

# GVO Investment Management Limited

Registered Number - 4493500

## Annual Report and Financial Statements For the year ended 31 December 2014

TUESDAY



\*A469NS0Q\*

A22

28/04/2015

#340

COMPANIES HOUSE

---

## Contents

1	Strategic Report
2	Report of the Directors
3	Statement of Directors' responsibilities
4	<i>Independent auditors' report</i>
5	Statement of comprehensive income
6	Statement of changes in equity
7	Statement of financial position
8	Cash flow statement
9	Notes to the accounts
16	Pillar 3 disclosure
20	Remuneration code disclosure

# GVO Investment Management Limited

## Strategic Report

### Principal activity and strategy

GVO Investment Management Limited (the 'Company') is a London based specialist fund manager and advisor, created with the objective of adopting private equity investment techniques and adapting them for use in the public markets. GVO Investment Management limited (GVOIM) is one of Europe's longest standing investors in this field. The registered office of the Company is 25 North Row, London, W1K 6DJ.

The Company was authorised as a full scope AIFM on 22 July 2014 and currently offers two investment strategies that follow the same distinctive investment process and are driven by a single research platform:

#### GVO UK Focus Fund

GVO UK Focus Fund (UKFF) invests in the equity of UK publicly listed companies where our private equity based research indicates they are undervalued and where we have identified a specific catalyst that should lead to an increase in shareholder value. This is a focused portfolio typically made up of 25-35 holdings, offering full liquidity and transparency.

#### Strategic Equity Capital plc

Strategic Equity Capital plc (SEC) is a London-listed Investment Trust which seeks to create shareholder value through constructive corporate engagement with publicly quoted UK companies. SEC listed on the London Stock Exchange on 19 July 2005, having raised funds from a wide range of investors including institutions, pension funds and private banks.

### Key performance indicators

The Directors consider the key performance indicators for the Company to be the amount of funds under management, the performance of the underlying funds and the profitability of the Company.

During the year funds under management increased from £270m as at 31 December 2013 to £366m as at 31 December 2014. During the year SEC gave a total return of 18.0% (2013: 46.0%) and UKFF gave a total return of 6.0% (2013: 44.2%). The Company made a loss after taxation of £50,722 (2013: profit of £92,559).

### Principal risks and uncertainties

The Directors are responsible for the risk management of the Company from a strategic, business and process risk perspective. The Directors have assessed the currency risk, client risk, price risk, credit risk and liquidity risk exposure of the Company based on underlying activity performed.

#### Currency risk

The fees earned by the firm are denominated in GBP and the majority of expenditure is incurred in GBP therefore the Directors consider any currency risk to be negligible.

#### Market Price risk

The Company is exposed to market price risk as management fee income is calculated as a percentage of net asset value of the managed funds.

#### Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company is exposed to credit risk in relation to management fee payments, and deposits held with the bank.

#### Liquidity risk

The Firm does not maintain any credit, overdraft or loan facilities. For this reason, the Directors consider any liquidity risk to be negligible.

### Ultimate parent undertaking

At 31 December 2014, Hansa Aktiengesellschaft ('Hansa'), a Swiss-based international investment and holding company with total assets of approximately US \$1.8 billion, owned 100% of the share capital of the Company.

On 19 December 2014, RIT Capital Partners plc, a London-listed investment trust, entered into an agreement to acquire the Company from Hansa, subject to regulatory approval. The agreement was finalised post year end on 20 January 2015.

## Report of the Directors'

The Directors submit their report together with the audited financial statements for the year ended 31 December 2014.

### Directors

The Directors in office during the year and as at the date of this report were:

	<u>Date of appointment</u>
Jonathan Morgan (resigned 30 April 2014)	21 July 2008
Adam Steiner (resigned 30 April 2014)	28 October 2009
Ben Russell	20 September 2013
Nicholas von Bruemmer	20 September 2013
Christopher Chambers	25 March 2014
Jamie Seaton	15 May 2014
Stuart Widdowson	15 May 2014

### Results and dividends

During the year the Company made a loss after taxation of £50,722 (2013: profit of £92,559). No dividend was paid during the year.

### Creditor Payment Policy

The Company's normal practice is to agree the terms of payment with suppliers at the time of contract and to make payment within the agreed credit term subject to satisfactory performance.

### Directors and directors' interests

No Director has any interest in the share capital of the company or any material interest in any other contract that is significant to the Company's business.

Nicholas von Bruemmer resigned from the Board on 20 January 2015.

### Directors' and officers' liability insurance

The Company maintains its own directors' and officers' liability insurance policy.

### Financial instruments and risk profile

The Company's financial instruments are discussed in note 1 and note 19. The main financial risks faced by the Company and the management of those risks are set out in note 19.

### Going concern

The Directors believe that the Company is positioned to manage its business risks successfully and, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

GVO Investment Management Limited made a loss in the year of £50,722 and had a cash balance of £1,420,357 as at 31 December 2014. Therefore the Company has adequate financial resources to continue in operational existence. Accordingly, the directors continue to adopt the going concern basis in preparing the Accounts.

### Auditors

KPMG LLP were appointed as auditor in September 2013.

### Provision of information to auditors

As far as the Directors are aware there is no relevant information of which the auditors are unaware and the Directors have taken all steps they should have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the Board

Secretary  
15 April 2015 London



## GVO Investment Management Limited

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The Directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and the cash flows of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: 'Accounting policies, changes in accounting estimate and errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Company has complied with International Financial Reporting Standards, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors believe that they have complied with these responsibilities.

