Pillar 3 Disclosure

ICARA

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Introduction

The Capital Requirements Directive (CRD) of the European Union created a revised regulatory capital framework across Europe governing how much capital financial services firms must hold. In the United Kingdom this is implemented and enforced by the Financial Conduct Authority (FCA) with rules and guidance within the General Prudential Sourcebook (GENPRU) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU). The framework is structured around three 'pillars'.

- Pillar I: Sets out the minimum regulatory capital requirements a firm must adhere to. A BIPRU firm must maintain capital resources which are at least equal to the base capital resources requirement. A firm must also meet the variable capital requirement which is the higher of a) the capital required to cover a firm's credit, market and operational risk or b) the firm's fixed overhead requirements. The base capital can be used to meet the variable capital requirement.
- Pillar II: Requires a firm to regularly assess the amount of internal capital it considers adequate to cover all of the risks to which it is exposed, within the context of its overall risk management framework. The process, known as the Internal Capital Adequacy Assessment Process (ICAAP) is the firm's responsibility and is the key document reviewed by the FCA as part of their Supervisory Review and Evaluation Process (SREP).
- Pillar III: Requires firms to make disclosures to the market for the benefit of the market. The aim is to encourage market discipline by developing a set of disclosure requirements, both generic and accounting specific, which will allow market participants to assess key pieces of information on a firm's capital, risk exposures and risk assessment processes.

The rules in the FCA Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 disclosure obligations.

Frequency of disclosure

Disclosures will be issued on an annual basis.

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Verification

These disclosures have been prepared and set out in order to comply with the FCA's regulatory requirements and provide information on the firm's risk management policies and certain capital requirements. They do not constitute financial statements and are based on unaudited financial positions and should not be relied upon in isolation when making judgements about the firm.

Scope

Woodhill acts as the Investment Manager for a sub-fund of a UCITS OEIC;

VT Woodhill UK Equity Strategic Fund.

A long only equity strategy is followed with derivatives used for hedging the entire value of the portfolio from time to time. Woodhill does not deal on its own account but acts as an Investment Manager to an authorised fund operated by a third party.

Risk Management Objectives and Policies

Risk management is focused on reducing operational risk and maintaining sufficient capital to allow an adequate buffer against these risks as identified in the company's Internal Capital Adequacy Assessment Procedure (ICAAP). Risk management is the responsibility of the Partners and is led by Woodhill's Compliance Officer.

Operational Risks include the following:

- Technology (systems failure) and information security risk.
- Process failure risk.
- The firm is defrauded.
- Regulatory, legal and tax risk.
- Third party service provider issue.
- Business disruption and disaster recovery.
- Cybercrime.

Risk management is a fundamental part of the day to day management of the firm. This applies to our implementation of operational procedures to ensure that the risks associated with the provision of investment management services are mitigated by appropriate controls and processes and to our considered approach to stock selection and daily management of the investment portfolios managed for clients.

The Board meets routinely quarterly, or as and when necessary, and has primary responsibility for governance and oversight of the firm. The Compliance Officer provides oversight of risk management process and controls, and has overseen the development of the internal Compliance and Risk regime.

Operational, market, credit and regulatory risks are reviewed regularly by the Compliance Officer.

Capital adequacy and ICAAP

Woodhill's overall approach to assessing the adequacy of its internal capital is detailed in the Internal Capital Adequacy Assessment Process ("ICAAP") document. The ICAAP process includes an assessment of all considered material risks faced by the firm and looks at the controls in place to identify, manage and mitigate those risks. The ICAAP is then stressed-tested against various scenarios to determine the level of capital that should be held.

Where risks can be mitigated by capital, Woodhill has adopted a "Pillar 1 plus" approach whereby the Pillar 1 capital calculations are assessed. Where the Board considers that the Pillar 1 calculations do not adequately reflect the risk, it provides additional capital in Pillar 2.

Whilst the ICAAP is formally reviewed by the Board once a year, Senior Management review risks and the required capital more frequently as part of their routine controls work. It will also undertake a review when there is a planned change to operating practice which could impact risks and capital or when changes are expected in the business environment which may impact the ability to generate income.

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Capital resources

The capital requirements of the firm are monitored on an ongoing basis to ensure that at any time there is always sufficient capital in place. As at end September, 2024 Woodhill's capital resources, for FCA purposes, were as follows:

	£'000s
Tier 1 Capital	110
Tier 2 Capital	-
Tier 3 Capital	-
Total Capital before deductions	110

Woodhill had £110k of regulatory capital after deductions in place as at end September, 2024, compared with an ICAAP capital requirement of £75k, resulting in a £35k surplus.

Approach to Capital Adequacy

The ICAAP process must be proportionate to the nature, scale and complexity of the business. The Board believes it has addressed all relevant risks and has a robust, well-organised infrastructure which is appropriate for its current operations and committed plans.

The Board regard risk management as an integral part of Woodhill's business activities and have adopted policies and procedures consistent with Woodhill's nature, scale and complexity. Woodhill's management practices are intended to provide comprehensive controls and ongoing management of its major risks.

Mitigation of these risks is primarily the responsibility of the Board and the consideration of risk is a daily process in all dealings, internally and externally.

After consideration of Woodhill's planning horizon, profit distribution policies and the impact of potential risk areas the Board believe Woodhill's Pillar 1 capital resource requirement to be the capital requirement of Woodhill.

Current Capital Resources

At September 2024, Woodhill had Tier 1 capital resources of £110k. It has no Tier 2 or 3 capital. The minimum capital required was assessed as being £75k. Woodhill therefore has capital of £35k in excess of the minimum. This is deemed sufficient to support current and future activities.

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Remuneration Policy

Woodhill is required to disclose the key policies used in determining remuneration for staff whose professional activities have a material impact on the firm's risk profile along with key quantitative information. These staff members are defined by the firm as authorised individuals who are in significant management, control or risk functions. Remuneration policy is the responsibility of the Partners and Management Committee.

Woodhill currently has no staff members.