



**Morningstar Investment Management Europe
Limited**

FRN 449468

MIFIDPRU 8 Disclosure

Year ending **31 December 2025**

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Glossary

Glossary of Terms and Abbreviations	
Term	Definition
ASA	Assets safeguarded and administered
CET1	Common Equity Tier 1 capital
CMH	Client money held
COH	Client orders handled
DEI	Diversity, equity and inclusion
DFSA	Dubai Financial Services Authority
DTF	Daily trading flow
EWI	Early warning indicator
FCA	Financial Conduct Authority
FOR	Fixed overhead requirement
ICARA	Internal capital adequacy and risk assessment
IFPR	Investment Firm Prudential Regime
K-factor	Quantitative metrics used to calculate the own funds requirement under MIFIDPRU 4
MIFIDPRU	The FCA prudential sourcebook for MiFID investment firms
MRT	Material risk taker
MWAL	Morningstar Wealth Administration Limited
Non-SNI	A MIFIDPRU investment firm that does not meet the SNI conditions
OFR	Own funds requirement
PMR	Permanent minimum capital requirement
RGC	Risk & Corporate Governance Committee
RI	Recovery indicator
RtC	Risk to client — the K-factors capturing the risk of harm to clients
RtF	Risk to firm — the K-factors capturing the risk of harm to the firm
RtM	Risk to market — the K-factors capturing the risk of harm to the market
SNI	Small and non-interconnected MIFIDPRU investment firm
SYSC	The FCA's Senior Management Arrangements, Systems and Controls sourcebook

1 Introduction and Context

The Investment Firm Prudential Regime (IFPR) is the prudential framework introduced by the Financial Conduct Authority (FCA) for MiFID investment firms regulated in the United Kingdom. IFPR establishes requirements relating to capital adequacy, liquidity, risk management, governance, remuneration and public disclosures. The detailed rules and requirements are set out within the MIFIDPRU sourcebook of the FCA Handbook.

The public disclosure requirements are contained within MIFIDPRU 8 (Disclosure) and are intended to promote market discipline and transparency by providing stakeholders with information regarding a firm's financial resources, governance arrangements, risk management framework and remuneration practices. The nature and extent of the disclosures required vary depending on a firm's prudential classification under IFPR.

Morningstar Investment Management Europe Limited ("MIME" or "the Firm") is classified as a non-small and non-interconnected (non-SNI) MIFIDPRU investment firm, as it does not meet the criteria for classification as a small and non-interconnected investment firm (SNI) under MIFIDPRU. As a non-SNI firm, MIME is required to make public disclosures in accordance with MIFIDPRU 8, including information relating to its risk management objectives and policies, governance arrangements, own funds, own funds requirements and remuneration practices.

This document has been prepared in accordance with the disclosure requirements set out in MIFIDPRU 8 and presents the information applicable to MIME for the reporting period. The disclosures are reviewed and published annually to support transparency and compliance with the FCA's prudential framework. Unless otherwise stated, all figures are presented as at the Firm's 31 December 2025 financial year end. These disclosures are not required to be subject to an independent external audit.

1.1 Firm Overview

MIME is an investment management firm incorporated in England and Wales and authorised and regulated by the Financial Conduct Authority (FCA) as a MiFID investment firm. MIME is a wholly owned subsidiary of Morningstar Investment Management LLC, with Morningstar, Inc. as its ultimate parent undertaking. Its regulatory permissions permit the provision of investment management and related investment services to professional clients and eligible counterparties across a range of financial instruments, including shares, debt securities and units in collective investment schemes. These services are provided through managed portfolios, manager selection, segregated mandates and UK-authorised fund offerings, predominantly to UK domiciled clients and investors.

1.2 Non-SNI Status and Disclosure Requirements

The IFPR classifies MIFIDPRU investment firms as either small and non-interconnected firms (SNI firms) or non-SNI firms, according to whether they satisfy the qualitative and quantitative conditions set out in MIFIDPRU 1.2.1R. The SNI classification is intended for firms with simpler business models and a lower potential to cause prudential harm. A firm that does not satisfy one or more of those conditions is treated as a non-SNI MIFIDPRU investment firm and is subject to the fuller prudential disclosure framework under MIFIDPRU 8.

MIME does not satisfy the conditions for classification as an SNI firm. The Firm manages assets on behalf of clients and exceeds the threshold for assets under management (K-AUM) prescribed in MIFIDPRU 1.2.1R. As a result, MIME is classified as a non-SNI MIFIDPRU investment firm and is subject to the public disclosure requirements set out in MIFIDPRU 8.

The non-SNI classification determines the scope of MIME's public disclosure obligations. MIFIDPRU 8 applies to

non-SNI MIFIDPRU investment firms and requires disclosure of information that allows stakeholders to understand the Firm's prudential position, risk profile, governance arrangements and remuneration practices. For MIME, this includes disclosures relating to risk management objectives and policies, governance arrangements, own funds, own funds requirements and remuneration policy and practices. Table 1 summarises the implications of MIME's non-SNI classification, including the key prudential areas that require disclosure under MIFIDPRU 8.

Table 1: MIME Non-SNI Classification and Disclosure Requirements		
Area	MIME position	Disclosure impact
SNI eligibility	MIME does not meet the SNI conditions as it manages assets on behalf of clients and exceeds the K-AUM threshold for SNI classification.	Section 1.2 Non-SNI Status and Disclosure Requirements.
Prudential classification	Non-SNI MIFIDPRU investment firm.	Section 1.2 Non-SNI Status and Disclosure Requirements.
Risk management	MIME must disclose its risk management objectives and policies.	Section 2 Risk Management Objectives and Policies.
Governance arrangements	MIME must disclose relevant governance arrangements.	Section 3 Governance Arrangements.
Own funds and own funds requirements	MIME must disclose the composition of its own funds and its own funds requirements.	Sections 4 Own Funds Disclosures and 5 Own Funds Requirements.
Remuneration	MIME must disclose information on remuneration policy and practices.	Section 6 Remuneration.
Audit requirement	MIFIDPRU 8 disclosures are public prudential disclosures and are not required to be independently externally audited.	Section 1.3 Scope & Frequency.