## Independent auditor's report to the members of GVO Investment Management Limited

We have audited the financial statements of GVO Investment Management Limited for the year ended 31 December 2013 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
Ravi Lamba  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

23 April 2015

# GVO Investment Management Limited

## Statement of comprehensive income

	Notes	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
<b>Operating income</b>			
Fee income		3,979,429	3,175,574
Other operating income		119	1,149
<b>Total revenue</b>	<b>2</b>	<b>3,979,548</b>	<b>3,176,723</b>
<b>Operating expenses</b>			
Administrative expenses	<b>3</b>	(4,057,469)	(2,969,096)
<b>Total expenses</b>		<b>(4,057,469)</b>	<b>(2,969,096)</b>
<b>Operating (loss) / profit</b>		<b>(77,921)</b>	<b>207,627</b>
Exchange (loss) / gain		(1,914)	8,966
Finance costs	<b>6</b>	(31,499)	(34,320)
<b>(Loss) / profit before tax</b>		<b>(111,334)</b>	<b>182,273</b>
Tax	<b>7</b>	60,612	(89,714)
<b>(Loss) / profit for the year</b>		<b>(50,722)</b>	<b>92,559</b>

All items in the above statement derive from continuing operations.

The notes on pages 9 to 15 form an integral part of these accounts.

# GVO Investment Management Limited

## Statement of changes in equity

	Share capital £	Share Premium £	Capital contribution reserve £	Equity contribution reserve £	Share option reserve £	Profit and loss reserve £	Total £
<b>For the year ended 31 December 2014</b>							
Loss for the year	-	-	-	-	-	(50,722)	(50,722)
Issue of share capital	-	672,800	-	-	-	-	672,800
Dividends paid	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-
Equity contribution for performance shares and share options	-	-	-	-	-	-	-
Deferred tax on share options	-	-	-	-	(22,709)	-	(22,709)
Tax charge to Capital	-	-	-	-	-	-	-
Changes in equity for the year ended 31 December 2014	-	672,800	-	-	(22,709)	(50,722)	599,369
Balance at 31 December 2013	299,999	-	500,000	-	45,924	(308,595)	537,328
Balance at 31 December 2014	299,999	672,800	500,000	-	23,215	(359,317)	1,136,697
<b>For the year ended 31 December 2013</b>							
Profit for the year	-	-	-	-	-	92,559	92,559
Issue of share capital	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-
Capital Contribution	-	-	-	-	-	-	-
Equity contribution for performance shares and share options	-	-	-	(106,315)	36,691	106,315	36,691
Deferred tax on share options	-	-	-	-	-	-	-
Tax charge to capital	-	-	-	-	-	-	-
Changes in equity for the year ended 31 December 2013	-	-	-	(106,315)	36,691	198,874	129,250
Balance at 31 December 2012	299,999	-	500,000	106,315	9,233	(507,469)	408,078
Balance at 31 December 2013	299,999	-	500,000	-	45,924	(308,595)	537,328

The notes on pages 9 to 15 form an integral part of these accounts.



# GVO Investment Management Limited

## Statement of financial position

	Notes	As at 31 December 2014 £	As at 31 December 2013 £
<b>Non-current assets</b>			
Property, plant and equipment	8	-	2,050
Deferred tax asset	12	247,590	209,685
		247,590	211,735
<b>Current assets</b>			
Other receivables	9	760,342	927,779
Cash and cash equivalents	9	1,420,357	976,178
		2,180,699	1,903,957
<b>Total assets</b>		2,428,289	2,115,692
<b>Current liabilities</b>			
Other payables	10	(1,291,592)	(954,364)
Tax payables	10	-	-
		(1,291,592)	(954,364)
<b>Total assets less current liabilities</b>		1,136,697	1,161,328
<b>Non-current liabilities</b>			
Intercompany Loan	11	-	(624,000)
		-	(624,000)
<b>Net assets</b>		1,136,697	537,328
<b>Equity</b>			
Called up share capital	13	299,999	299,999
Share Premium	13	672,800	-
Capital contribution reserve	14	500,000	500,000
Equity contribution reserve	15	-	-
Share option reserve		23,215	45,924
Profit and loss reserve	16	(359,317)	(308,595)
<b>Total equity</b>		1,136,697	537,328

The notes on pages 9 to 15 form an integral part of these accounts.

The Company's (registered number 4493500) financial statements were authorised for issue by the Board of Directors on 15 April 2015 and the Statement of financial position was signed on behalf of the Board by:



**Ben Russell**  
Finance Director

# GVO Investment Management Limited

## Cash flow statement

	Notes	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
<b>Net cash used in operating activities</b>	17	446,093	(21,409)
<b>Investing activities</b>			
General Partner return of capital		-	100
Purchase of property, plant and equipment		-	(12,300)
<b>Net cash from investing activities</b>		-	(12,200)
<b>Financing</b>			
Share issuance		672,800	-
Repayment of subordinated loan		(624,000)	-
Finance costs		(48,800)	(25,669)
Loan repayment from SVG Strand		-	23,500
<b>Net cash from financing activities</b>		-	(2,169)
<b>Net increase in cash and cash equivalents</b>		446,093	(35,778)
Cash and cash equivalents at beginning of year		976,178	1,002,990
Effect of foreign exchange on cash and cash equivalents		(1,914)	8,966
<b>Cash and cash equivalents at end of year</b>		1,420,357	976,178

The notes on pages 9 to 15 form an integral part of these accounts.

