

MIFIDPRU 8 Disclosures

30 September 2023

I. Purpose and Background

Lansdowne Partners (UK) LLP ('Lansdowne' or 'the Firm') is regulated by the Financial Conduct Authority ('FCA') as an FCA investment firm and is subject to the financial resource adequacy requirements set by the FCA Prudential Sourcebook for MiFID Investment Firms ('MIFIDPRU') for a MIFIDPRU Non-Small & Interconnected ('Non-SNI') Firm. MIFIDPRU provides the framework for regulatory financial resource management and includes components that require FCA investment firms, including Lansdowne, to assess the adequacy of their financial resources.

Under the FCA's IFPR rules, Lansdowne is required to make disclosures regarding:

- Governance arrangements
- Own funds
- Own funds requirements
- Risk management objectives and policies,
- Remuneration (as required under MIFIDPRU and SYSC19G), and if relevant
- Investment policy as per MIFIDPRU 8.7

The Firm is a member of a UK consolidation group which also includes its First Corporate Member, Lansdowne Partners Limited and, as of August 2023, following an acquisition, CRUX Asset Management Limited ("CRUX") (together "the Group").

These disclosures have been prepared on a consolidated basis for the Group in accordance with the requirements set out in the FCA's MIFIDPRU 8 disclosure rules.

The Firm completed its internal capital and risk assessment process ("ICARA") based on data as at 30 September so as to include the material change following the acquisition of CRUX. However, its audited financial statements as at 31 March 2023 were prior to this acquisition. Therefore, sections 5 and 6 below together with Appendix 2 represent data as at 30 September 2023 whilst information provided in section 7 and Appendix 1 relate to the audited period for the year ended 31 March 2023. This disclosure was approved by the Firm's Management Committee on 5 January 2024. The audited annual accounts and financial statements were also approved by the Management Committee on 28 July 2023.

These disclosures have not been audited by the Firm's external auditors except where the information is equivalent to that included in the 2023 audited annual accounts and financial statements. These disclosures have been reviewed by the relevant areas of the Firm.

The disclosures in this document are required to be published annually and if appropriate, more frequently. This document shall be made available to view at www.lansdownepartners.com.

II. Overview of Lansdowne Partners (UK) LLP

Founded in 1998, Lansdowne Partners is a global investment management boutique focused on delivering superior long-term performance and exceptional client service. The Firm became authorised by the FCA in July 2014 and in the same year registered as an investment adviser in the United States with the Securities and Exchange Commission (“SEC”).

The investment teams manage a broad range of equity strategies, with £6.8bn assets under management as at 30 September 2023, across a variety of geographic markets applying an investment approach predicated on rigorous fundamental research and deep engagement with investee companies inclusive of liaising with company management or research providers on strategy, performance, governance and risk management.

Each strategy has its own dedicated team of portfolio managers and analysts, supported by a central investment risk team. A senior management team is responsible for the day-to-day running of the business, allowing the investment teams to focus purely on delivering investment returns.

Lansdowne is authorised by the FCA under Part 4A of the Financial Services and Markets Act 2000 (‘FSMA’) as an investment firm with the FCA firm reference number 613543.

III. Risk Management and Objectives

The Firm maintains a clear delineation between Investment Management teams and the Business Management teams. The members of the Firm’s Management Committee determine and outline the Firm’s business strategy. As part of this process, they consider the Firm’s risk appetite to ensure that the Firm’s risk management framework is appropriately designed and implemented. The Firm’s Risk and Audit Committee (including the Chief Risk Officer (CRO), the managing partners, the Chief Compliance Officer and Head of Trading) is responsible for overseeing and supervising the risk management function.

The Firm’s Management Committee has adopted a conservative risk appetite to maintain a strong capital position. Risks are assessed by a risk map where risks are scored against an identified risk threshold. Where it is not possible to mitigate a risk to the extent required, additional capital will be allocated as appropriate.

The Firm has identified the following material risks:

Liquidity Risk

The Firm keeps the majority of its capital in readily available cash and is in a position to cover recurring expenditure for a number of months. Cash balances are held at banks with high credit ratings which are continuously monitored by the Firm’s Chief Financial Officer.

