MiFIDPRU Public Disclosures

For the year ended 31 January 2022

1. Overview

Lindsell Train Limited (“LTL” or “The Firm”) is an independent investment management firm that provides discretionary investment management services to investment funds, segregated accounts and managed accounts in the UK and internationally.

LTL is authorised and regulated in the UK by the Financial Conduct Authority (the ‘FCA’) and is classified as a Collective Portfolio Management Investment Firm ("CPMI"). LTL is also a full-scope UK Alternative Investment Fund Manager (‘AIFM’) and has permissions to conduct Markets in Financial Instruments Directive (‘MiFID’) portfolio management activities.

As an AIFM with MiFID permissions, LTL has to maintain regulatory capital and liquidity at all times in compliance with the Investment Firm Prudential Regulation (‘IFPR’) and the FCA’s Prudential Sourcebook for MiFID Investment Firms (‘MIFIDPRU’) which came into effect from 1st January 2022. Under these regulations, the Company has been classified as a Non-Small Non-Interconnected (‘non-SNI’) MIFIDPRU firm, with £75,000 minimum regulatory capital.

LTL is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the IFPR. The disclosure for LTL is prepared on a solo entity basis. The disclosed information is proportionate to LTL’s size and organisation, and to the nature, scope and complexity of its activities. This disclosure document does not constitute audited financial statements of LTL and the information provided herein is unaudited.

2. Governance and Risk Management

LTL has a robust governance arrangement with a clear organisational structure with well defined, transparent and consistent lines of responsibility. These governance arrangements are detailed below.

Board of Directors (“The Board”)

The Board is responsible for setting LTL’s strategy and strategic objectives and monitoring business performance and progress against these, ensuring that the Firm has appropriate policies (including operational, compliance, legal, finance and risk) in place and that they are adhered to, and that the Firm’s resources are sufficient (including knowledge, experience and number). In order to fulfil these responsibilities, the Board has established a number of committees (detailed below); these committees report regularly to the Board. The Board meets at least twice a year.

As at 31 January 2022, the Board comprised seven Directors, two of whom were independent Non-Executive Directors (“INEDs”). These Directors are listed below, alongside the number of directorships each held as at 31 January 2022. In line with MIFIDPRU, this analysis does not include any directorships the individual holds in an organisation which does not pursue a predominantly commercial objectives (for example, a charitable organisation).

Figure 1.1 LTL Board as at 31 January 2022

Director	LTL directorship	Other directorships	Total
J M Alexandroff (non-executive)	1	1	2
J Bartlett (non-executive)	1	3	4
M C Y Lim	1	0	1
M J Lindsell	1	1	2
J S Orr	1	1	2
N J Train	1	0	1
K J Wilson	1	1	2

There were no changes to the Board during y/e 31 January 2022.

Management Committee

The Firm's Management Committee is responsible for matters relating to the day-to-day management of the company. Such matters include an ongoing assessment of investment performance, marketing and client servicing, operations, compliance, risk and finance. The purpose of the Management Committee is to ensure the proper execution of the company's business strategy, as agreed by the Board. The Management Committee comprises the six Executive Directors from the Board. The Management Committee meet at least three times a year.

Risk & Compliance Committee

The Board has overall responsibility for risk management, including approval of the Firm's Risk Appetite Statement, and has established a Risk & Compliance Committee ("RCC") to ensure that risks of harms to clients, the firm and the market are identified, assessed, managed and monitored across all areas of LTL, in line with the Firm's agreed Risk Appetite Statement. The RCC are responsible for ensuring that the risk control framework of the firm operates effectively; this framework covers all risk matters, including strategic, business, operational, and financial risk. The RCC is also responsible for overseeing the Firm's Internal Capital and Risk Assessment ("ICARA") process.

As at 31 January 2022, the RCC comprised an independent non-executive director as Chair, the Chief Operating Officer, the Chief Operating Officer (designate), and the Chief Compliance Officer. Members of the RCC have the appropriate knowledge skills and expertise to fully understand manage and monitor the risk strategy and risk appetite of the firm. The RCC meets at least twice a year and reports to the Board.

Environmental, Social and Governance ("ESG") Committee

The ESG Committee is responsible for ensuring the Firm's ESG strategy, approved by the Board, is adhered to, as well as overseeing the identification and mitigation of risks relating to ESG; these risks are in turn reported to the RCC. The ESG Committee is also responsible to ensuring that the Firm monitors the sustainability of its operations and adopts the necessary policies and objectives approved by the Board. The ESG Committee is chaired by the Firm's Chairperson, and has representation from investment, marketing and client services, and compliance. The ESG Committee meets at least twice a year and reports to the Board.