# GVO Investment Management Limited

## Notes to the accounts

### 1 Accounting policies

#### Basis of accounting

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

International Financial Reporting Standards as adopted by the EU differ in certain respects from International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). References to International Financial Reporting Standards hereafter should be construed as references to International Financial Reporting Standards as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and are presented in sterling, the Company's functional currency. The principal accounting policies adopted are set out below.

#### Financial instruments

Financial assets and financial liabilities are made up of accounts receivable, accounts payable and cash and cash equivalents. The Directors consider the fair values of accounts receivable and accounts payable approximate their carrying value. The Directors do not believe that the Company is exposed to significant credit risk, liquidity risk, currency risk or interest rate risk and have not taken any specific actions to mitigate these financial risks. There are no other financial instruments.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Management fees are calculated as a percentage of the net asset value of the GVO UK Focus Fund and as a percentage of the lower of the market capital and net asset value of Strategic Equity Capital Plc. Management fees are invoiced quarterly in arrears.

Performance fees accrued by Strategic Equity Capital Plc are only recognised once they become payable. GVO UK Focus Fund does not pay performance fees.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is classified within operating activities in the cash flow statement.

#### Foreign currencies

The functional currency of the Company is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in net profit or loss for the period.

#### Property, plant and equipment

Fixtures and equipment are stated at cost, including direct acquisition costs, less accumulated depreciation and any recognised impairment loss. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life. The rates used for calculation of depreciation are as follows:

Leasehold improvements	10%
Computer equipment	33%
Office Equipment	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

The carrying values of property, plant and equipment are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable.

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that

sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value.

#### Summary of new standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

	Effective date*
IFRS 9 Financial Instruments	1 January 2015
IFRS 10 Consolidate Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	1 January 2014
IFRS 13 Fair Value Measurements	1 January 2013
IAS 19 Employee Benefits	1 January 2013
IAS 27 Separate Financial Statements	1 January 2013

\* The effective dates stated are those given in the original IASB standards and interpretations.

The Directors do not anticipate that the adoption of the remaining standards will have a material impact on the Company's financial statements in the period of initial application.

#### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## 2 Revenue

	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
Income from investment management services	2,970,534	1,663,650
Income from performance fee	291,664	1,063,905
Income from advisory services	717,231	166,263
Priority profit share income	-	281,756
Interest receivable and other income	119	1,149
	<b>3,979,548</b>	<b>3,176,723</b>

## 3 Administrative expenses

	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
Fees payable to SVG Advisers Limited	-	125,000
Employer's N.I. on performance shares and share options	9,318	59,897
Auditors' remuneration for statutory audit	28,000	28,000
Depreciation	2,050	10,566
Staff costs (note 4)	3,120,986	2,099,682
General expenses	897,115	645,951
	<b>4,057,469</b>	<b>2,969,096</b>

## 4 Staff costs

	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
Salaries and bonuses	2,534,056	1,685,532
Employer's national insurance	333,610	234,276
Pension costs	128,523	105,997
Other staff costs	124,797	73,877
	<b>3,120,986</b>	<b>2,099,682</b>

The Company has 9 employees (2013: 11). The monthly average number of staff employed by the Company was 10 (2013: 9).

## 5 Directors' emoluments

The emoluments owing to the Directors of the Company are as follows:

	For the Year ended 31 December 2014 £	For the Year ended 31 December 2013 £
Aggregate remuneration in respect of qualifying services	1,829,146	557,189
Aggregate amounts paid into defined contribution pension schemes	58,567	41,468
Number of directors who received LTIPS in respect of qualifying services	-	-
Number of directors who exercised share options/ LTIPs	4	2
Number of directors accruing benefits under defined benefit schemes	-	-
In respect of the highest paid director:		
Aggregate remuneration	597,058	321,898
Company contributions to defined contribution pension schemes	-	28,385

## 6 Finance costs

	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
Interest on intercompany loan	31,499	34,320
	31,499	34,320

Refer to Note 11 for explanation of the intercompany loan and the interest accruing on this loan.

## 7 Tax

Analysis of charge in year

Major components of the income tax expense for the years ended 31 December 2014 and 31 December 2013:

	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
Current tax charge		
Adjustments in respect of prior years	-	7,739
Deferred tax credit relating to the origination and reversal of temporary differences:		
Origination and reversal of temporary differences	60,612	81,976
Total tax credit	60,612	89,715

The tax assessed for the period is lower (2013: higher) than the standard rate of corporation tax in the UK for a large company. The differences are explained below:

	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
(Loss) / profit before tax	(111,334)	182,273
Tax calculated at the UK rate of 21.5% (2013: 23.25%)	(23,937)	42,378
Effect of:		
Losses brought forward utilised in period	76,511	(60,347)
Non taxable income net of disallowable expenses	2,595	17,750
Adjustments in respect of current income tax of previous years – corporation tax	8,633	7,739
Deferred tax adjustments in respect of changes in UK tax rates	(4,719)	18,971
Depreciation on ineligible fixed assets	441	2,403
Effect of movements on deferred tax assets relating to share option schemes and long term incentive plan	(43,559)	1,261
Other temporary differences	(76,577)	59,559
Total tax	(60,612)	89,714