1.3 Scope & Frequency

This disclosure has been prepared by MIME on a solo basis in accordance with MIFIDPRU 8.1.7R. As a non-SNI MIFIDPRU investment firm, MIME is required to make the disclosures contained within this document on an individual entity basis.

In accordance with MIFIDPRU 8.1.10R, the information contained within this document is disclosed at least annually and published concurrently with the Firm's annual financial statements. MIME assesses the appropriateness of its disclosures on an ongoing basis and may update this document more frequently where there is a material change to its business activities, risk profile, own funds position, or governance arrangements.

1.4 Significant Changes from Prior Period

In accordance with MIFIDPRU 8.1.13R(4), the significant changes to this disclosure compared with the previous period are summarised below.

Section 1.2 Non-SNI Status and Disclosure Requirements has also been added to explain MIME's non-SNI classification and related MIFIDPRU 8 disclosure obligations.

1.5 Media and Location

This disclosure document is published and made available on the Firm's website at the following locations:

<https://www.morningstar.com/en-gb/business/products/morningstar-managed-portfolios>¹

2 Risk Management

2.1 Risk Management Objective & Framework

MIME operates an Enterprise Risk Management Framework that provides a structured and integrated approach to identifying, assessing, managing, monitoring and reporting risks that could affect the Firm's activities and objectives. Risks are assessed on both an inherent and residual basis, with key controls and mitigating activities documented and evaluated. The Firm maintains an enterprise risk register through which material risks, risk ownership, controls, mitigating actions and risk exposures are recorded and monitored. The Firm's risk management objectives and policies relating to own funds requirement, concentration risk and liquidity risk are set out below², including the strategies and processes used to manage those risks and reduce the potential for harm.³

Own Funds Requirement

Potential for harm associated with the business strategy:

The Own Funds Requirement ("OFR") determines the minimum level of own funds that MIME is required to maintain under MIFIDPRU and is the higher of the Permanent Minimum Capital Requirement ("PMR"), Fixed Overhead Requirement ("FOR") and K-factor Requirement ("KFR"). Details of MWAL's OFR are provided in Section 5.1.

As a firm that safeguards and administers client assets and holds client money, insufficient financial resources may impair the Firm's ability to continue providing services to clients, meet its regulatory obligations and support an orderly wind-down. This may result in harm to clients, markets and the Firm.

Strategies and processes used to manage own funds requirement risk:

MIME monitors its OFR and available own funds on an ongoing basis through its capital management and regulatory reporting processes. The Firm reviews the key drivers of its capital requirement, performs regular capital forecasting and assesses the impact of changes in business activities on its prudential position. As part of its ICARA process, the Firm also assesses whether its financial resources remain adequate to address potential harms arising from its activities. Capital metrics are monitored by management and reported to the Board on a quarterly basis to support compliance with regulatory capital requirements and the timely identification of potential capital pressures.

Concentration Risk

Potential for harm associated with the business strategy:

MIME is exposed to concentration risk arising from its relationships with clients, counterparties, service providers, banking institutions and Morningstar group entities. A change in the financial condition, strategic direction,

¹ MIFIDPRU 8.1.13R

² MIFIDPRU 8.2.1R

³ MIFIDPRU 8.2.2R

operational performance or availability of any key relationship may adversely affect the Firm's revenue, profitability, liquidity, operational resilience or ability to deliver services effectively.

Strategies and processes used to manage concentration risk:

MIME manages concentration risk through ongoing monitoring of its relationships with clients, counterparties, banking institutions, service providers and Morningstar group entities. Concentration risk is monitored on a quarterly basis through the firm's Early Warning Indicator ("EWI") framework and is reported to the Board as part of its regular governance and risk oversight processes. This enables management to identify emerging concentration risks and consider appropriate mitigating actions where necessary.

Liquidity Risk

Potential for harm associated with the business strategy:

Liquidity risk refers generally to the Firm's inability to:

- operate within its defined tolerance for risk or cash buffer;
- continue to pay its debts and other obligations as they fall due without incurring excessive cost in order to do so;
- conduct an orderly wind-down of its business should the need arise;
- and realise its assets as may be required to fund the above.

Liquidity risk may arise when the internally assessed liquidity ratio falls below the requirement and an increase in frequency of requests for intra-Morningstar Group funding. This risk is also measured quantitatively and qualitatively.

Strategies and processes used to manage liquidity risk:

To determine the adequacy of the Firm's overall financial resources, the Firm carries out appropriate stress testing and scenario analysis, including taking reasonable steps to identify an appropriate range of realistic adverse circumstances and events in which liquidity risk might occur or crystallise. The firm also monitors the cash resources available and models trading settlements to forecast cash settlement daily, and updates capital and liquidity forecasts on a quarterly basis.