Market and Credit Risks

The Firm has exposure to both market and credit risks. The Firm receives management and performance fees and holds foreign currencies. Presently, all foreign currencies received are converted to GBP on receipt thereby mitigating the risk of foreign exchange fluctuations. The Firm holds all cash with banks assigned a high credit rating.

Operational Risks

The Firm has quantified its material operational risks, representing the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

IV. Governance Arrangements

Governance Overview

The Firm’s Management Committee has ultimate responsibility for the management of the Firm, determining the Firm’s strategy and risk appetite and is responsible for establishing and monitoring the effectiveness of the Firm’s corporate governance framework.

The Management Committee meets its responsibilities by delegating the day-to-day running of the Firm to senior management within the organisation.

Lansdowne develops and solidifies its governance approach with clearly defined roles. Lansdowne is a small firm, and the structure of its risk governance reflects this. Matters related to risk governance structures are regularly discussed between the relevant senior managers, and any issues which require escalation are brought to the Management Committee for discussion.

Lansdowne Management Committee Overview

A list of Management Committee members, their internal Lansdowne position and the number of external directorships held by each member is summarised in the table below.

Table 1 – Summary of external directorships held by each member of Lansdowne Management Committee

Name	Position	Directorships/ Trusteeships Held
Suzi Nutton	Chief Executive Officer and Co-Managing Partner	-
Brian Heyworth	Co-Managing Partner	1
Andy Simpkin	Head of Business Development and Investor Relations	-
Hugh Orange	Chief Finance Officer and Chief Compliance Officer	-
Andrew Ryder	Chief Risk Officer	-
Daniel Avigad	Portfolio Manager and Head of European Long Only Strategy	-

In accordance with MIFIDPRU 8.3.2, directorships held in organisations which:

- a) do not pursue predominantly commercial objectives; and or
- b) are within the same group or within an undertaking in which the Firm holds a qualifying holding,

Have not been included in this disclosure.

Diversity Policy for the Management Committee

Lansdowne recognises the benefits of a diverse workforce and management team in terms of innovation, creativity and decision making. Diversity is promoted through a range of firm-wide activities, including hiring practices, senior management objectives, training and awareness sessions and Management Committee level oversight. Lansdowne recognises this as an area of ongoing development for the Firm and financial services industry generally and will report annually on progress.

Risk Committee

Lansdowne has a risk and audit committee that meets quarterly or on a more regular basis as required. The committee's purpose includes assisting the Management Committee with the setting of the risk appetite for the Firm and its associated risk management framework, taking into account regulatory requirements and expectations and good industry practice, focussing on both current and forward-looking aspects of risk exposure ensuring that the Firm's strategy is aligned with its determined risk appetite.

V. Own Funds

Table 2 – Own Funds as of 30 September 2023.

Summary of Own Funds	
Item	Amount (GBP 000's)
Fully Paid-up capital instruments	12,811
Share Premium	2,784
Profit and Loss Account	3,294
Own funds	18,889

VI. Own Funds Requirement

Own Funds Requirement

Lansdowne is subject to the following K-Factor categories: K-AUM, K-CMH and K-ASA and K-DTF and K-COH.

Table 3 - Breakdown of own funds requirement as of 30 September 2023

Breakdown of Own Funds Requirement	
	Amount (GBP 000's)
Fixed Overheads Requirement (a)	3,977
K-Factor Requirements (b)	168
• K-AUM, K-CMH and K-ASA	150
• K-DTF and K-COH	18
• K-NPR, K-CMG, K-TCD and K-CON	0
Own Funds Requirement [Max a or b] (c)	3,977

Overall Financial Adequacy Approach

Lansdowne monitors its accordance with the overall financial adequacy rule by assessing the adequacy of its own funds and liquid assets on a monthly basis. Annually, the firm is required to document a review of its ICARA process, where it will also carry out a more in-depth review of the Firm's overall financial adequacy.

VII. Own Funds Requirement

Remuneration Governance

Remuneration decision-making is undertaken by the Remuneration Committee ('REMCO') and their decisions are approved by the Management Committee. The duties of the REMCO are delegated and agreed by the Management Committee and governed by its Terms of Reference. The REMCO's main purpose is to consider and agree an appropriate Remuneration Policy for all employees. Furthermore, the Committee has specific responsibility for matters, including MRT remuneration and identification, staff remuneration policies, approval and oversight of risk adjustment and ensuring the alignment of variable remuneration outcomes with Lansdowne's culture and values.