## 8 Property, plant and equipment

	Fixture and Furniture	Total
	£	£
<b>Cost</b>		
At 1 January 2014	12,300	12,300
Additions	-	-
Disposals	-	-
<b>At 31 December 2014</b>	<b>12,300</b>	<b>12,300</b>
<b>Depreciation</b>		
At 1 January 2014	10,250	10,250
Charge for the year	2,050	2,050
Disposals	-	-
<b>At 31 December 2014</b>	<b>12,300</b>	<b>12,300</b>
<b>Net book value</b>		
At 31 December 2014	-	-
At 1 January 2014	2,050	2,050

## 9 Current assets

Other receivables	31 December 2014	31 December 2013
	£	£
Amounts falling due within one year:		
Prepayments and other debtors	121,723	109,421
Accrued investment management fee income	638,619	818,358
	<b>760,342</b>	<b>927,779</b>

Cash and cash equivalents	31 December 2014	31 December 2013
	£	£
Cash at bank	1,420,357	976,178
	<b>1,420,357</b>	<b>976,178</b>

Cash at bank earns interest at floating rates.

## 10 Current liabilities

Other payables	31 December 2014	31 December 2013
	£	£
Amounts owed to group companies	-	17,301
Other creditors and accruals	1,291,592	937,063
	<b>1,291,592</b>	<b>954,364</b>

Tax Payable	For the year ended 31 December 2014	For the year ended 31 December 2013
	£	£
Balance brought forward	-	-
Corporation tax received/(paid)	-	-
Corporation tax charged to income statement	-	-
Balance carried forward	-	-

## 11 Intercompany loan

	31 December 2014	31 December 2013
	£	£
Subordinated loan owed to Hansa plc	-	624,000
Balance carried forward	-	624,000

In 2007, SVG Capital plc agreed to provide SVG Investment Managers Limited an unsecured perpetual subordinated term loan facility to the maximum amount of £624,000. On 12 July 2007, £624,000 was drawn down. On 20 September 2013, the loan was reassigned to Allegra Capital Management Limited, part of the Hansa Group. The loan was repaid in full on 1 December 2014.

## 12 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 21%, reflecting the rate expected to be applicable at the time the net deferred tax asset is realised (2013: 20%).

The movement on deferred tax account is as shown below:

	For the year ended 31 December 2014 £	For the year ended 31 December 2013 £
Balance brought forward	209,685	262,710
Income statement credit	64,527	(63,006)
Adjustments in respect of prior years	(8,633)	(7,739)
Effect of changes in UK tax rates – income statement debit	4,721	(18,971)
Tax credited to equity	(22,710)	36,691
Balance carried forward	247,590	209,685

Deferred tax assets	Accelerated capital allowances £	Temporary differences £	Total £
Balance at 1 January 2014	2,200	207,485	209,685
Credited to income statement	1,334	59,281	60,615
Credit to equity relating to deferred tax on share options	-	(22,710)	(22,710)
Balance at 31 December 2014	3,534	244,056	247,590

## 13 Share capital and Share Premium

	Ordinary Shares	Ordinary Shares £	Share Premium £
At 1 January 2014	30,000,000	299,999	-
Issue of shares in 2014	1	0.01	672,800
At 31 December 2014	30,000,001	299,999	672,800

## 14 Capital contribution reserve

	31 December 2014 £	31 December 2013 £
Balance brought forward	500,000	500,000
Contributions during the year	-	-
Balance carried forward	500,000	500,000

## 15 Equity contribution reserve

	31 December 2014 £	31 December 2013 £
Balance brought forward	-	106,315
Share option contributions during the year	-	(106,315)
Balance carried forward	-	-

## 16 Profit and loss reserve

	31 December 2014 £	31 December 2013 £
Balance brought forward	(308,595)	(507,469)
(Loss) / profit for the year	(50,722)	92,559
Share option reserve reversal during the year	-	106,315
Dividends paid	-	-
Balance carried forward	(359,317)	(308,595)

The profit and loss reserve represents the Company's cumulative losses.

## 17 Reconciliation of loss before tax to net cash inflow from operating activities

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
(Loss) / profit before tax	(111,334)	182,273
Adjustments for:		
Exchange loss	1,914	(8,966)
Depreciation of property, plant and equipment	2,050	10,567
Operating cash flows before movements in working capital	(107,370)	183,873
Decrease/(Increase) in receivables	167,436	(351,247)
Increase/(Decrease) in payables	354,528	143,796
Cash generated by operations	414,594	(23,578)
Finance costs	31,499	2,169
Taxes paid	-	-
<b>Net cash used in operating activities</b>	<b>446,093</b>	<b>(21,409)</b>

## 18 Related party transactions

The key management personnel of the Company are the Directors.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

## 19 Risk

### Client risk

The main risk faced by the Company is the potential loss of investment management fee contracts. In certain circumstances, investors may be able to terminate these contracts. This could arise because of poor investment advice, significant errors, negligence, fraud or other matters. These risks are mitigated by implementing a rigorous investment process for approving investment decisions. The potential for significant errors is also reduced by using well established third party administrators to deal with the day-to-day operations of the funds.