2.2 Approach to risk management

The Firm's approach to risk management and corresponding risk management policies are outlined below.⁴

1. Risk governance, including:
 - establishment and maintenance of the Enterprise Risk Management Policy and Enterprise Risk Management Framework;
 - Supporting the development of risk appetite and risk tolerance arrangements and their ongoing monitoring;
 - maintaining the enterprise risk register and supporting risk governance activities; and
 - oversight of enterprise-wide risk management through the MIME Board and associated governance forums.
2. Risk identification and assessment, including:

⁴ MIFIDPRU 8.2.3G (1)

- identifying the firm's key risks and emerging risks through management meetings, risk assessments and workshops;
 - documenting identified risks within the enterprise risk register;
 - assessing risks on both an inherent and residual basis; and
 - evaluating the effectiveness of key controls and mitigating activities against identified risks.
3. Risk monitoring and measurement, including:
- monitoring and investigating operating incidents, and recording them in a database of operating incidents;
 - monitoring material risk exposures, risk trends and mitigation progress through the enterprise risk register;
 - monitoring the effectiveness of key controls, mitigating activities and progress against agreed actions; and
 - overseeing the Internal Capital and Risk Assessment process, including the quantification of regulatory capital requirements.
4. Risk reporting, including:
- reporting material risk exposures, risk trends and emerging risks to management and governance bodies;
 - maintaining and reporting on the enterprise risk register;
 - reporting on the status and effectiveness of mitigating actions and control improvements;
 - escalating risks that exceed approved risk tolerance parameters;
 - operating incident and breach reporting; and
 - providing periodic reporting on risk management activities, key risk themes and mitigation progress.

2.3 Risk management structure and operations

The ultimate governing body of MIME is the MIME Board of Directors. The Board meets at least quarterly and receives reports covering the operational, investment, financial and compliance aspects of MIME's activities. All Executive Board members are subject to the FCA's Senior Managers and Certification Regime.

The Board continues to oversee the Firm's internal controls system's effectiveness. This oversight includes assessment of all material controls, including financial, operational and compliance controls and associated risk management systems. Please note, given the limited activities of the institution and the corporate structure of the Morningstar group, MIME may be subject to oversight by departments and control functions that have additional responsibilities within the group.

2.3.1 Risk Management Governance

The overall responsibility of the risk management policies within the Firm is held by the Board. Its duties and responsibilities are outlined in 3.2.1. The Board meets quarterly or more frequently as needed.

2.3.2 Committees

Audit Committee

The Firm has not established an Audit Committee due to its size.

Risk & Corporate Governance Committee

MIME did not have a dedicated Risk & Corporate Governance Committee during FY25. MIME-specific risks were reviewed through the Firm's broader risk governance arrangements, including the Quarterly Risk Meetings described in Section 2.3.3. The outputs of these meetings were reported to the Morningstar Wealth Administration Limited ("MWAL") Risk & Corporate Governance Committee for review and challenge, supporting oversight of MIME's risk profile.

As part of the ongoing enhancement of the Firm's risk management and governance arrangements, consideration is being given to formally expanding the remit of the MWAL Risk & Corporate Governance Committee to include oversight of MIME risks and risk management activities.

2.3.3 Quarterly Risk Meeting

As part of the Firm's risk governance arrangements, Quarterly Risk Meetings are held with department heads, functional leads and risk owners to review the enterprise risk register, emerging risks, changes in risk exposure and progress against mitigating actions. The outcomes of these meetings are documented and reported to the MWAL Risk & Corporate Governance Committee for review and challenge. Morningstar, Inc. Enterprise Risk Management (ERM) attends these meetings in a support capacity and assists with the maintenance and reporting of enterprise risk information.

2.4 Risk Appetite

Risk appetite is established at the Morningstar, Inc. Group level and approved by the Morningstar, Inc. Board at least annually. The Group Risk Appetite Statement sets the overarching parameters within which MIME manages risk. Where the MIME Board determines that a more restrictive risk appetite is appropriate, taking into account the Firm's activities, objectives and risk profile, it is responsible for establishing and overseeing the relevant local limits, controls and governance arrangements.

This approach is applied through the Firm's Enterprise Risk Management Framework, which categorises risks as Strategic Risk, Operational Risk, Legal and Regulatory Risk, Technology Risk, and People & Culture Risk. Risk tolerances support the monitoring and management of exposures within these categories and guide escalation and management action where appropriate. Risk tolerances are reviewed periodically to ensure they remain aligned with the Firm's objectives, operating environment and risk profile.

2.5 Effectiveness of Firm's risk management process

The effectiveness of MIME's risk management and internal control environment is assessed through a combination of governance, oversight and review mechanisms set out in the Firm's Enterprise Risk Management Framework.⁵ These include the maintenance of the enterprise risk register, which is updated and reviewed at Quarterly Risk Meetings to monitor emerging risks, progress on mitigating actions, and changes in risk exposure. Outcomes from these meetings, together with thematic updates on risk management, are reported to and challenged by the Wealth Risk & Corporate Governance Committee. This oversight enables the MIME Board to form a view on whether the

⁵ MIFIDPRU 8.2.3G (4)

Firm's processes remain appropriate for the nature and scale of its activities. The Board reviews the Firm's Enterprise Risk Management Framework and Enterprise Risk Management Policy periodically to ensure they remain appropriate for the Firm's objectives, operating environment and risk profile.

3 Governance

3.1 Organisational Structure

MIME is a firm based in London, United Kingdom. The Firm's immediate parent undertaking is Morningstar Investment Management LLC, a company registered in the United States of America, and its ultimate parent undertaking is Morningstar, Inc., headquartered in Chicago, United States. Morningstar, Inc. provides ongoing support and commitment to the Firm.

3.2 Governance Framework

The Board is the governing body of MIME and has the ultimate management authority and responsibility of the Firm and its activities. The Firm ensures that its management body defines, oversees, and remains accountable for the implementation of governance arrangements that support effective and prudent management. These arrangements include the segregation of duties within the organisation, the management of conflicts of interest, and are designed to uphold market integrity and protect client interests.⁶

3.2.1 The Board's main roles and responsibilities include:

The Board ensures effective and prudent management of the firm including segregation of duties, as well as:

- a) Oversee related risk management arrangements to ensure effectiveness of risk identification and management;
- b) Oversee compliance with the applicable rules of the FCA and other organisations, as they apply to the Firm;
- c) To consider the adequacy of the arrangements established to ensure compliance with the Rules and Guidance of the FCA and/or other regulatory bodies, as appropriate;
- d) To assess the risk management strategy of the Firm and, where appropriate, to ensure that risks are adequately managed;
- e) To ensure the compliance function is adequately resourced and has appropriate standing and independence within the Firm; and
- f) To consider other topics, as defined by the Board from time to time.

