Verso Investment Management LLP

MIFIDPRU 8 Disclosure

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Verso Investment Management LLP – for the year ended 31 December 2025

Document control

Version	Date	Status / notes
v0.1	30/07/2026	First draft for review.
v0.2	03/08/2026	Updates - comments from Barry Strathearn
V0.3	04/08/2026	Updates – Risk and Audit Committee

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1. Introduction

The Investment Firms Prudential Regime (“IFPR”) came into effect on 1 January 2022 as the prudential regime for UK firms authorised under the Markets in Financial Instruments Directive (“MiFID”). It is implemented by the Financial Conduct Authority (“FCA”) through the Prudential sourcebook for MiFID Investment Firms (“MIFIDPRU”).

MIFIDPRU 8 requires every non-SNI (non-small and non-interconnected) MIFIDPRU investment firm to publicly disclose, at least annually, information on:

- risk management objectives and policies;
- governance arrangements; own funds;
- own funds requirements; and
- remuneration policies and practices.

Disclosures must be proportionate to the firm's size, internal organisation, and the nature, scope and complexity of its activities.

This document sets out Verso Investment Management LLP’s (“VIM”) annual public disclosures as required under MIFIDPRU 8 for the year ended 31 December 2025. It has been prepared with reference to the Group's 2026 ICARA, the Verso Group Corporate Governance Policy and the Verso Group Remuneration Policy.

2. Scope and Basis of Disclosure

These disclosures relate to VIM, a discretionary investment manager, which provides portfolio management services to retail clients through a network of advisers, including advisers of Verso Wealth Management Limited (“VWM”). VIM is a non-SNI MIFIDPRU investment firm authorised and regulated by the FCA (FRN 517235) and is required to provide these disclosures on an individual firm basis. VIM is not required to publish its Investment Policy.

Subsequent to the year end, the Verso Group underwent a corporate restructuring and formed an Investment Firm Group (“IFG”) and VIM’s immediate parent became VWM Holdco Limited, a company registered in England, with registered office address Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6HL. This restructuring occurred after the reporting date and has not affected the firm’s regulatory own funds, own funds requirement or governance disclosures as at 31 December 2025.

These disclosures have been approved by the VIM Board and have been made available on the corporate website. These disclosures are not subject to audit and have been produced solely for the purposes of satisfying the MIFIDPRU 8 regulatory requirements.

3. Risk Management Objectives and Policies

3.1 Risk management framework

The risks of material harm are managed across all entities in the Verso Group under a single risk management framework due to the interdependencies between the legal entities. This risk management framework is supported by the Threesixty Trust platform, with risks classified into the following categories: financial risks, operational risks, conduct/regulatory risks, group risks, and other risks (including reputational and strategic risks).

3.2 Risk management structure

The Board of VIM has accepted ultimate responsibility for the ICARA process, including approval of the ICARA document and the conclusions reached and the oversight responsibility for the risk management of the Verso Group. The Board is supported by the following:

- Risk & Audit Committee ("RiskCo") – oversight of the risk management framework, review and challenge of the ICARA, monitoring of key risk indicators ("KRIs"), oversight of financial reporting, internal controls and the work of internal and external audit.
- Duke 2021 Topco Board – the Verso Group's parent governance body which provides review and challenge of the ICARA and assumptions particularly regarding group risk, group indebtedness, group capital and liquidity.

Risk governance is based on a three lines of defence model:

- First line – business and operational management own and manage day-to-day risks.
- Second line – the Compliance and Risk functions provide oversight, challenge and reporting.
- Third line – independent assurance via outsourced internal audit / third-party review (currently Threesixty).

3.3 Risk appetite

The risk appetite is the overarching level of risk that a firm is willing to accept to generate acceptable returns. The Board would rather miss out on a business growth opportunity than take one on that risks the business model, financial stability, or client service delivery. The business is run with quality of client service and security of assets and data at the forefront of its decision making with strong awareness of the need to prevent financial crime and preserve market reputation and stability.