### Financial assets of the Company

The financial assets of the Company are as follows:

	Floating Rate 2014 £	Fixed Rate 2014 £	Non interest Bearing 2014 £	Total 2014 £
Currency denomination of assets as at 31 December 2014:				
Sterling	1,420,357	-	760,342	2,180,699
Euro	-	-	-	-
Dollar	-	-	-	-
<b>Balance carried forward</b>	<b>1,420,357</b>	<b>-</b>	<b>760,342</b>	<b>2,180,699</b>

	Floating Rate 2013 £	Fixed Rate 2013 £	Non interest Bearing 2013 £	Total 2013 £
Currency denomination of assets as at 31 December 2013:				
Sterling	976,178	-	927,779	1,903,957
Euro	-	-	-	-
Dollar	-	-	-	-
<b>Balance carried forward</b>	<b>976,178</b>	<b>-</b>	<b>927,779</b>	<b>1,903,957</b>

The financial liabilities of the Company are as follows:

	Floating Rate 2014 £	Fixed Rate 2014 £	Non Interest Bearing 2014 £	Total 2014 £
Currency denomination of liabilities as at 31 December 2014:				
Sterling	-	-	1,291,592	1,291,592
Euro	-	-	-	-
Dollar	-	-	-	-
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>	<b>1,291,592</b>	<b>1,291,592</b>

	Floating Rate 2013 £	Fixed Rate 2013 £	Non Interest Bearing 2013 £	Total 2013 £
Currency denomination of liabilities as at 31 December 2013:				
Sterling	-	624,000	954,364	1,578,364
Euro	-	-	-	-
Dollar	-	-	-	-
<b>Balance carried forward</b>	<b>-</b>	<b>624,000</b>	<b>954,364</b>	<b>1,578,364</b>



## Maturity analysis

### Financial assets (maturity)

The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier the expected date the assets will be realised.

### Financial liabilities (maturity)

The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay.

	<1 month	1-3 months	3-12 months	1-5 years	>5 years	Total
	£	£	£	£	£	£
<b>Financial assets</b>						
Investments	-	-	-	-	-	-
Deferred tax	-	-	247,590	-	-	247,590
Cash and cash equivalents	1,420,357	-	-	-	-	1,420,357
Prepayments and other debtors	-	59,685	62,038	-	-	121,723
Accrued investment management fee income	638,619	-	-	-	-	638,619
Accrued priority profit share income	-	-	-	-	-	-
	<b>2,058,976</b>	<b>59,685</b>	<b>309,628</b>	-	-	<b>2,428,289</b>
<b>Financial liabilities</b>						
Other creditors and accruals	(52,178)	(1,153,547)	(85,867)	-	-	(1,291,592)
	<b>(52,178)</b>	<b>(1,153,547)</b>	<b>(85,867)</b>	-	-	<b>(1,291,592)</b>
<b>Available liquidity</b>	<b>2,006,798</b>	<b>(1,093,862)</b>	<b>223,761</b>	-	-	<b>1,136,697</b>

### Interest rate risk

Bank deposits are subject to interest rate risk. At 31 December 2014, the Company held cash of £1.4 million (2013: £1.0 million) earning interest at market rates.

If the interest rates on cash deposits had been 200 basis points higher during the year, the profit for the year would have increased by £6,987 (2013: increased by £4,819). If the interest rates on cash deposits had been 200 basis points lower, the profit for the year would have decreased by £119 (2013: decreased by £81).

### Credit risk

Accrued investment management fees amounting to £638,619 (2013: £818,358) and other receivables amounting to £121,723 (2013: £109,421) were exposed to credit risk as at 31 December 2014, although the Directors consider such risk to be negligible.

### Currency risk

The Company has some suppliers who invoice in USD but the Directors consider currency risk to be negligible.

### Market price risk

The company is exposed to market price risk as management fee income is calculated as a percentage of net asset value of the managed funds.

If market prices had been 10% higher, the profit for the year would have increased by £243,987 (2013: £152,811). If market prices had been 10% lower, the profit for the year would have decreased by £243,987 (2013: £152,811).

### Regulatory risk

As an entity regulated by the Financial Conduct Authority ("FCA"), the Company is subject to various regulatory requirements. A risk exists that the Company could fail to satisfy the obligations under the FCA regime. A breach of the Company's regulatory requirements could have adverse financial consequences and could be damaging in terms of the Company's reputation. The Company employs a Compliance Officer in order to mitigate this risk.

### 20 Ultimate parent undertaking

The Company's ultimate parent undertaking and controlling party is Hansa Aktiengesellschaft, Curtins 57, La Punt-Chamues-ch, Switzerland.

## PILLAR 3 DISCLOSURES AS AT 31 DECEMBER 2014

### Background

The EU Capital Requirements Directive ("CRD") created a revised regulatory capital framework across Europe based on the provisions of the Basel II Capital Accord. In the UK, the Financial Conduct Authority ("FCA") is responsible for the implementation of the requirements in the Directive and the details are covered in the FCA Handbook.

The Basel II capital adequacy framework consists of three "pillars":

- Pillar 1 sets out the minimum capital requirements that firms are required to meet for credit, market and operational risk;
- Pillar 2 requires firms, and the FCA, to take a view on whether additional capital should be held against capital risks not covered by Pillar 1; and
- Pillar 3 requires firms to publish certain details of their capital, risks and risk management process.

BIPRU 11 Disclosure (Pillar 3) requires that a firm subject to the provisions of the Directive must disclose the relevant information required under this rule unless the information is believed to be immaterial, proprietary or confidential.

The disclosures in this document are made in respect of GVO Investment Management Limited ("GVOIM") in accordance with the BIPRU rule, to set out the key risks facing GVOIM, how it manages those risks, and how it has satisfied itself that it has sufficient capital in respect of those risks.