Valuations Committee

The Valuations Committee is responsible for reviewing and maintaining the Firm's valuation policy, as well as ensuring that any valuation matters are suitably addressed. As at 31 January 2022, the Valuations Committee comprised of the Chief Operating Officer, the Chief Operating Officer (designate), and the Chief Compliance Officer. The Valuations Committee meets at least twice a year and reports to the Board. The Valuations Committee is supported by the Valuations Group; the Valuations Group are responsible for making valuation decisions, escalating to the Valuations Committee where appropriate. The Valuations Group meets at least once a month, and reports to the Valuations Committee

3. Diversity Policy

In accordance with regulatory requirements, the Firm maintains a diversity policy statement for promoting diversity across its staff, Board and Committees.

The Firm review and assess the composition and effectiveness of its staff, Board and Committees, in light of the benefits of all aspects of diversity, including differences in gender, race, nationality, age, disability, cultural background, skills, and knowledge.

All offers of employment by LTL and appointments to its Board and Committees are made on merit against objective criteria having due regard for the benefits of diversity to the Firm. The Firm's Chief Operating Officer is responsible for ensuring that these criteria do not place any candidate with a protected characteristic at a disadvantage.

4. Capital Resources

Under the new Investment Firm Prudential Regime ("IFPR") regime, LTL is required to hold sufficient capital at least equal to the 'Own Funds Requirement' and the 'Additional Own Funds Requirement'.

Own Funds

LTL's regulatory Own Funds as at 31 January 2022 is summarised below:

Figure 1.2 Composition of regulatory Own Funds

		Amount (£'000)	Source (as per y/e 31 January 2022 audited financial statements)
1	**OWN FUNDS**	**90,703**	
2	**TIER 1 CAPITAL**	**90,703**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**90,703**	
4	Fully paid up capital instruments	267	See line 'Called Up Share Capital' on page 14 of financial statements
5	Share Premium	57	See line 'Share Premium Account' on page 14 of financial statements
6	Retained Earnings	92,617	See line 'Profit and Loss Account' on page 14 of financial statements
7	Accumulated Other Comprehensive Income	0	
8	Other Reserves	(2,237)	See line 'Other Reserves' on page 14 of financial statements
9	Adjustments to CET1 due to Prudential Filters	0	
10	Other Funds	0	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	
19	CET1: Other Capital Elements, Deductions and Adjustments	0	
20	**ADDITIONAL TEIR 1 CAPITAL**	**0**	
21	Fully Paid Up, Directly Issued Capital Instruments	0	
22	Share Premium	0	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
24	Additional Tier 1: Other Capital Elements, Deductions and Adjustments	0	
25	**TIER 2 CAPITAL**	**0**	
26	Fully Paid Up, Directly Issued Capital Instruments		
27	Share Premium	0	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
29	Tier 2: Other Capital Elements, Deductions and Adjustments	0	

Note above figures are rounded

Figure 1.3 Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		Balance Sheet as in published / Audited Financial Statements (£'000)	Cross-reference to Figure 1.2
Assets – *Breakdown by asset classes according to the balance sheet in the audited financial statements*			
1	Tangible Assets	174	
2	Investments	6,914	
3	Debtors: amounts falling due within one year	20,847	
4	Cash at bank and in hand	72,836	
5	**Total Assets**	**100,771**	
Liabilities – *Breakdown by liability classes according to the balance sheet in the audited financial statements*			
1	Creditors: amounts falling due within one year	(9,550)	
2	Deferred Tax	(518)	
3	**Total Liabilities**	**(10,068)**	
Shareholders' Equity			
1	Called up share capital	267	4
2	Share premium account	57	5
3	Other reserves	(2,237)	8
4	Profit and loss account	92,617	6
5	**Total Shareholders' Equity**	**90,703**	

Note above figures are rounded

Figure 1.4 Own Funds: Main Features of Own Instruments Issued by the Firm

Own Funds: Main Features of Own Instruments Issued by the Firm
The common equity tier 1 instruments issued by the Firm consist of 26,660 ordinary shares with a nominal value of £10 each. There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital. During y/e 31 January 2022, the Firm purchase a number of its own shares, of which part were sold within the year. At y/e 31 January 2022, the Firm had 132 shares held in treasury, with the intent to offer for sale (at the Firm's discretion). Shares held in treasury do not carry ay voting rights nor entitlement to receive dividends.

Own Funds Requirement

The Own Funds and Liquid Assets Requirement sets out the amount of funds needed to fund ongoing business and cope with periods of stress.