The risk appetite of the Board is articulated as a series of tolerances and metrics which have been developed based on the assessment of the potential harms arising from the Group's business and the behaviour of financial resources under stress. Insight from stress testing was used to provide an appropriate resource buffer to ensure adequate resources are maintained or to wind-down fully in an orderly way. VIM has considered the recovery plan and wind-down triggers in relation to threshold requirements and in deciding how much resources to hold in excess. The firm identified internal early warning indicators and triggers, before the point of critical stress, when the firm may need to intervene. These levels are above the level where FCA notification is required.

The Board has set risk appetite statements covering capital, liquidity and leverage (group indebtedness) for the group and for VIM. The risk appetite is monitored against agreed KRIs and EWIs and reported to RiskCo and the Board on a quarterly basis. Any breaches of the EWI are immediately escalated to the members of RiskCo.

3.4 The ICARA process

The Internal Capital Adequacy and Risk Assessment (“ICARA”) process is conducted on a group basis under MIFIDPRU 7.9.5R, while VIM separately complies with the individual-firm requirements of MIFIDPRU 7.4–7.8.

VIM assesses the effectiveness of its risk management process as part of the ICARA process. This is reviewed at least annually, or on any material change to the business or risk profile. The most recent ICARA was approved by the VIM Board on 29 June 2026. RiskCo provided ongoing challenge to this process.

Based on the analysis set out in the ICARA, the Board of VIM confirms that:

- VIM has identified and assessed the material harms arising from its activities.
- VIM holds own funds and liquid assets of sufficient amount and quality to meet the Overall Financial Adequacy Rule.
- VIM could be wound down in an orderly manner without causing material harm to its clients or to the integrity of the markets in which it operates.
- Appropriate governance, risk management and monitoring arrangements are in place to maintain compliance with the OFAR on an ongoing basis.

Harms arise as a consequence of risk events and may relate to the categories of risk addressed by MIFIDPRU 4 Own funds requirements, MIFIDPRU 5 Concentration risk, and MIFIDPRU 6 Liquidity risk.

Risk Category	Potential for Harm	Strategy and processes to reduce potential for harm
Own funds requirements	Own funds risk is the risk of harm to clients, firm, and/or markets resulting from VIM being unable to meet its regulatory capital requirements because it does not have or is unable to generate sufficient capital.	In Section 6, the own funds required by VIM for Overall Financial Adequacy Rule Compliance are presented. Additionally, the ICARA process supports the monitoring of the Own Funds Requirement and considers stress testing and operational risk scenarios with regard to the adequacy of own funds. In Section 3, Risk Management Objectives and Policies, an overview of the risk management framework applicable to mitigate the risks relevant to own funds is provided.
Concentration risk	Concentration risk is the harm to firm arising from the exposure	Concentration risk from outstanding fee exposure is

Risk Category	Potential for Harm	Strategy and processes to reduce potential for harm
	to a single client or group of connected clients or counterparties. As VIM does not deal on its own account, it is not exposed to concentration risk arising from a trading book and is only exposed to concentration risk from investment management fees.	limited due to the diversification of the client base.
Liquidity	Liquidity risk is the risk that Verso will not have adequate cash flow to meet our operational expenses and other obligations when they fall due.	Liquidity is managed on a group basis, with VIM independently meeting its own regulatory liquidity requirement and holding a buffer above it. Weekly and quarterly cashflow projections are maintained by the Finance function. In the event of a short-term shortfall, the Group has access to a revolving credit facility and shareholder support among other mitigants identified through the ICARA's recovery actions analysis.

4. Governance Arrangements

This section is disclosed in accordance with MIFIDPRU 8.3 and describes how VIM's management body defines, oversees and is accountable for governance arrangements that ensure effective and prudent management, the segregation of duties, and the prevention of conflicts of interest, in a manner that promotes market integrity and the interests of clients.

4.1 Board and management body as at 31 December 2025

The VIM Board has ultimate accountability for VIM's strategy, risk appetite and overall governance, including approval of VIM's Statement of Responsibilities and Senior Management Function (SMF) allocations under the Senior Managers and Certification Regime (SMCR).

The VIM Board comprises five executive directors.

Name of Director	Role	No. of external directorships*
Andrew Fay	Co-Founder and Director	1
Andrew Mann	Head of Proposition	0
Neil McGill	Chief Financial Officer	0
Rory Smith	Chief Investment Officer	0
Jaspreet Dhariwal	Group Chief Risk and Compliance Officer	0

*Excluding those within the Verso Group

At the start of 2026:

- an independent non-executive director, who previously acted as an independent board adviser was appointed to the Board.
- Jaspreet Dhariwal left the Verso Group and Barry Strathearn was appointed as Group Chief Risk and Compliance Officer.

