

Remuneration Policy

Background

Lindsell Train Limited (“LT” or the “Firm”) is regulated as a full-scope UK AIFM that is an AIFM investment firm also subject to BIPRU. LT is therefore required to comply with the AIFM Remuneration Code (“the Code”) (FCA SYSC 19B), and although also subject to BIPRU, as the Firm has designed its remuneration policy to comply with the AIFM Remuneration Code it is deemed by the FCA to also comply with the BIPRU Remuneration Code and the FCA do not require LT to demonstrate compliance with SYSC 19C. LT’s remuneration policy is thus structured to comply with the AIFM Remuneration Code which is applicable to all AIFM Remuneration Code Staff – this includes staff that have a material impact on the risk profile of LT and includes senior management, portfolio managers, control functions (such as Compliance) and any other employees receiving total remuneration that takes them into the same remuneration bracket as the aforementioned.

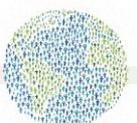
The remuneration policy is designed to ensure that the Firm’s compensation arrangements:

- are consistent with and promote sound and effective risk management;
- do not encourage excessive risk taking;
- include measures to avoid any conflicts of interest; and
- are in line with the Firm’s business strategy, objectives, values and long-term shareholders’ interests.

In terms of complying with the Code, LT has adopted the AIFM remuneration principles in a way which is appropriate to its size, internal organisation and the nature, scope and complexity of its activities. With reference to the FCA Finalised Guidance – General Guidance on the AIFM Remuneration Code, and based on the relevant characteristics of the Firm, the Board have assessed the extent to which it is appropriate for LT to apply the AIFM remuneration proportionality rule.

The key characteristics that the Board considered in concluding the extent to which it would disapply provisions within the Code were as follows:

- Size – LT has a relatively small organisation and relatively small number of Code staff.
- Internal Organisation – LT’s relatively small size and reasonably simple governance structure supports a proportionate disapplication of certain requirements of the Code. The Firm is not listed and has a simple ownership structure whereby two members of senior management own a majority stake in the Firm.



- Nature, scope and complexity of activities – the Firm broadly adopts a single investment philosophy and style, and three investment strategies aligned with that style – as such the Board view LT’s activities as ‘non-complex’.
- Level of risk – the Firm is not authorised to hold client money and assets, nor can it trade on its own account. Its activities are therefore considered to present a relatively low level of risk.
- The nature of any delegation arrangements – the Firm does not delegate any material or significant regulated functions.
- The nature of fee structures – although the Firm has structured performance fees on some accounts, its overall fee structures are relatively simple and aligned with the interests of its clients. The long-term nature of its investment philosophy and decision making does not incentivise inappropriate risk-taking.

Having considered the above characteristics, and noting that assets under management in aggregate for all AIFs managed by LT remain below €1 billion, the Board is satisfied that it can adopt a proportional approach in the design and implementation of the Remuneration Policy and has therefore specifically disapplied the "Pay-out Process Rules" so that in respect of the variable elements of remuneration there is no requirement to:

- Ensure that a substantial portion of variable remuneration consists of units/shares/equivalent instruments; or
- Defer a substantial portion of the variable component of an award.

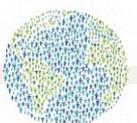
Decision Making and Governance

LT seeks to preserve shareholder value by ensuring that members of staff are properly and competitively remunerated for their role, level of responsibility and efforts in contributing to the Firm’s success.

Due to its small size, nature and lack of complexity, as noted above the Firm has taken a proportionate approach to the adoption of the Code requirements and as such LT does not have an independent and separate remuneration committee. Final decisions on the Remuneration Policy and on staff remuneration (both fixed and variable) are determined by the two founder Directors (who are also majority shareholders of LT) after consultation with the other fellow executive directors.

The Board review the Remuneration Policy and its implementation on an annual basis.

Furthermore, the implementation of the remuneration policy is subject to a central and independent review by the Chief Compliance Officer on an annual basis for compliance with the provisions of this Remuneration Policy.



Link between Performance and Remuneration

The award of all staff bonuses is entirely dependent on LT's annual profits, and is entirely at the discretion of the Board. Bonus payments may be paid in recognition of an employee's contribution to the overall business and their overall job performance (which is not linked to specific financial measures) and are subject to the employee's compliance with LT's internal policies and procedures. It is not LT's practice to offer any employee a guaranteed bonus other than on an exceptional basis in the context of hiring new staff and limited to the first year of service.

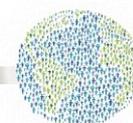
In addition, there are additional considerations for the following categories of staff:

- Senior marketing staff's variable pay is largely discretionary and determined by a combination of individual and team contribution to business performance as described above. A proportion is also linked to investment management fees earned from the first year from relevant new businesses. It is designed to incentivise employees to introduce new business to the Firm whilst at the same time to ensure retention of existing client accounts. This variable reward promotes the alignment of their long term interests to those of clients and investors in our Funds. Care has been taken to ensure that any incentive reward does not generate a conflict of interest where there is a possibility the employee may not be acting in the best interests of a client. This variable remuneration structure is also subject to the ongoing review and approval of the two founder Directors who, in aggregate, are majority shareholders of the Firm.
- The founder Directors themselves earn a variable remuneration, which is entirely dependent on the financial success of the company and is limited by the overall firm-wide remuneration pool being fixed at a prudent proportion (25% of variable fee revenue), and bound by the Company's shareholders' agreement. These payments are made out of investment management fee revenues that have already been earned and therefore does not pose any risk to capital. This ensures that the variable component of overall remuneration are capped to align with the overall financial situation of the Firm.
- Key members of staff may be offered the opportunity to own shares in LT.

Other Provisions of the Code

Other aspects of the AIFM remuneration principles that are an integral part of the Firm's Remuneration Policy are as follows:

- Control Functions – the remuneration of the Chief Compliance Officer is directly overseen by the Board, and the decisions made by the Board in this respect are linked to that individual's functional objectives.



- In relation to early termination of an employee's contract, on a case by case basis the Board will carefully consider any associated payments and take steps to ensure that they were not designed in such a way so as to reward failure.
- Pension Policy – finally the Firm's Pension Policy is in line with its business strategy, values and the long-term interests of its clients.