GVOIM has the permission to provide advisory, arranging and investment management services, including managing an unauthorised Alternative Investment Fund ("AIF"). As a consequence the main risks facing GVOIM relate to its operations and its business environment. Whilst GVOIM does have some exposure to credit and market risk, this is not considered to be material.

Although the Senior Management of GVOIM believes that the risk management framework outlined herein is appropriate for its size and complexity and that its capital is adequate to meet the risks assessed, it can not guarantee that this will actually be the case in the event any particular risk arises. There will always be some unlikely risks with unusually high impact which may require additional capital should they arise.

### Capital resources

GVOIM maintains sufficient capital to meet its regulatory requirements and takes a prudent approach to the management of its capital base. The amount and type of capital resources of GVOIM, at 31 December 2014 is set out in the table below:

Capital	£000
Tier 1 Capital	1,159
Total Capital	1,159

GVOIM is authorised by the FCA as a Full-scope UK Alternative Investment Fund Manager and is categorised by the FCA for prudential regulatory purposes both as a Collective Portfolio Management Investment firm ("CPMI firm") and a BIPRU firm.

As a CPMI firm, GVOIM is required to hold capital in excess of the following:

- a. The higher of:
  - (i) Funds under management requirement which is calculated as capital resource requirement for an externally managed Alternative Investment Fund ("AIF") of €125,000 plus 0.02% of funds under management in excess of €250 million (where funds under management is calculated as the sum of all AIFs managed by GVOIM) and;
  - (ii) Fixed overheads requirement which is calculated as 25% of GVOIM's annual fixed overheads plus;
- b. Professional negligence capital requirement which is calculated as 0.01% of AIFs funds under management.

Capital resources of GVOIM, at 31 December 2014 are set out in the table below:

Capital	£000
a. Higher of:	
i. Funds under management requirement	131
ii. Fixed overheads requirement plus;	507
b. Professional negligence capital requirement	37
Total capital requirement as a CPMI firm	544
GVOIM excess over requirement	632

GVOIM's capital requirement amounts to the highest of the three components below:

- Pillar 1 capital requirement, which is calculated as specified by the FCA
- Pillar 2 capital requirement, which is based on GVOIM's own assessment of adequate capital required to mitigate key risks identified
- Wind-down capital, being the cash required to perform an orderly wind down of the business

### Pillar 1 capital requirement

As a BIPRU Limited License €50K firm, GVOIM's Pillar 1 capital resource is determined at 31 December 2014 as being the highest of:

- Base capital requirement of €50K
- Fixed Overhead Requirement; and
- the sum of Credit and Market Risk Requirements

Risk	£000
Credit Risk	63
Market Risk	-
Fixed Overhead Requirement	507

GVOIM's Pillar 1 capital as at 31 December 2014 is therefore determined as the Fixed Overhead Requirement of £507K.

As a Limited License firm, the Pillar 1 capital requirements for GVOIM do not include an operational risk capital component. This is considered as part of the Pillar 2 capital requirement.

GVOIM's Pillar 1 capital requirement is calculated in accordance with the General Prudential Sourcebook ("GENPRU") as the higher of the Fixed Overheads Requirement ("FOR"), the aggregate of market and credit risk requirements, or the base capital requirement of €50K. GVOIM's credit risk is calculated as per the "Standardised Approach (BIPRU 3.4)" and market risk in line with BIRU 7.5. As at 31 December 2014 the Firm's Pillar 1 requirement was £507K.

### Pillar 2 capital requirement

The Pillar 2 capital assessment consists of identifying key risks to which GVOIM is exposed, assessing the probability of those risks occurring and quantifying the potential impacts of those risks to provide a Pillar 2 capital assessment.

The specific process involved the following:

- Identifying key risks per the Risk Register;
- Determining what specific risks are to be considered for the purposes of the Internal Capital Adequacy Assessment Process ("ICAAP");
- Analysing the potential impact on GVOIM if a key risk were to materialise and any management action that would be taken;
- Determining whether the key risk could result in the erosion of GVOIM's capital base and if an amount of capital is required to cover it; and
- Summing up the capital required for each risk to give the Pillar 2 capital requirement

The key risks facing GVOIM are set out below.

The following specific risk scenarios were considered as part of the ICAAP:

#### Investment Risks:

- Investment Performance risk – failure to deliver expected level of fund performance; and
- Breach of investment restrictions

#### Business Risks

- Regulatory, legal or tax changes and their impact on the business;
- Failure to manage growth;
- Emerging Risk due to a major market event;
- Loss of key clients; and
- Reputational risk and losses arising from GVOIM's actions

#### Operational Risks:

- Loss of key personnel – failure to recruit or retain key staff, the loss of a key portfolio manager and the lack of succession planning leading to a fall in AuM and a fall in fee income;
- Breach of regulations or ethics – the breach of regulations and ethical standards leading to material fines payable to the FCA, including insider trading in connection with investment activities;
- Fraud/ theft – major fraud and other financial crime;
- Failure of a key third party or outsourced service provider;
- Incorrect valuation of a fund; and
- Losses from inadequate or failed internal processes – including incorrect reporting to clients, data governance and trading errors

#### Financial Risks:

- Liquidity risk – failure of a fund or GVOIM to meet payment obligations;
- Loss of profitability due to FX exposures; and
- Losses arising from insufficient insurance coverage

### Wind-down capital requirement

An exercise was also performed to determine the cost of an orderly wind-down of the business.