4.2 Committee structure

The Board is supported by a formal committee structure, with terms of reference maintained for each committee:

Committee	**Role**
Risk & Audit Committee (“RiskCo”)	Oversight of the risk management framework; review and challenge of the ICARA; monitoring of Key Risk Indicators (KRIs); oversight of financial reporting, internal controls and internal/external audit. Review of annual financial statements.
Remuneration & Nominations Committee	Oversees remuneration policy and MRT identification; leads Board appointments; considers diversity and inclusion in Board and senior management composition; approves annual MIFIDPRU 8 remuneration disclosures prior to publication.
Investment Management Committee	Oversight of investment-related risk, portfolio performance and the investment proposition (VIM).
Duke 2021 Topco Board	Review and challenge of the ICARA, in particular assumptions relating to group risk and group indebtedness.

4.3 Approach to promoting diversity on the management body

The Corporate Governance Policy requires the Board to maintain an appropriate balance and diversity within the management team, and the Remuneration & Nominations Committee's terms of reference require it to consider the benefits of diversity and inclusion when recommending Board and senior management appointments and succession plans.

4.4 Risk committee

VIM is not required under MIFIDPRU 7.3.1R to establish a risk committee. However, the Verso Group has established a Risk & Audit Committee (“RiskCo”), chaired by an independent NED which advises the Board on risk appetite and strategy and oversees implementation by senior management.

VIM’s Board, as governing body of VIM, retains overall responsibility for approval of VIM’s risk appetite and strategy, including capital adequacy and liquidity of financial resources.

5. Own Funds

Under MIFIDPRU 8.4.1R, VIM is required to disclose:

(a) a reconciliation of Common Equity Tier 1, Additional Tier 1 and Tier 2 items, and applicable filters and deductions, used to calculate own funds;

(b) a reconciliation of this to the capital section of the balance sheet in the audited financial statements; and

(c) a description of the main features of the capital instruments issued.

Own funds for VIM comprise exclusively common equity tier 1, calculated in accordance with MIFIDPRU 3.

All amounts in the following tables are as at 31 December 2025.

5.1 Composition of regulatory own funds (OF1)

Item	Item description	Amount (£'000s)	Source (ref. to audited financial statements)
1	**OWN FUNDS**	**4,843**	
2	**TIER 1 CAPITAL**	**4,843**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**4,843**	
4	Fully paid-up capital instruments	1,981	Members’ capital classified as equity
5	Share premium		
6	Retained earnings	2,917	Unallocated profits

Item	Item description	Amount (£'000s)	Source (ref. to audited financial statements)
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	(56)	Investments (note 13)
19	CET1: other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
25	**TIER 2 CAPITAL**		

5.2 Reconciliation of own funds to the balance sheet (OF2)

The table below reconciles VIM's Members' interests as reported in the Balance Sheet of VIM's audited financial statements, to the composition of regulatory own funds in Section 5.1 (OF1). As VIM has the same accounting and regulatory scope of consolidation (it is not itself a consolidating parent), figures are entered in column (a) only; column (b) is shown as not applicable.

Item	(a) Balance sheet as in audited financial statements (£'000s)	(b) Under regulatory scope of consolidation (£'000s)	(c) Cross-reference to template OF1 (item no.)
Assets – breakdown by asset class per the audited Balance Sheet			
Tangible assets	12	n/a	
Investments (note 13)	56	n/a	11 (deduction from CET1)
Debtors: amounts falling due within one year	4,947	n/a	
Cash at bank and in hand	690	n/a	
Total assets	**5,705**	**n/a**	

Item	(a) Balance sheet as in audited financial statements (£'000s)	(b) Under regulatory scope of consolidation (£'000s)	(c) Cross-reference to template OF1 (item no.)
Liabilities – breakdown by liability class per the audited Balance Sheet			
Creditors: amounts falling due within one year	807	n/a	
Total liabilities	**807**	**n/a**	
Members' interests (Members' other interests)			
Members' capital classified as equity	1,981	n/a	4
Unallocated profits	2,917	n/a	6
Total Members' interests	**4,898**	**n/a**	**1 (before CET1 deductions)**

Total Members' interests of £4,898k, less the £56k deduction in respect of the investment held (note 13, deducted from Common Equity Tier 1 per Section 5.1, item 11), reconciles to Own Funds of £4,843k as reported in Section 5.1.

