TRIAN INVESTORS 1

Trian Investors 1 Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2020

Registered number: 65419

Contents

Overview of the Company

Trian Investors 1 Limited (the "Company") is a Guernsey domiciled limited company incorporated on 24 August 2018. The ordinary shares of the Company (the "Shares") were admitted to trading on the Specialist Fund Segment of the London Stock Exchange ("SFS") on 27 September 2018 ("Admission").

The investment objective of the Company, through its investment in Trian Investors 1, L.P. (Incorporated) (the "Investment Partnership"), is to generate significant capital appreciation through the investment activity of Trian Investors Management, LLC (the "Investment Manager") and its parent, Trian Fund Management, L.P. (collectively, "Trian"). Trian's investment strategy is to act as a highly engaged shareowner at the companies in which it invests, combining concentrated public equity ownership with operational expertise.

In accordance with its investment policy, the Company has made a substantial minority investment through the Investment Partnership, in the amount of approximately £250 million, in Ferguson Plc ("Ferguson"), where Trian believes it has developed a compelling set of operational and strategic initiatives that will help generate significant shareholder value.

Chairman's Statement

For the year ended 31 December 2020

Dear Shareholder,

On behalf of the Board of Directors (the "Board"), I am pleased to present to you the Annual Report of the Company covering the period from 1 January 2020 to 31 December 2020.

In June 2019, the Board announced that funds managed by Trian, including the Investment Partnership through which the Company invests, had acquired an interest in shares of Ferguson, valued at approximately £736 million at the time. The Company through the Investment Partnership invested approximately £250 million in Ferguson at an average cost basis of £52.85 per share.

The Company has remained invested in Ferguson since that time, and the investment has generated attractive returns to date. As described further in the Investment Manager's Report beginning on page 4, Ferguson's business has performed resiliently despite the economic disruption caused by the COVID-19 pandemic. After Ferguson's share price initially declined in March, it quickly rebounded and steadily increased throughout the year—trading at £88.84 as at 31 December 2020, and at £86.12 as at 25 March 2021. This share price increase resulted in the Company's net asset value ("NAV") rising to 150.57 pence per Share, as at 31 December 2020 (a 24.09% increase compared with the Company's NAV at 31 December 2019).

Trian has kept the Board informed about its engagement with Ferguson's management team and board of directors, and it continues to believe that Ferguson represents an attractive investment opportunity. Furthermore, Trian was encouraged by Ferguson's decision to list its shares on the New York Stock Exchange, effective as at 8 March 2021, in addition to the London Stock Exchange, as well as Ferguson's decision to sell its UK Wolseley business to a private equity firm in January 2021 in order to focus on its more profitable US operations.

On 12 February 2020, the Board declared a dividend of 0.52 pence per Share and announced a £3,000,000 Share repurchase that was subsequently completed later in the month. On 2 December 2020, following Ferguson's announcement that it would pay a final dividend, the Company announced that it would use excess cash reserves resulting from the anticipated dividend to fund a £4,000,000 Share repurchase, and it substantially completed the repurchase in December 2020 and January 2021. The Board made this decision after considering the prevailing discount to NAV at which the Shares traded at the time and feedback provided by shareholders. In particular it determined that using these excess cash reserves to fund a Share repurchase, as opposed to a dividend, would provide greater benefit to the Company's shareholders. Together, the Share repurchases described above resulted in the number of outstanding Shares being reduced by 2.26%.

The Board will continue to monitor the discount or premium at which the Company's Shares trade to NAV.

The Board is grateful for your support and will continue to keep you informed of developments at the Company as appropriate.

Yours sincerely,

Chris Sherwell
Chairman

26 March 2021

Investment Manager's Report

For the year ended 31 December 2020

Dear Shareholder,

In April 2019, we recommended that the Company invest in Ferguson, the largest U.S. distributor of plumbing supplies, pipes, valves and fittings, and fire and fabrication products and one of the largest U.S. distributors of industrial and heating, ventilation, and cooling (HVAC) products.[1] As detailed further below, we continue to believe that Ferguson possesses an underappreciated and attractive North American business. Among other attractive attributes, Ferguson benefits from an extensive network of branches, showrooms and distribution centres, which allow the company to offer greater convenience and product availability to its customers than competitors. Furthermore, as customers increasingly choose to purchase products via digital channels, Ferguson's significant investment in e-commerce capabilities positions the company well for changing customer buying habits. Ferguson also leverages its scale to drive procurement advantages and invest in products like private label, which in turn contribute to attractive gross margins. Finally, we take comfort from Ferguson's diversified revenue mix. Approximately 60% of Ferguson's sales are oriented towards repair, maintenance, and improvement (RMI) activity, which is less cyclical than new construction. Over 50% of Ferguson's sales are in the residential end market, which helped ensure strong operational performance for Ferguson throughout 2020 given the strong demand for improved living spaces during the COVID-19 pandemic. While non-residential end markets had a challenging year in 2020, we expect that these businesses will rebound sharply with North American gross domestic product (GDP) growth. As a result, we believe that Ferguson has the potential to generate attractive returns in a variety of macroeconomic environments.