Remuneration Policy

Lansdowne's remuneration policy and practices are designed and implemented with the objective of attracting, motivating and retaining capable individuals, whilst promoting effective risk management. Staff members are remunerated at market rate fixed incomes with variable and discretionary components that will take into consideration the performance of the individual and the Firm.

Quantitative Remuneration Disclosures

The aggregate total remuneration for the financial year ended 31 March 2023 was £23.9m, of which £14.1m was variable remuneration awarded.

The Firm's Material Risk Takers ("MRT"s) consist of members of the Firm's Management Committee and key portfolio managers.

Table 4 - Remuneration amounts for the financial year-ended 31 March 2023

Fixed and Variable Remuneration (GBP 000's)		
Remuneration Type	MRTs	Non-MRTs
Fixed	3,177	6,537
Variable	6,650	7,568
Number of Staff	9	65

Sign-on and Severance Payments

Lansdowne did not pay any severance payments to MRTs in the financial year ended 31 March 2023. Any guaranteed bonuses are paid only in line with FCA guidance.

Appendix 1 – Composition of Own Funds (as at 31 March 2023)

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	8,235	
2	TIER 1 CAPITAL	8,235	
3	COMMON EQUITY TIER 1 CAPITAL	8,235	
4	Fully paid up capital instruments	3,340	Sum of Note 11 - A Ordinary Shares and B Ordinary Shares and Non-controlling interests capital contributions included within "Non-controlling interests" on Balance sheet
5	Share premium	1,601	Note 11
6	Retained earnings	3,294	Item 11 - Profit and loss attributable to Lansdowne Partners Limited
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	
12	CET1: Other capital elements, deductions and adjustments	0	
13	ADDITIONAL TIER 1 CAPITAL	0	
14	Fully paid up, directly issued capital instruments	0	
15	Share premium	0	
16	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
17	Additional Tier 1: Other capital elements, deductions and adjustments	0	
18	TIER 2 CAPITAL	0	
19	Fully paid up, directly issued capital instruments	0	
20	Share premium	0	
21	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
22	Tier 2: Other capital elements, deductions and adjustments	0	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial Statements

Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm.

Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only.

Figures should be given in GBP thousands unless noted otherwise.

		A	B	C
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1
		As at period end 31st March 2023	As at period end	
1	Intangible Benefits			
2	Tangible Assets	97		
3	Fixed Asset Investments	0		
4	Debtors	13,085		
5	Current Asset Investments	-		
6	Cash and Cash Equivalents	3,836		
7	Total Assets	17,018		
8	Creditors: amounts falling due within one year	11,783		
9	Total Liabilities	11,783		
10	Share Capital	1,941		
11	Share Premium	-		
12	Own shares - Employee Benefit Trust	-		
13	Share option reserve	-		
14	Profit and Loss Account	3,293		
15	Total Shareholders' equity	5,235		

Appendix 2

Features of Own Funds – as at 30 September 2023		
Tier 1 Capital Instruments (values in GBP 000's)		
1	Issuer	LANSDOWNE
2	Public or Private Placement	Private Placement
3	Governing Law(s) of the instrument	UK
4	Regulatory Capital Classification	Common Equity Tier 1
5	Instrument Type	Cash
6	Amount recognised in regulatory capital	18,888
7	Nominal Amount of instrument	18,888
9	Number allotted, called up and fully paid	N/A
10	Issue price	N/A
11	Redeemable	N/A
12	Redemption Price	N/A
13	Accounting Classification	Shareholder's Equity
13	Original Date of Issuance	N/A
14	Non-cumulative or cumulative	N/A
15	Perpetual or Dated	N/A
16	Maturity date	N/A
17	Issuer call subject to prior supervisory approval (Y/N)	N/A
18	Optional call date, contingent call date and redemption amount	N/A
19	Subsequent call dates, if applicable	N/A
	Coupons/Dividends	
19	Fixed or floating dividend/coupon	N/A
20	Existence of a dividend stopper	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Convertible or non-convertible	N/A
23	Write-Down Features	N/A