5.3 Main features of own fund instruments

Feature	Description
Issuer	Verso Investment Management LLP (FRN 517235, registered number OC351100), formerly Whitefoord LLP.
Instrument type	Members' capital (Capital Units), governed by the Limited Liability Partnership Agreement relating to Whitefoord LLP dated 10 September 2021.
Public or private placement	Private – capital is contributed by the LLP's corporate members only; it is not offered or traded publicly.
Amount recognised in regulatory capital (as at 31 December 2025)	£1,981k (Members' capital classified as equity – see Section 5.1, item 4). A further £2,917k of unallocated (retained) profits is also recognised within CET1 (Section 5.1, item 6) but is not itself a capital instrument.
Nominal amount / issue price / redemption price	Not applicable – capital is not divided into shares with a nominal or issue value. Each member's contribution is recorded in a Capital Account and expressed as a proportion of the LLP's total Capital Units.

Feature	Description
Accounting classification	Equity (Members’ capital classified as equity, per the audited Balance Sheet).
Original date of issuance	Capital Units have been issued under the Members' Agreement since the LLP's incorporation on 23 December 2009
Perpetual or dated	Perpetual – no fixed maturity or redemption date.
Maturity date	Not applicable.
Issuer call subject to prior supervisory approval	Not applicable.
Optional call date, contingent call dates and redemption amount / subsequent call dates	Not applicable.
Coupons/dividends	None. No interest is payable on capital contributed or on undrawn Current Account balances. Profits are allocated between members pro rata to their Capital Units and distributed at the discretion of the Designated Members, not as a fixed coupon or dividend.
Fixed or floating dividend/coupon; coupon rate and any related index; existence of a dividend stopper	Not applicable.
Convertible or non-convertible	Non-convertible.
Write-down features	None. No member can be required to make an additional capital contribution at any time when the LLP is unable to pay its debts; losses are instead borne by the LLP and absorbed by members’ capital and reserves ahead of any claim on creditors.
Position in capital structure / ranking and equal ranking arrangements	Subordinated to all creditors of the LLP. On a winding-up, creditors (including members’ undrawn Current Account balances) are paid in full before any surplus is returned to members pro rata to their Capital Units. The LLP’s two corporate members rank equally with each other, pro rata to their respective Capital Units; there is only one class of capital.

Feature	Description
Loss absorption mechanics / proportion of residual assets claimed	Members' capital and undrawn profits absorb losses ahead of any call on creditors.

There were two members of VIM throughout 2025 holding Capital Units of 83.6% and 16.4% respectively.

6. Own Funds Requirements

This section is disclosed in accordance with MIFIDPRU 8.5.

Under MIFIDPRU 4.3.1R, VIM must at all times maintain own funds at least equal to its own funds requirement, calculated as the highest of the Permanent Minimum Requirement (PMR), the Fixed Overheads Requirement (FOR) and the K-Factor Requirement (KFR).

6.1 Permanent Minimum Requirement

The PMR for VIM is £150,000, a fixed amount determined by VIM's regulatory permissions (MIFIDPRU 4.4).

6.2 Fixed Overheads Requirement

The FOR is equal to 25% of relevant annual expenditure in the preceding year and represents the FCA's view of the minimum capital needed to conduct an orderly wind-down. As at 31 December 2025, VIM's FOR was £1.0 million (unchanged from 31 December 2024), based on audited accounts and including a recharge of 50% of London office costs. VIM's 2026 budget includes a c.4% reduction in expenditure (partly reflecting the outsourcing of custody to Third Platform Services); as this change is below the 30% / £2 million thresholds in MIFIDPRU 2.5, the FOR has not been recalculated for 2026.

6.3 K-Factor Requirement

As VIM does not deal on its own account or trade in its own name, only the "risk to client" K-factors apply: K-AUM (assets under management, calculated on a 12-month lagged average), K-CMH (client money held) and K-ASA (assets safeguarded and administered). The table below follows the standard three-group K-factor breakdown in the MIFIDPRU 8 Annex 1R disclosure template.

