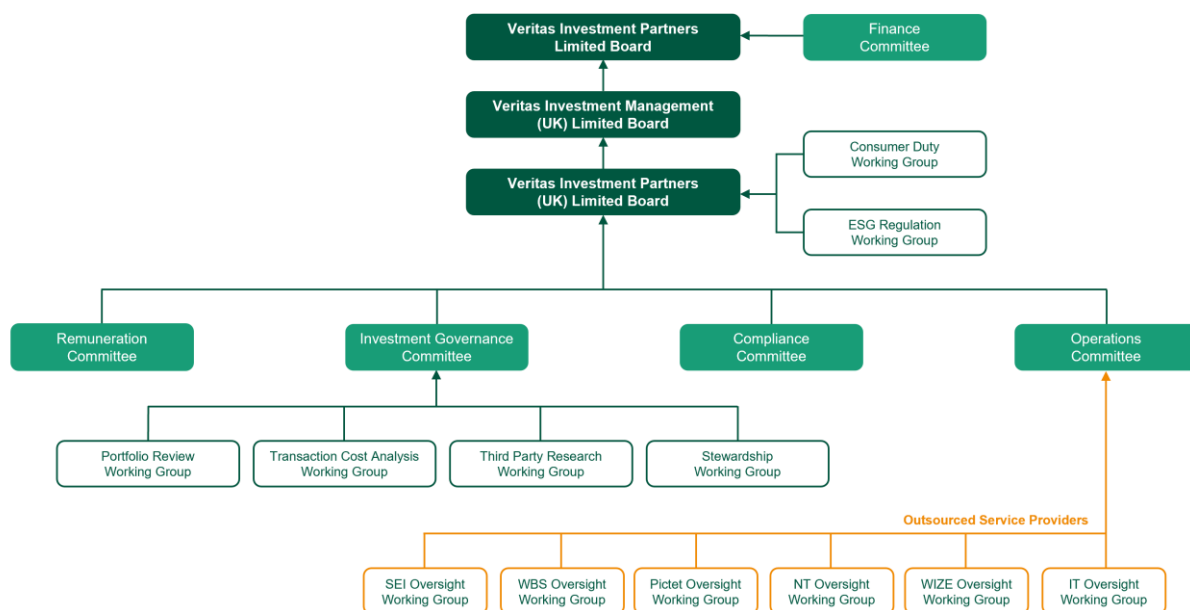


The Group is categorised as a MIFIDPRU non-SNI firm, and all requirements have been considered in line with the appropriate regulations.

Governance

Each regulated entity is governed by a respective Board. The VIP (UK) Ltd Board (the regulated entity) oversees the strategy, operations, compliance, risk management and other functions. The Board is responsible for ensuring that the regulated activities are carried out in accordance with the relevant legislation, regulation, and industry guidance.

The VIP (UK) Ltd Board is comprised of the Executive Chair, Chief Executive Officer, Chief Investment Officer, and the Chief Operations & Technology Officer. The Compliance Officer and MLRO is an attendee at the Board. The Board is chaired by the Executive Chair who provides both challenge and support. The Board meets quarterly to formally provide oversight and governance to the firm. Day to day management of the firm has been delegated to the Chief Executive Officer, who is supported by the Board. All Board members and the attendee are active in the day-to-day management of the firm's activities through the governance framework of committees and working groups as follows:



Risk Management

The Board has overall responsibility for risk management. We adopt a process of continuous identification and review of business risks. This includes monitoring of key risks, identification of emerging risks and consideration of risk mitigations after considering risk appetite. Three primary sub-committees report up to the Board, thereby allowing the Board to receive timely and detailed information from each of the sub-committee chairs.

Practically, we maintain a Risk Register which is overseen by the Board. The Board is responsible for ensuring that it maintains sufficient exposure of knowledge levels in emerging and rising risk areas. Key examples include cyber and outsourcing risk. We have operating processes whereby we capture operational risk events and review them with a view to mitigating future risk crystallisation. These risks are further codified in the ICARA.

External Directorships and conflicts of interest

In the table below we list any external directorships held by each of the directors of the VIP (UK) Ltd, broken down into executive and non-executive directorships.

No external directorships held externally represent a conflict of interest.

Members Name	Number of other directorships held
Mark Rayward	None
Caroline Stokell	None
Archana Mohan	1 NED position
Ross Ciesla	None

Diversity and Inclusion

There is an internal company-wide employment policy laid out in our employee handbook. This policy lays out our commitment to equality, fairness, and respect for all our colleagues, and extends to the management body. There are no formal set targets in relation to this policy for the management body because of its current diverse make-up. The company is committed to a diverse approach in the makeup of the management body and the broader organisation.

Remuneration

The Remuneration Committee comprises of The Executive Chair, the Chief Executive Officer, the Chief Investment Officer, and an independent HR Director. All VIP (UK) Ltd employees on the committee are experienced investment professionals and shareholders with extensive management experience and are fully engaged in the governance and oversight of the business.

All employees are paid base salaries which are set with reference to industry standards and reviewed by the Remuneration Committee. All employees on a permanent contract are eligible to be considered to receive an annual discretionary bonus designed to provide an appropriate annual reward that reflects the overall performance of the firm and the contribution of the individual in serving our clients.