As appropriate, the MIME Board allocates responsibility for the conduct of the business to Senior Managers, who collectively form the management body. As appropriate, the management body are allocated specific responsibilities in line with their Senior Management Functions ("SMF"), with the allocation of these responsibilities including appropriate segregation of duties in accordance with the FCA's Senior Managers and Certification Regime.

⁶ SYSC 4.3

3.2.2 Conflict of Interest Policy

Morningstar Wealth UK, which includes MIME, applies a conflict of interest policy which is reviewed and acknowledged by the Board on a periodic basis.

In accordance with Morningstar Wealth UK policy,⁷ a conflict of interest may occur where the entity/entities and/or an employee has an interest (personal or professional) that conflicts with the interests of any of Morningstar Wealth UK's clients.

Conflicts may arise between Morningstar Wealth UK and its clients, between Morningstar Wealth UK and other members of the group, between an employee and Morningstar Wealth UK, and between clients of Morningstar Wealth UK. Such conflicting interests may make it difficult for Morningstar Wealth UK or the employee to fulfil their duties impartially and can create an appearance of impropriety that may undermine confidence in Morningstar Wealth UK or the individual, even if no unethical or improper act results from the conflict.

Policy provides clear requirements and restrictions relating to the identification, reporting, management, and mitigation of conflicts of interests to ensure awareness and understanding of the associated regulatory obligations. Consequently, potential conflicts are managed through measures including but not limited to:

- Employees disclosing information linked to potential conflicts of interest via the My Compliance Office system.
- Directors disclosing details of any identified conflicts of interest at the commencement of quarterly board meetings.
- Maintenance of a Morningstar Wealth UK specific conflicts of interest register.
- Under certain circumstances, disclosure of identified conflicts of interest to clients.
- As required, appropriate segregation of duties.

3.3 Directorships

The Board meets on a quarterly basis, or more frequently as needed. As of 31 December 2025, the Board was comprised of the following⁸:

Table 2: Directorship		
Name	Title	Number of External Directorships
Mark Sanderson	Managing Director, Wealth EMEA	0
Kevin Dobbs	Director of Wealth Operations	0
Mike Coop	Chief Investment Officer, EMEA	0

⁷ MIFIDPRU 8.3.1.R (1)

⁸ MIFIDPRU 8.3.1R (2)

Workforce Engagement

The objective of the policy

Morningstar's strong commitment to equal opportunity requires a commitment from every employee and so Morningstar enshrines workforce engagement within its code of ethics, which is applicable to all employees, including employees of the Firm and members of the Board of Directors of each firm within the Morningstar group.

⁹

- Associated policy is set at a global level, and MIME has established arrangements to address the group requirements.
- Before a director is appointed to the Board, the Firm undertakes a due diligence review of the candidate's background, competence and qualifications.

Assessment of objective achievement

- In 2024, we updated our board retirement policy so that the mandatory retirement age of 73 only applies after a member has served a 10-year term¹⁰
- The Firm recognises that the current composition of the management body does not reflect the broader objectives of the Morningstar Group DEI policy. At present, the MIME Board consists solely of executive directors who are all white males, with no non-executive representation. While this structure ensures direct accountability and operational focus, it does not yet meet the wider diversity aims articulated at group level.

Assessment of shortfalls, proposed actions and timeline

The principal shortfall is the lack of workforce engagement in the composition of the management body. To address this, the Firm intends to:

- Recruitment: Review succession planning and director recruitment processes with a view to broadening candidate pools and improving representation.
- Workforce data: Enhance collection and monitoring of workforce data at the management body level to provide a baseline and measure progress.
- Governance: Consider the appointment of independent non-executive directors to strengthen diversity, independence, and oversight.

The Firm will report annually on progress and work with the Morningstar group to ensure that recruitment and appointment processes for the Board align with both group DEI objectives and local regulatory expectations.

3.4 Risk Governance

MIME specific risks are incorporated into the Firm's broader risk governance arrangements and are reviewed through Quarterly Risk Meetings involving department heads, functional leads and risk owners. These meetings review the enterprise risk register, emerging risks, changes in risk exposure and progress against mitigating actions. The outcomes of these meetings are documented and reported to the MWAL Risk & Corporate Governance Committee for review and challenge, supporting ongoing Board oversight of the Firm's risk profile.

⁹ MIFIDPRU 8.3.1R (4)

¹⁰ Morningstar. (2025) Corporate Sustainability Report 2025 [Online], Available at: <https://www.morningstar.com/company/corporate-sustainability> (Accessed 28 September 2026).

4 Own Funds Disclosures

4.1 Composition of regulatory Own funds

The Own funds disclosures presented below are made in line with the template requirement set out in MIFIDPRU 8.4 and MIFIDPRU 8 Annex 1. Compared to the prior reporting period, there have been no significant changes to the composition or main features of own funds.