K-factor group	£'000s
Sum of K-AUM, K-CMH and K-ASA (risk to client)	285
Sum of K-COH and K-DTF (risk to market)	0
Sum of K-NPR, K-CMG, K-TCD and K-CON (risk to firm)	0

6.4 Own Funds Requirement and surplus

Item	£'000s
Permanent Minimum Requirement (PMR)	150
Fixed Overheads Requirement (FOR)	994
K-Factor Requirement (KFR) – total of the three groups above	285
Own Funds Requirement (higher of PMR, FOR, KFR)	994
Own Funds Threshold Requirement (OFTR)	1,211
Own funds surplus over OFTR	3,632

VIM held an own funds surplus over its OFTR of £3,632k confirming compliance with the Overall Financial Adequacy Rule (OFAR) as at the assessment date.

6.5 Liquid Assets Threshold Requirement (LATR)

VIM's LATR is assessed as the sum of the Basic Liquid Assets Requirement (BLAR) under MIFIDPRU 6, additional liquid assets required to cover material harms during ongoing operations, and liquid assets required for an orderly wind-down. VIM held a base surplus over its LATR of £69k; management actions capable of generating a further £213k of liquidity (e.g. supplier payment terms, drawdown on the Group's revolving credit facility) are identified in the ICARA as available to maintain this surplus under stress.

7. Remuneration Policy and Practices

The purpose of the Remuneration Policy is to ensure that remuneration across Verso Group:

- Supports the delivery of good client outcomes
- Aligns with long-term sustainable performance
- Promotes sound and effective risk management
- Complies with applicable FCA requirements, including:
- MIFIDPRU Remuneration Code (SYSC 19G)
- Consumer Duty (PRIN 12)

The Policy applies to all employees, with enhanced requirements for Material Risk Takers (MRTs). MRTs include senior management, SMF holders, head of control functions, portfolio management decision makers and other staff whose activities may materially affect the firm’s risk profile.

Remuneration comprises the following components:

- Fixed Remuneration determined by role seniority, experience and capability, market benchmarking and internal equity. Fixed remuneration is not linked to performance.

- Variable Remuneration (Discretionary Bonus) reflects firm performance, business unit performance, individual contribution, conduct and client outcomes. There is no contractual entitlement to variable remuneration.

Remuneration arrangements are designed to support Consumer Duty by:
- Ensuring incentives do not:
  - encourage poor advice
  - bias product selection
  - prioritise short-term revenue
- Incorporating:
  - client outcome metrics
  - complaint trends
  - suitability assessments
- Allowing remuneration to be adjusted downward where poor outcomes are identified

The Remuneration policy has been developed by the Remuneration and Nominations Committee which consists of five members and is chaired by an independent NED. The Committee exists to:
- Protect long-term client and shareholder interests
- Ensure remuneration supports sound risk management and Consumer Duty
- Maintain strong leadership capability and succession
- Oversee governance resilience during acquisitions and growth

The Committee shall ensure that remuneration frameworks do not incentivise behaviours that could lead to foreseeable harm or poor client outcomes, and that Consumer Duty considerations are incorporated into variable pay design and assessment.

The Board approves the Remuneration Policy and oversees alignment with strategy and risk.

MRTs are identified annually by the Remuneration & Nominations Committee based on decision-making authority, ability to commit resources, impact on risk profile and SMCR status. Consistent with market practice, MRT remuneration is disclosed below by category rather than by named individual.

Quantitative disclosures

In accordance with MIFIDPRU 8.6.8R, the table below shows total remuneration awarded for the period, split between fixed and variable, for Senior Management, Other Material Risk Takers, and Other Staff.

£000s	Senior Management	Other MRTs	Other Staff
Fixed remuneration	1,141	432	1,656

£000s	Senior Management	Other MRTs	Other Staff
Variable remuneration	20	18	70
Total remuneration	1,161	450	1,726

Number of Material Risk Takers identified for the period: 9.

No guaranteed variable remuneration or severance payments were paid to any MRTs in 2025. No external remuneration consultants were engaged during 2025.