## Summary

The minimum regulatory capital for GVOIM is the Pillar 1 capital requirement, being higher than both the Pillar 2 capital requirement and the capital required in case of a wind down scenario. Stress and scenario testing were then performed as part of the ICAAP to consider the effect of extreme scenarios on GVOIM's regulatory capital but the tests did not result in additional capital having to be held.

The Firm takes a prudent approach to the management of its capital base and monitors its expenditure on a monthly basis in order to take account of any material fluctuations which may require it's FOR to be reassessed. The Firm ensures that at all times it has sufficient capital to meet its FOR and formally verifies this on a quarterly basis.

Under Pillar 2 of the FCA's capital requirements, GVOIM has undertaken an assessment of the adequacy of capital based upon all the risks to which the business is exposed ("ICAAP"). As at 31 December 2014, this analysis concluded that the Firm required £1,100K capital against the identified key risks.

GVOIM concluded that as at 31 December 2014, the applicable internal regulatory capital required was the higher of its FOR and the Pillar 2 calculation. For 2015, it was concluded that a capital injection was required and £500k of new capital was injected on 17 February 2015. Based on the revised capital base, GVOIM concluded that its resources are sufficient to support its operations over the next year, and no further additional capital injections are necessary.

## Risk management

### Framework Purpose

GVOIM operates a risk management framework that sets out the responsibilities and escalation procedures for the identification, monitoring, and management of operational and business risks. Capital planning takes these identified risks into account.

Specific personnel are assigned responsibility for the risks across GVOIM. The Firm's Chief Executive takes overall responsibility, with the assistance of all the other Directors for identifying material risks to the Firm and putting appropriate mitigating controls in place.

Risks and mitigating controls are periodically reassessed, taking into account the GVOIM's risk appetite. Where risks are identified which fall outside of the GVOIM's risk tolerance levels, or where the need for remedial action is identified in respect of identified weaknesses in the Firm's mitigating controls, then actions are taken to improve the control framework.

The Directors meet periodically to review the quality of the control framework and to satisfy itself that appropriate controls are in place and that mitigating actions are moving forward.

### Key Risks

The main risks faced by GVOIM are:

#### Investment Risks

- **Investment performance risk**, which is the risk that funds fail to deliver the expected level of performance. This may result in client redemptions or the removal of the mandate itself, with a consequential reduction in fees earned. This is one of the principal risks faced by GVOIM, and therefore considerable resources are devoted to the mitigation of this risk. All funds operate under clear mandates governed by detailed guidelines monitored by the Compliance and Operations Departments. Pre-trade and post-trade checks monitor compliance with investment restrictions. All funds are valued daily, which enhances transparency of risk positions. Periodic performance reports serve to highlight any issues with fund performance to senior management, and regular performance attribution analyses provide insight into the drivers of profits and losses.

#### Business Risks

- **Business strategy risk** is the risk that management will pursue inappropriate strategies or fail to implement the strategy ineffectively. This includes the strategies around new products, new infrastructure and the sustaining of the firm's culture and control environment during periods of growth. Clearly defined accountability, reporting lines, committee structures and governance allow the Board to receive appropriate management information on which to base their strategies and monitor implementation. Whilst GVOIM engages in new initiatives that carry the risk of failure the financial loss associated with such initiatives is typically limited to the set up costs from new fund launches. GVOIM restricts itself to new business strategies within its core area of expertise.
- **Regulatory risk** is the risk that the GVOIM's profitability may be negatively impacted by regulatory changes. GVOIM accepts the demands of this risk and maintains an open and constructive dialogue with the FCA as well as other regulatory agencies to gain insight into potential regulatory developments.
- **Emerging risk** covers risks that are currently remote and poorly understood but likely to grow greatly in significance. GVOIM accepts that it is exposed to changing industry trends and potential dislocations of the markets it is operating in. GVOIM relies on the knowledge and experience of its Directors and senior managers to manage these risks.
- **Reputational risk** is likely to arise as a result of a failure to manage other risks in line with the stated risk appetite. This is one of the principal risks for an asset management business, and GVOIM recognises that effective risk management and strong internal controls are central to the business model.

#### Operational Risks

- **Risk of loss from inadequate or failed internal processes, errors or security breaches.** GVOIM seeks to avoid risks from operational processes and technology through the continued development of a robust infrastructure and adherence to documented processes and controls. The effectiveness of internal controls is reviewed by the Compliance Officer and the Finance Director.
- **Employee retention.** The loss of a member of the Management Committee or a key investment or distribution professional could have a material adverse impact on retention and revenues. GVOIM seeks to minimise the risk of losing key employees and partners through competitive remuneration packages and maintaining an attractive working environment. In order to minimise the impact of people risk GVOIM maintains a succession plan and promotes shared responsibilities for key functions.
- **Breach of regulatory.** GVOIM manages this risk through a rigorous programme of training and monitoring. There are a number of key policies in place covering market abuse, conflicts of interest, anti-bribery etc. and all staff are required to complete training on these. The Compliance department then conducts a risk based monitoring programme against these policies to ensure that they are adhered to.

- **Fraud** or the risk of loss from financial crime. GVOIM seeks to minimise the opportunity for fraud and financial crime through rigorous enforcement of segregation of duties and due process. In addition, the Group promotes staff awareness through regular training with regards to relevant policies and regulations.
- **Outsourcing risk**, which is the risk of loss or reputational damage as a result of service failure on the part of an outsourced service provider. Whilst GVOIM does outsource certain key processes, it actively seeks to avoid outsourcing risk through a rigorous selection process of service providers, ongoing due diligence and the application of recovery plans in the instance of failure, including the ability to replicate certain processes in house.
- **Cyber Crime**. This is an increasingly challenging area due to the rapid changes in technology and sophistication of cyber criminals. GVOIM manages this risk with a structured Information Security policy and procedures.