As at 31 December 2025, to meet its regulatory obligations, MIME held Own funds of £3,783k (£4,312k in 2024). The Firm's own funds comprise entirely Common Equity Tier 1 capital. The composition of own funds is set out below ¹¹

Table 3: MIME Regulatory Own Funds Summary		
Own funds (in £'000s)		
MIME	As at 31 December	As at 31 December
	2025	2024
Equity per Statement of Financial Position		
Share capital	75	75
Share premium	12,000	10,000
Retained earnings	(11,187)	(8,658)
Capital Contribution reserves	2,895	2,895
Total equity (i)	3,783	4,312
Regulatory adjustments		
Intangible assets	-	-
Associates deferred tax liabilities	-	-
Deferred tax assets that rely on future profitability	-	(65)
Total regulatory adjustments (ii)	-	(65)
Total regulatory own funds (i) + (ii)	3,783	4,247

The table below outlines the regulatory capital of the MIME in accordance with the relevant references from the balance sheet in the audited financial statements:

Table 4: Composition of own funds				
	Item	Amount (GBP thousands)	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
		31-Dec-25	31-Dec-24	
1	OWN FUNDS	3,783	4,312	
2	TIER 1 CAPITAL	3,783	4,312	
3	COMMON EQUITY TIER 1 CAPITAL	3,783	4,312	
4	Fully paid up capital instruments	75	75	Statement of Changes in Equity (page 17)

¹¹ MIFIDPRU 8.4.1R (1)(a)

5	Share premium	12,000	10,000	Statement of Changes in Equity (page 17)
6	Retained earnings	(11,187)	(8,658)	Statement of Changes in Equity (page 17)
7	Accumulated other comprehensive income	224	217	Not taken to Regulatory Own Funds
8	Other reserves	2,895	2,895	Statement of Changes in Equity (page 17)
9	Adjustments to CET1 due to prudential filters	-	-	
10	Other funds	-	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	(65)	Balance Sheet and Note 17 – Deferred taxation (pages 16 and 28)
19	CET1: Other capital elements, deductions and adjustments	-	-	
20	ADDITIONAL TIER 1 CAPITAL	-	-	
21	Fully paid up, directly issued capital instruments	-	-	
22	Share premium	-	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	-	
25	TIER 2 CAPITAL	-	-	
26	Fully paid up, directly issued capital instruments	-	-	
27	Share premium	-	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	-	

An extract from the audited financial statements showing the Firm's statement of financial position (balance sheet), with relevant references as noted in the table above, can be found in Appendix A.

4.2 Reconciliation of regulatory Own funds to balance sheet

The table below reconciles the Firm's regulatory Own funds (see 4.1 above) to the statement of financial position (balance sheet) in the audited financial statements (Appendix A).¹²

Table 5 - MIME own funds: reconciliation of regulatory own funds to the audited financial statements				
		Balance sheet as in published/audited financial statements (GBP Thousands)	Balance sheet as in published/audited financial statements (GBP Thousands)	Cross reference to template OF1
		As at 31 December 2025	As at 31 December 2024	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Investments	102	93	
2	Tangible assets	-	-	
3	Debtors: amounts falling due within one year	2,496	3,088	
4	Deferred tax asset	-	65	
5	Cash at bank and in hand	6,914	5,397	
6	Total assets	9,512	8,643	

¹² MIFIDPRU 8.4.1R (1)(b)

Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
7	Creditors: amounts falling due within one year	5,429	4,016	
8	Creditors: amounts falling due after more than one year	76	98	
9	Deferred tax liabilities	-	-	
10	Total liabilities	5,506	4,114	
Shareholders' Equity				
11	Share capital	75	75	Item 4
12	Share premium account	12,000	10,000	Item 5
13	Capital contribution reserve	2,895	2,895	Item 8
14	Other comprehensive income reserve	224	217	Item 7
15	Retained earnings	(11,187)	(8,658)	Item 6
16	Total shareholders' equity	4,007	4,529	

4.3 Main features of Own funds instruments issued

The main features of Own funds instruments issued by the Firm are¹³:

- Share capital consists of fully paid ordinary shares of £1 each, with 75,008 shares in issuance. There was an additional issuance of £2 during this period
- 100% of the called-up share capital is owned by the immediate parent company, Morningstar Investment Management LLC, a company registered in the United States of America
- No dividend was paid during 2025 (2024: £Nil)
- 100% of total shareholder's equity is recognised as regulatory Own funds capital.
- The share capital, share premium and all other reserves have no specific terms and conditions attributed to them.

Table 6: MIME Main Features of Own Instruments	
Main Features of Own Instruments	Description
Instrument type	Ordinary shares
Public or private placement	Private placement
Governing law(s) of the instrument	United Kingdom
Regulatory capital classification	Common Equity Tier 1 (CET1)
Amount recognised in regulatory capital	75,008
Nominal amount of instrument	75,008
Accounting classification	Share capital
Perpetual or dated	Perpetual
Position in capital structure	Ordinary shares rank behind all creditors and other liabilities in a winding up.
Ownership	100% held by Morningstar Investment Management LLC, the Firm's immediate parent undertaking.

¹³ MIFIDPRU 8.4.1R(1)(c)

Dividend rights	Dividends are discretionary and subject to shareholder approval.
Terms and conditions	Standard voting and economic rights under the Firm's Articles of Association.

5 Own Funds Requirements

5.1 Own funds requirement

MIFIDPRU sets out the Own Funds Requirement that investment firms must maintain at all times. In accordance with MIFIDPRU 4.3, the Firm is required to hold Own Funds equal to or greater than its Own Funds Requirement on an ongoing basis. As a non-SNI investment firm, MWAL's Own Funds Requirement is the highest of the following:

- Permanent Minimum Requirement (MIFIDPRU 4.4R)
- Fixed Overhead Requirement (MIFIDPRU 4.5R)
- K-Factor Requirement (MIFIDPRU 4.6R)

Table 7: MIME Own Funds Requirement ¹⁴			
Own Funds Requirement		31 December 2025 (000')	31 December 2024 (000')
Permanent Minimum Requirement (i)		75	75
Fixed Overheads Requirements (ii)		2,244	2,499
K-Factor Requirement	Σ K-AUM, K-CMH and K-ASA	586	661
	Σ K-DTF and K-COH	-	-
	Σ K-NPR, K-CMG, K-TCD and K-CON	-	-
Total K-Factor Requirement (iii)		586	661
Own Funds Requirement (Higher of (i), (ii), (iii))		2,244	2,499

MIME held sufficient Own funds throughout the year to cover this minimum regulatory obligation. The Firm held excess Own funds of £1.5m (2024: £1.8m), over the regulatory Own funds requirement as at 31 December 2025.