There is no direct link between individual revenues and discretionary bonuses. The discretionary bonus pool is set according to the firm's annual profitability such that the payment of bonuses would not result in a loss for the firm. The percentage profit paid out to the bonus pool is an agreed percentage range of pre-bonus gross profit. This is varied each year and based on business, capital, and retention requirements. The bonus pool is agreed by the Remuneration Committee and validated by the VIP (UK) Ltd Board. Bonuses are not guaranteed but are linked to profitability. Therefore, in the event of poor business performance impacting profitability, variable remuneration would be impacted so clawback arrangements have not been used.

Material Risk Takers are defined as those with a Senior Manager Function (SMF) and any employee who manages client assets. On 30th September 2022 there were 19 Material Risk Takers.

No guaranteed variable remuneration is paid to Material Risk Takers, other than in exceptional circumstances for a new joiner. No deferral payments are made and therefore vesting is not applicable. Neither guaranteed remuneration nor severance payments were awarded to Material Risk Takers during this period.

The data below is for the financial year September 30, 2022, to which this disclosure relates.

Total amount of remuneration awarded to staff		
	Material Risk Takers (including senior management)	Other employees
Fixed Income	£3.4m	£3.0m
Variable Income	£9.2m	£2.2m
Total Remuneration	£12.6m	£5.2m

Financial Accounts

Composition of Own Funds		
OF1 Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
OWN FUNDS	17,839	
TIER 1 CAPITAL	17,839	
COMMON EQUITY TIER 1 CAPITAL	17,839	
Fully paid-up capital instruments	1	Note 16
Share premium	6,080	
Retained earnings	12,712	
Accumulated other comprehensive income		
Other reserves	-954	
Adjustments to CET1 due to prudential filters		
Other funds		
(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	17,839	
CET1: Other capital elements, deductions and adjustments		
ADDITIONAL TIER 1 CAPITAL	0	
Fully paid up, directly issued capital instruments		
Share premium		
(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	

Additional Tier 1: Other capital elements, deductions, and adjustments		
TIER 2 CAPITAL	0	
Fully paid up, directly issued capital instruments		
Share premium		
(-) TOTAL DEDUCTIONS FROM TIER 2	0	
Tier 2: Other capital elements, deductions and adjustments		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Total Fixed Assets	862	862	
2	Total Current Assets	34,825	34,825	
xxx	Total Assets	35,687	35,687	

Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements

1	Creditors: amounts falling due within one year	17,848	17,848	Note 13
xxx	Total Liabilities	17,848	17,848	

Shareholders' Equity

1	Share Capital	1	1	Note 16
2	Share Premium	6,080	6,080	
3	Retained Earnings	12,712	12,712	
4	EBT Reserve	-1,102	-1,102	Note 17
5	Other Reserves	148	148	
xxx	Total Shareholders' equity	17,839	17,839	

The ICARA

The ICARA considers all relevant risks that could affect capital and liquidity. This is done by:

- Reviewing enterprise risks from the Risk Register ordered by highest risk to lowest risk. We have considered the financial impact of several scenarios.
- Monitoring, as part of our ICARA and regulatory reporting concentration risk of where our cash is held and concentration of revenue.
- Conducting two stress tests, where there are severe but plausible scenarios extreme scenarios.
- Preparing a reverse stress test and considering the net costs and cashflow of orderly winddown for VIP (UK) Ltd and VIPL.

ICARA Summary

The table below shows that the OFAR is substantially covered.

Own Funds Requirement (OFR)	
Permanent Minimum Requirement (PMR)	£75,000
K-Factors (KF)	£1,899,291
K-AUM	£403,252
K-ASA	£1,495,870
Fixed Overhead Requirements (FOR)	£3,316,938
Highest of PMR, KF or FOR	£3,316,938
Additional Own Funds Required (AOFR)	
Enterprise Risks (ER)	£0
Stress Tests (ST)	£0
Net Orderly Wind Down costs (OWD)	£0
If ER, ST or OWD is above OFAR	£0
Capital Conclusion	
Own Funds Threshold Requirement (OFTR) = OFR + AOFR	£3,316,938
Total Available Regulatory Capital	£17,838,647

Basic Liquid Asset Requirement (BLAR)	
33.33% of FOR	£1,105,646
1.6% of the total amount of any guarantees provided to clients	£0
Sum of the above	£1,105,646
Liquidity Self-Assessment (LSA)	
Enterprise Risks (ER)	£0
Liquidity Stress Test (LST)	£0
Net Orderly Wind Down liquidity requirements (OWD)	£0
If ER, LST or OWD is above BLAR	£0
Liquidity Conclusion	
Liquidity Asset Threshold Requirement (LATR) = BLAR + LSA	£1,105,646
(Ringfenced) core liquid assets held	£17,838,647

Overall Financial Adequacy Rule (OFAR)	
(OFTR) Capital requirements met	✓
(LATR) Liquidity requirements met	✓

Concluding Remarks

The ICARA calculation is for the firm's accounting period ending September 30, 2022. The Group is profitable and maintains healthy cash balances with a predominately liquid balance sheet and low fixed cost base relative to revenues. The Group's management continue to look for operational efficiencies.