#### Financial Risks

- **Liquidity risk**, which is the risk that GVOIM may be unable to meet its payment obligations as they fall due. Liquidity risk is mitigated by the fact that GVOIM has no debt, maintains cash levels in excess of regulatory capital requirements and its main cost items are identified and planned for in the annual budget process.
- **Counterparty credit risk**, which is primarily the risk of a potential loss of cash reserves due to bank failure. To mitigate this risk, GVOIM maintains its banking relationships with AAA rated credit institutions.
- **Market risk**, which is primarily the risk that the value of fees generated from foreign currency fund products, may decline in sterling terms due to fluctuations in the exchange rate. The fees earned by GVOIM are currently denominated in GBP and the majority of expenditure is incurred in GBP, therefore this is considered to be a negligible risk.

#### Ongoing review

The Pillar 3 disclosures will be reviewed in conjunction with the ICAAP report. The Board has granted the Chief Financial Officer and the Finance Director, responsibility for the approval of the Pillar 3 disclosures and ICAAP Report. The Report and disclosures will be formally presented to the Board and reviewed as part of the business planning cycle on an annual basis, unless the Board is made aware of a major event before then requiring a complete review of GVOIM's risks and capital position.

GVOIM has not and is not required to have its Pillar 3 disclosures audited by the external auditors.

#### Remuneration Code Statement

Disclosure on the quantitative information with respect to fixed and variable remuneration paid to Remuneration Code Staff is made elsewhere in this set of annual audited financial statements.

## REMUNERATION CODE STATEMENT AS AT 31 DECEMBER 2014

### Remuneration Code

GVO Investment Management Limited ("GVOIM") provides investment management and advisory services under the Markets in Financial Instruments Directive ("MiFID"). GVOIM became a full scope Alternative Investment Fund Manager ("AIFM") on 22 July 2014 and continues to conduct MiFID Activity.

GVOIM's Remuneration Policy (the "Policy") follows the requirements of the FCA Handbook SYSC 19B in relation to AIFM business and SYSC 19A in relation to MiFID activity. It also follows the requirements of the FCA in relation to its implementation of the Capital Requirements Directive IV ("CRD IV") which is relevant to GVOIM as it conducts both MiFID and AIFMD activities.

For that portion of the employee's time that is dedicated to AIFM services the employee ("Identified Staff") will be subject to the GVOIM's AIFM section of the Remuneration Policy. For that proportion of the employee's time that is related to MiFID activity, the employee ("Code Staff") will be subject to the GVOIM's MiFID section of the Remuneration Policy.

GVOIM complies with SYSC 19A in relation to its MiFID Activity. However, as a "Proportionality level III" firm, GVOIM has determined that by identifying MiFID Code staff and applying the Remuneration principles in SYSC 19A to the Code Staff, then GVOIM is in compliance with SYSC 19A. It should be noted that GVOIM has applied the proportionality guidance to MiFID Code Staff fully in accordance with the guidance detailed in SYSC 19A.

GVOIM has decided that it will adopt GVOIM standard remuneration policy in relation to calculation of discretionary bonuses for that part of the time of employees allocated to MiFID activities ("Code Staff").

"Identified Staff and Code Staff (together "Remuneration Code Staff") means;

All Employees of GVOIM which are;

- (1) Holders of Significant Influence Functions (i.e. CF1 to 29 inclusive) ('Senior Management'); or
- (2) Any other Employees, who are not otherwise Senior Management, who are responsible for Portfolio Management, Risk Management, Compliance, Financial Management and Internal Audit ('AIF Controlled Functions'); or
- (3) Any other Employees receiving total Remuneration, that takes them into the same Remuneration bracket as Senior Management and those performing AIF Controlled Functions, and whose professional activities have a material impact on the risk profile of AIFMs or on the AIF the AIFM manages ('Other Risk Takers').

### Decision Making Body and Process

GVOIM does not maintain a Remuneration Committee and all remuneration decisions are taken by the GVOIM Board, the Firm's governing body. Salaries are benchmarked against industry practice.

### Link between pay and performance

GVOIM's compensation arrangements are designed to keep key investment professional's interests aligned with those of investors, encourage long term planning and minimise staff turnover. Remuneration of the GVOIM's employees comprises a basic salary and an annual discretionary bonus. The discretionary bonus process and the amount of any discretionary bonus payment to a GVOIM employee is based on the performance of the funds managed or advised by GVOIM, which will be benchmarked against industry indices and such other conditions, including, without limitation, specific performance targets, as GVOIM may at its absolute discretion determine from time to time. Risk is considered when setting goals and is also considered by the GVOIM Board when making decisions on individual remuneration and policy in general.

### Remuneration Code staff and Remuneration Data:-

GVOIM's board has identified 12 persons as 'Remuneration Code staff', being persons holding significant influence roles, the investment team and other senior managers whose actions could have a material impact on the risk profile of GVOIM. In the year to 31 December 2014, total aggregate remuneration for GVOIM Remuneration Code Staff was £2,380,861 (2013 - £1,238,981) of which, £2,083,882 (2013 - £569,442) was fixed, and £296,979 (2013 - £669,539) was variable remuneration.