5.1.1 Permanent minimum capital requirement

The Permanent Minimum Requirement (PMR) represents the minimum amount of own funds that an investment firm must maintain at all times under the MIFIDPRU prudential regime. MIME's PMR is £75k, reflecting the Firm's FCA permissions and the nature of its investment management activities. MIME does not have permission to hold client money, safeguard and administer client assets, deal on own account, or undertake firm-commitment underwriting. Accordingly, MIME is subject to a PMR of £75k.

5.1.2 K-Factor requirement

The K-factor requirement is designed to ensure that the Firm's own funds requirement is proportionate to the

¹⁴ MIFIDPRU 8.5.1R (1)

potential harm arising from its regulated investment services and activities. The framework captures risks that could result in harm to:

- the Firm, through its trading activities and market participation (Risk to Firm);
- clients, through the services provided and responsibilities undertaken by the Firm (Risk to Client); and
- the markets in which the Firm operates and its counterparties (Risk to Market).

K-factors are observable and quantifiable metrics that act as proxies for these risks. Each applicable K-factor is calculated by applying a prescribed coefficient to a relevant business metric, with the results aggregated to determine the overall K-factor requirement.

Under the MIFIDPRU framework, only non-SNI investment firms are required to calculate K-factors as part of their Own Funds Requirement. Based on the nature of the Firm's business activities, the Firm-specific K-factor requirement comprises the following Risk to Client (RtC) K-factor:

- **Assets Under Management (K-AUM)** – captures the risk of harm to clients associated with discretionary portfolio management and ongoing investment management activities.

The Firm's K-factor requirement as at 31 December 2025 is set out in the table below.

	31 December 2025 (000')	31 December 2024 (000')
Σ K-AUM, K-CMH and K-ASA	586	661
Σ K-DTF and K-COH	-	-
Σ K-NPR, K-CMG, K-TCD and K-CON	-	-
Total K-Factor Requirement	586	661

Further information on the applicable K-factor is provided in Appendix B.

5.1.3 Fixed overhead requirement (FOR)

The purpose of the FOR is to ensure that firms hold a minimum amount of capital to support an orderly wind-down. As determined by MIFIDPRU 4.5, the FOR equates to 3 months' worth of relevant expenditure. Relevant expenditure is the total expenditure before distribution of profits and firms may deduct certain items of variable expenditure such as staff bonuses, if fully discretionary.

The FOR is based on the annual expenditure reported in the most recent audited financial statements. When a material¹⁵ increase to projected relevant expenditure is anticipated during the financial year, the FOR is recalculated based on the revised projected expense base and immediately becomes the requirement.

The Firm's FOR disclosed above, has been calculated using the annual expenditure from the audited financial statements relating to the financial year ending 31 December 2025.

¹⁵ Material is defined by MIFIDPRU as a 30% or more increase in the firms projected relevant expenditure for the current year or an increase of £2m or more in the firms FOR based on the projected relevant expenditure for the current year.

5.2 Approach to assessing the adequacy of Own funds

The K-factor requirements and FOR, as determined above, establish the regulatory minimum level of Own funds which the Firm is required to hold. In addition, the Firm also undertakes analysis to confirm that the level of Own funds and liquid resources that it holds are sufficient to cover areas of potential harm that may result from its specific activities and business model.¹⁶

The overall financial adequacy rule as set out in MIFIDPRU 7.4.7 requires that the Firm must, at all times, hold Own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that the firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants. A summary of this approach is as follows:

Internal Capital Adequacy and Risk Assessment (ICARA) Process and Material Harm Identification

In line with the rules set out in MIFIDPRU 7, the Firm has in place an ICARA process which seeks to identify all material harms that could result from the ongoing operation of the business, or from the winding-down of the business, and to establish the amount of capital and liquid assets required to cover those potential harms.

Risk Management and Control Framework

MIME's risk management and control framework enables the identification, mitigation, and monitoring of risks to the business and consideration of potential harms to clients, the firm, and the wider financial markets. The ICARA process reflects the Firm's risk management framework, incorporating assessment of its business model planning and forecasting, stress and scenario testing, recovery planning and wind-down planning.

Capital Coverage Risk Appetite

The Firm's board has set a capital coverage risk appetite aimed at ensuring that the amount of Own funds held exceeds the higher of the assessed internal capital threshold requirement and the prescriptive Own funds requirement, together with an additional margin for prudence.

Monitoring and Compliance with Financial Adequacy

The Firm complies with the overall financial adequacy rule by regular monitoring of its capital and liquidity positions in comparison to the calculated threshold requirements, and by regular monitoring of risk exposures and associated metrics. This allows implementation of timely management action as and when appropriate to ensure continuing compliance, including updated assessments at least annually of threshold requirements to reflect emerging exposures and material changes in the business and risk and control environment.

Review and Governance of the ICARA Process

The Firm reviews the adequacy of the ICARA process at least once every 12 months, and (irrespective of the annual review) following any material change in the business model or operating model. Its governance structure provides significant oversight of the business and the ability to raise issues with relevant subject matter experts, and to discuss and implement appropriate management actions as and when required. The ICARA risk-based assessment

¹⁶ MIFIDPRU 8.5.2R

typically generates a higher requirement than the Own funds requirement noted above. Throughout 2025, the Firm held a sufficient level of Own funds and liquid resources to cover the threshold requirements calculated through its ICARA processes.

6 Remuneration

6.1 Approach to Remuneration

The Firm's Remuneration Policy applies to all staff of MIME, to the extent specified. SYSC 19G.1.24G provides that the term "staff" should be interpreted broadly to include, for example, employees of the firm itself, partners or members (in the case of partnership structures), employees of other entities in the group, employees of joint service companies, and secondees.

