



April 2019

## **PILLAR 3 DISCLOSURE**

### **Regulatory context**

The European Capital Requirements Directive (CRD) established a revised regulatory capital framework governing the amount and type of capital that must be maintained by credit institutions and investment firms.

The framework consists of 3 “Pillars”:

- Pillar 1 sets out the minimum capital amount that meets the firm’s credit, market and operational risks,
- Pillar 2 requires the firm to consider whether additional capital is required to cover risks not covered by Pillar 1 requirements; and
- Pillar 3 requires the firm to make available information relating to their risks, capital adequacy and policies for managing risk with the aim of promoting market discipline.

In the UK, the CRD has been implemented by the Financial Conduct Authority (FCA) through rules contained within the General Prudential Sourcebook (GENPRU) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU). Chapter 11 of BIPRU sets out the disclosure requirements in relation to Pillar 3.

The disclosure which follows is designed to conform to those requirements and relates solely to Vantage Investment Advisory Limited (VIAL), the Firm. Please note that the disclosure does not apply to the Vantage Funds managed by Vantage Investment Management Limited (VIML), or to Vantage Investment Management Limited itself, both of which are regulated separately as detailed below, and are exposed to different risks.

### **Background to the Firm**

The Vantage Funds; the Vantage Global Investment Fund, and the Vantage World Equity Fund, have appointed as the Manager, Vantage Investment Management Limited (VIML), in order to invest, re-invest and administer the Funds’ assets within the scope of the investment objectives set forth in the Prospectus of the Funds.

The Funds managed by VIML as well as the Funds' directors are registered with Cayman Islands Monetary Authority (CIMA). VIML is registered with the Financial Services Commission (FSC), in Mauritius as a CIS Manager.

VIAL is registered with the FCA and is based in London in the UK. It is authorised and regulated as an investment advisory and investment management firm.

VIAL is a BIPRU limited license €50k firm. It does not hold regulatory permission to hold client money or client assets.

### **Verification**

The information contained in this document has not been audited by the Firm's external auditors, does not constitute any form of financial statement and must not be relied upon in making any judgment on the Firm.

### **Proprietary and confidential information**

BIPRU Pillar 3 rules (BIPRU 11.3.6R and BIPRU 11.3.7R) provide that firms may omit information where the information is regarded as proprietary or confidential.

## **PILLAR 3 DISCLOSURES**

### **Risk Management (BIPRU 11.5.1R)**

The compliance officer is responsible for ensuring that the firm's regulated activities are carried out in accordance with relevant legislation, regulation and industry guidance. Independent compliance reviews are performed by VIAL's external compliance consultancy. This provides independent advice on the effectiveness of the Firm's risk management, control and governance processes.

The risk management framework sets out the responsibilities and escalation procedures for the identification, monitoring and management of risks.

Risks and mitigating controls are periodically reassessed, taking into account the Firm's activities. Actions are taken to improve the control framework when risks are identified or when weaknesses are identified in the Firm's mitigating controls. VIAL's external compliance advisor has been appointed to provide appropriate expertise, insights with regard to "good practice", processes and controls.

The principal risks affecting VIAL relate to client interactions, regulation, compliance change and oversight. VIAL is aware of its key risks and focused on their management in all areas.

### **Internal Capital Adequacy Assessment Process (ICAAP)**

The Firm's ICAAP includes an assessment of the design and performance of the internal controls in place to mitigate risks, the probability of the risk occurring, the potential financial and reputational impact, and the adequacy of the Firm's capital base.

The ICAAP document is formally reviewed on an annual basis and more frequently if there were material changes to the Firm's business model or risk exposures. In this review it is confirmed that the Firm's key material risks have been considered and assessed, and that relevant stress tests are in place.

Pillar 2 capital requirements of the Firm are determined through a range of methods including scenario analysis of extreme events and stress testing within the ICAAP.

### **Regulatory Capital (BIPRU 11.5.3R)**

As a BIPRU firm, the Firm maintains sufficient capital to meet its regulatory capital requirements and takes the prudent approach to the management of its capital base. The amount and type of capital resources are set out below:

Capital Resources as at 31 <sup>st</sup> December 2018	£'000
Tier One Capital—Share capital	50
Audited reserves	304
Tier Two Capital	0
Tier Three Capital	0
Total Capital	354

The adequacy of the capital held by the Firm is assessed regularly, and at least annually, as part of the ICAAP framework. The most recent ICAAP (and Pillar 2) review took place in April 2019.

The Firm's Pillar 3 disclosure will be made on an annual basis as at the accounting reference date of 31<sup>st</sup> December and as soon as practicable after the publication of the Firm's annual report. The Firm will reassess the need to publish some or all of the disclosures more frequently than annually in light of any significant changes to the Firm.