As at 31 January 2022, the Firm's Own Funds Requirement is as shown below:

Figure 1.5 Own Funds Requirement

Higher of:	**£'000**
Permanent Minimum Capital Requirement	75
Fixed Overhead Requirement	1,971
K-Factor Requirement	601
Own Funds Requirement	**1,971**

Note above figures are rounded

It should be noted that the Firm's K-Factor Requirement is solely the K-AUM requirement.

In addition to the Own Funds Requirement above, the Firm uses the ICARA process to formally assess its capital arrangements to address (i) any potential material harms that the Firm has identified under MIFIDPRU 7.4.13R and measures implemented by the Company to reduce the impact of Harms under MIFIDPRU 7.4.9R; and (ii) any residual potential material harms that remain after the firm has taken measures to reduce the impact of the Harms under MIFIDPRU 7.4.9R.

Through the ICARA process, the Board have determined that no capital in addition to the £1,971k Own Funds Requirement outlined above is required.

Therefore, as at 31 January 2022, when comparing the Firm's Own Funds of £90,703k to the above Own Funds Requirement of £1,971k, there was a surplus of £88,732k.

Additional Own Funds Requirement

The Additional Own Funds Requirement sets out the amount of funds needed to allow the Firm to wind down in an orderly manner.

Through the ICARA process, the Board have determined that £6,628k is required to wind down the Firm in an orderly manner.

Therefore, as at 31 January 2022, when comparing the Firm's Own Funds of £90,703k to the above Own Funds Requirement (£1,971k) and Additional Own Funds Requirement (£6,628k) totalling £8,599k, there was a surplus of £82,104k.

5. Remuneration Disclosures

The Firm was, prior to 1 January 2022, subject to the disclosure requirements under BIPRU section 11 and therefore, in relation to its most recently ended employee performance period, benefits from the transitional provision in paragraph 12.8 of MIFIDPRU TP.

In line with this transitional provision, the remuneration information set out below has been prepared in accordance with the BIPRU Section 11 rules rather than the rules in MIFIDPRU. A remuneration disclosure that is compliant with MIFIDPRU will be included in future versions of these disclosures in respect of later employee performance periods.

The Firm has adopted a remuneration policy that complies with the FCA Remuneration Code Rules (the "Code") and guidance. This Code is applicable to those members of staff classified as Code Staff (such as those in significant harm functions) as described by the FCA rules.

The Firm's 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.

Under the Code, the Firm falls within proportionality level three and is allowed to disapply certain sections of the Code requirements. Owing to the size, internal organisation, nature, scope and complexity of our business, the Board is satisfied that LTL can disapply 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
- defer a substantial portion of the variable remuneration awarded

The Firm seeks to ensure that members of staff are properly and competitively remunerated for their role, level of responsibility and efforts in contributing to the firm's success.

Employees are paid a fixed annual salary that reflects their experience and responsibilities as set out in their terms of employment, and competitive (externally benchmarked) market rates in those roles. It is permanent, pre-determined, non-discretionary, non-revocable and does not depend on performance.

Employees may also be paid variable remuneration which is based on performance and contribution of individual, the team, and the Firm's overall results. This covers both financial and non-financial measures. LTL ensures that any variable remuneration paid does not affect LTL's ability to ensure a sound capital base, and that any performance-based remuneration complies with the relevant requirements in the Remuneration Code.

As part of variable remuneration, LTL operates a profit share scheme available to key employees (determined by the Board) which is aligned to the profitability of the business, whereby participants receive an agreed % of the post-tax profits each year. Under this scheme, for the y/e 31 January 2022, participants were required to invest at least 25% of the profit share payout to acquire LTL shares at the prevailing market price.

Consideration 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. No employee is offered a guaranteed bonus other than in exceptional cases such as a new hire in the first year of employment as additional joining compensation.

It should be further noted that overall remuneration of the Firm is limited by the Firm's shareholders' agreement, ensuring alignment with shareholders' interests, as well as ensuring risk to the Firm's capital is limited.

Due to its small size, nature and lack of complexity, LTL does not have an independent remuneration committee. Final decisions on staff remuneration (both fixed and variable) are determined by the two founder directors (who are also majority shareholders of Lindsell Train) after consultation with the other fellow executive directors. Remuneration of the founder directors is reviewed and agreed by the Firm's non-executive directors.

Remuneration Code Staff Remuneration

Due to the number of staff employed by LTL, remuneration figures are disclosed at a level which maintains individual confidentiality. For the year ended 31 January 2022:

	Fixed Remuneration (£m)	Variable Remuneration (£m)	Total Remuneration (£m)
Senior Management Function ('SMF') Holder	0.7	26.2	26.9
Other Material Risk Takers ('MRTs') i.e. excluding SMFs	0.7	4.3	5.0
Total	1.4	30.5	31.9