6.2 Remuneration Policy

MIME has established arrangements, including a dedicated remuneration policy, linking the award of remuneration to the performance of MIME and its employees, commensurate with MIME's risk appetite, the good conduct of MIME's employees and practices encouraging the delivery of positive outcomes for users of the firm's products and services.¹⁷

As the governing body, MIME's Board must discharge effective oversight to enable the MIME's arrangements to strengthen prudent risk-taking measures, ensure related conflicts of interest are managed and promote good conduct. Furthermore, the MIME Board ensures prudential obligations and notably capital requirements, and liquidity management are considered accordingly when determining remuneration paid to employees.

MIME's arrangements explicitly prohibit short term activity that could:

- encourage risk taking beyond its risk appetite;
- reward inappropriate employee conduct;
- detrimental to users of MIME's products and services; and/or
- jeopardise its applicable regulatory prudential obligations.

The Remuneration Policy is reviewed at least annually, or as necessary. Policy review is prepared by Compliance and submitted to the Board for review and approval.

It is MIME's intention that its Remuneration Policy sets out the arrangements, to ensure remuneration is awarded in accordance with regulatory and internal standards. The high-level objectives of the policy are:¹⁸

- to establish arrangements promoting sound and effective risk management practices, for the long-term interest of the Firm;
- to align the level of accepted firm risk to the awarding of individual rewards, thereby enabling and

¹⁷ MIFIDPRU 8.6.3

¹⁸ MIFIDPRU 8.6.5

- managing the effective promotion and delivery of performance-based rewards; and
- to support good behaviour and healthy firm culture; and discourage behaviours leading to misconduct and poor customer outcome.

The policy is presented and applied appropriately and proportionately to the nature, scale and complexity of the risks inherent within MIME's business model and activities. Additionally, effective application of the policy intends to support MIME's efforts to deliver good outcomes for consumers.

6.3 Remuneration Governance

The MIME Remuneration Policy and associated requirements is coordinated by Compliance. Morningstar Inc. is the ultimate parent entity, and the Morningstar Inc. and Compensation Committee sets appropriate group level remuneration arrangements, so any entity specific arrangements can be incorporated to meet applicable regulatory requirements. Furthermore, the Morningstar Inc. Board and Compensation Committee is responsible, on an ongoing basis, for determining available funding for remuneration across the Morningstar Group, including bonus pools, the investment management incentive plan equity awards and any other applicable schemes.

Pursuant to the arrangements, established by the Morningstar Inc. Board and Compensation Committee, the MIME Board will subsequently discharge effective oversight of remuneration specifically linked to MIME activity and related employees, to ensure proposed remuneration is consistent with MIME's risk appetite and the local policy and related arrangements established. MIME Board oversight must enable MIME's arrangements to strengthen prudent risk-taking measures, ensure conflicts of interest are managed and promote good conduct. The MIME Board will also ensure prudential obligations are considered accordingly when determining associated remuneration arrangements.

6.4 Material Risk Takers

A material risk taker is defined in SYSC 19G.5.1R as a staff member at a non-SNI MIFIDPRU investment firm whose professional activities have a material impact (as described in SYSC 19G.5.3R) on the risk profile of the firm, or of the assets that a firm manages.¹⁹

As required in SYSC 19G.5.2R, MIME assesses which members of its staff are material risk takers at least annually, or more frequently as required, including when staff leave or join the Firm. For the performance year 2025, the Firm identified seven material risk takers.

6.5 Categorisation of Fixed & Variable Remuneration

MIME is required to make a clear distinction between the criteria for setting its fixed and variable remuneration within the Firm. MIME operates a flexible policy whereby remuneration is appropriately balanced.²⁰

MIME remuneration is divided into base salary, benefits and incentive scheme (variable remuneration) and an employee may belong to more than one incentive scheme. For example, employee variable remuneration may derive from both the Morningstar Global Bonus Plan and the Investment Management Incentive Scheme.

¹⁹ MIFIDPRU 8.6.4R

²⁰ MIFIDPRU 8.6.7G

Variable remuneration is dependent on the role and job function an employee performs and can include:²¹

- individual performance and/or business unit-based bonus;
- cash incentives; and
- sales commissions.

Specifically, MIME is attached to four variable remuneration schemes:

- Investment Management Incentive Plan;
- Morningstar Global Bonus Pool;
- Sales Commission; and
- Equity (Restricted Stock Units and Market Stock Units).

Except for the Morningstar Global Bonus Pool, available to all permanent employees, the schemes are subject to eligibility criteria based on role and business unit type. All employees have an element of fixed remuneration to their overall compensation packages.

Variable employee remuneration must not be solely, or predominantly, based on quantitative commercial criteria and must take into account appropriate qualitative criteria reflecting compliance with applicable policy and regulation, the fair treatment of clients and the quality of services provided and include sustainability and risk adjusted performance measures. As applicable, this criterion is set within each employee's objectives, as determined by the business line manager as financial and non-financial components.

Consequently, bonus funding and related payment to employees is dependent on several factors, notably overall firm and associated business line performance and then taking the employee's individual performance factors both quantitative and qualitative, accordingly into account.

On occasion, MIME is permitted to make discretionary awards of variable remuneration to employees, including Material Risk Takers, potentially constituting sign-on bonuses, retention awards severance payments or buy out wards. Such awards are subject to approval by Morningstar's People and Culture team and the MIME Board and a suitable rationale for such awards must be documented.

6.6 Remuneration adjustments

MIME policy permits the adjustment of variable remuneration to take account of specific, crystallised risk, or adverse performance outcome, specifically those relating to misconduct, serious reputational damage, or significant financial loss. As necessary, the MIME Board would appoint the appropriate MIME control function to investigate and determine if adjustments are necessary, potentially including clawbacks of variable remuneration awarded. Under MIME policy, the period for potential clawbacks is three years from payment.

6.7 Risk and performance adjustments

Assessment of MIME's remuneration arrangements is integral to the internal capital adequacy and risk assessment (ICARA) process. The ICARA is an ongoing assessment, formally documented annually that considers the key risks

²¹ MIFIDPRU 8.6.6R

identified as applicable to MIME activity and the potential impact these may have on MIME's prudential obligations. Remuneration and the associated consideration that related structures may promote excessive risk taking, is specifically integrated into the ICARA process.

The allocation of variable remuneration takes into account all types of current and future risks, including non-financial risks, in accordance with the MIFIDPRU Remuneration Code. The related structures and processes would be adjusted accordingly, should the overall current and future risk appetite be potentially compromised by the established remuneration arrangements.

6.8 Risk and performance adjustments for material risk takers

In order to comply with the MIFIDPRU Remuneration Code, the Firm is required to have in place processes through which it can, if necessary, reduce the variable remuneration of a material risk taker. The MIME Board reviews proposed remuneration awarded to Material Risk Takers for the annual reporting period and determines whether any proposed increase in fixed remuneration and/or granting of variable remuneration breaches policy requirements.

Should any potential breaches be identified, the MIME Board will escalate the concerns to Morningstar's Compensation Committee for immediate review. If MIME policy has been breached, the MIME Board will request a risk-based adjustment to the relevant Material Risk Taker's proposed remuneration award.

Severance payments may be made to material risk takers at the sole discretion of the Firm and will be assessed strictly in line with the requirements of the MIFIDPRU Remuneration Code. MIME Remuneration Policy states payment of such awards requires approval from Morningstar's People and Culture team and the MIME Board.

6.9 Quantitative disclosures

Table 9: Total amount of remuneration awarded to senior management, other material risk takers and other staff			
	Total MRT's Identified	2025 Fixed remuneration (GBP Thousands)	2025 Variable remuneration (GBP Thousands)
Senior Management and Other MRT's	5	830	391
Other staff	N/A	3,133	1,360
Total		3,963	1,752

The table above details the remuneration, split between fixed and variable remuneration, of the Material Risk Takers (MRTs) employed by MIME. In accordance with MIFIDPRU 8.6.8R(7), remuneration information for Senior Management and Other Material Risk Takers has been aggregated, as separate disclosure would result in the identification of remuneration information relating to one or two individuals.

The Firm did not award any guaranteed variable remuneration or make any severance payments to MRT during the performance period.

Appendix A – Statement of Financial Position

MORNINGSTAR INVESTMENT MANAGEMENT EUROPE LIMITED

BALANCE SHEET

REGISTERED NUMBER: 05732689

AS AT 31 DECEMBER 2025

	Note	2025 £	2024 £
Non-current assets			
Investments	12	101,885	92,925
Current assets			
Debtors	13	2,496,379	3,153,136
Cash at bank and in hand		6,914,041	5,396,896
		9,410,420	8,550,032
Creditors: Amounts falling due within one year	14	(5,429,558)	(4,015,787)
Net current assets		3,980,862	4,534,245
Total assets less current liabilities		4,082,747	4,627,170
Creditors: Amounts falling due after more than one year	15	(76,016)	(98,187)
Net assets		4,006,731	4,528,983
Capital and reserves			
Called up share capital	18	75,008	75,006
Share premium account		11,999,992	9,999,994
Capital contribution reserve		2,894,888	2,894,888
Other comprehensive income reserve		223,796	217,076
Retained earnings		(11,186,953)	(8,657,981)
Total equity		4,006,731	4,528,983

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 April 2026:

Signed by:

 213EF4AD621D489...
M Sanderson
 Director

Appendix B – K-Factors

Term	Harm	Explanation
K-ASA	Client	K-ASA (Assets Safeguarded and Administered) – is the K-factor requirement for the amount of Own funds assigned against the risk of harm associated with the safeguarding and administering of a client's financial instruments.
K-AUM	Client	K-AUM (Assets Under Management) is the K-factor requirement for the amount of Own funds investment firms are required to hold against risks associated with managing assets for clients. It covers both assets managed on a discretionary portfolio management basis and assets under an ongoing non-discretionary advisory arrangement.
K-CMG	Market	K-CMG (Clearing Margin Given) is an alternative to K-NPR to provide for market risk for firms that deal on Own account or execute for clients in the name of the investment firm. It is based on the total margins an investment firm is required to give to a clearing member and can only be used with the agreement of the FCA.
K-CMH	Client	K-CMH (Client Money Held) is designed to capture the risk of an investment firm causing potential harm to clients where it holds their money. It takes into account whether the funds are recorded on the investment firm's Own balance sheet or in third party accounts, and arrangements provide that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.
K-COH	Client	K-COH (Client Orders Handled) is the K-factor Own funds requirement designed to cover potential risks from both the execution of orders in the name of the client and the reception and transmission of client orders.
K-CON	Firm	K-CON (Concentration Risk) is an Own funds requirement that only applies to exposures in the trading book for investment firms that deal on Own account or execute for clients in the name of the investment firm. It seeks to provide additional Own funds to manage concentration risk to a single counterparty or group of connected counterparties.
K-DTF	Firm	K-DTF (Daily Trading Flow) is an Own funds requirement that applies to investment firms that are dealing on Own account, including where executing client orders in the name of the investment firm. It is designed to capture operational risks related to the value of trading activity an investment firm conducts throughout each business day. It excludes the value of orders handled which are already captured by K-COH.
K-NPR	Market	K-NPR (Net Position Risk) is the K-factor that applies to firms that deal on Own account or execute for clients in the name of the investment firm. It provides for market risk and is based on the market risk framework (standardised approach, or if applicable, internal models) of the Capital Requirements Regulation.
K-TCD	Firm	K-TCD (Trading Counterparty Default) is a K-factor Own funds requirement that only applies to investment firms dealing on their Own account or execute for clients in the name of the investment firm. It aims to capture risks from trading counterparties failing to meet their obligations to the investment firm.