Recent Trading Results

The economic disruption and the government-imposed lockdowns precipitated by COVID-19 created uncertainty about Ferguson's business prospects in March and April, and Ferguson issued a trading update on 15 April 2020 announcing that the company's dividend would be suspended and indicating that its results had begun to worsen as lockdowns took effect. However, Ferguson's operational performance quickly rebounded, with revenue trends sequentially improving in subsequent months.

On 29 September 2020, Ferguson released its financial results for the year ending on 31 July 2020, and announced that its U.S. business saw revenues grow by 2.7% year-over-year, with organic revenue growth of 0.4%. Despite the coronavirus-related disruption, for the fiscal year, the company was still able to grow underlying trading profit by 5.2% year-over-year (representing approximately 20 basis points of operating margin expansion). After taking into account the business's solid fundamentals and strong liquidity position, Ferguson announced that it would pay a final dividend of 208.2 cents on 11 December 2020, which effectively reinstated the previously withdrawn interim dividend and was in line with the total dividend paid during the previous year.

On 16 March 2021, Ferguson released its financial results for the financial half year ending on 31 January 2021 ("Ferguson H1 2021"). Ferguson reported solid results, highlighted by organic sales growth of 3.3% at its U.S. business during the half year (which contributed approximately 95% of the company's consolidated ongoing underlying trading profit). During Ferguson H1 2021, Ferguson's end markets were broadly flat compared to the prior year period, implying that Ferguson gained market share. Despite a difficult operating environment, the company was also able to grow ongoing underlying trading profit by 12.2% (representing approximately 60 basis points of operating margin expansion) driven by stable gross margin trends and operating expense discipline. Encouragingly, Ferguson management stated that since the beginning of the third quarter, the company was generating high single digit organic revenue growth. They noted that while the outlook for the second half of the year remains uncertain, they expect the company to generate above market revenue growth in good residential markets aided by increasing inflation. Although Ferguson faces increasing expenses from supply chain pressures, transportation costs and the reversal of temporary cost reduction actions taken during the initial stages of the lockdown, management stated that they believe the company is well positioned to manage through this environment.

[1] All data contained in this Investment Manager's Report is based on FactSet and publicly available information from Ferguson's periodic reports, investor presentations and regulatory filings. Please see **"Investment Manager's Report Disclosure Statements and Disclaimers"** on page 49 for important information regarding this Investment Manager's Report.

Investment Manager's Report
(continued)

In addition, Ferguson announced several initiatives relating to capital allocation. First, it announced that on 11 May 2021 shareholders will receive an interim dividend of 72.9 cents per share representing implied year-over-year dividend growth of 5%, as well as a special dividend of 180 cents per share, representing proceeds from the disposition of Wolseley UK (discussed further below). Second, Ferguson announced further M&A activity in connection with the recommencement of the company's M&A program in September 2020 – during Ferguson H1 2021, Ferguson completed four bolt-on acquisitions of companies with total annualised revenues of approximately $215 million. Finally, Ferguson announced a resumption of share repurchases, with the company stating that it intends to repurchase $400 million of its shares over the next 12 months. Taken together, these initiatives signalled Ferguson's confidence in its business prospects going forward as well as its strong liquidity position – Ferguson's net debt to adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) stood at only 1.0x as at 31 January 2021 (pro forma for the special dividend and share repurchase described above).

Value Creation at Ferguson

Since announcing our investment in Ferguson in July 2019, Trian has constructively engaged with Ferguson's management team and board of directors, and it has developed a productive relationship with Kevin Murphy, Ferguson's Chief Executive Officer. Furthermore, Ferguson has announced a number of initiatives that we believe will create long-term value, and the company continues to make progress towards executing on these plans.

After first announcing its intention to separate Wolseley UK, its UK-based distribution business, in September 2019, Ferguson announced on 4 January 2021, that it would sell Wolseley UK to a private equity firm for approximately £308 million. The sale was completed on 1 February 2021 and Ferguson subsequently announced that substantially all of the net cash proceeds of sale would be returned to shareholders by way of a special dividend of 180 cents per share to be paid on 11 May 2021.

The additional listing was approved by Ferguson shareholders at a General Meeting held on 29 July 2020 with overwhelming support (99.5% of votes cast at the meeting were in favour of the proposal) and recently became effective, with Ferguson's shares beginning to trade on the New York Stock Exchange on 8 March 2021. Ferguson has retained its primary listing on the London Stock Exchange and inclusion in the FTSE 100 index, and the company's shares will continue to trade on both exchanges under the ticker symbol: FERG. Ferguson's board of directors believes that over time the additional U.S. listing will facilitate increased share ownership by domestic U.S. funds, and in connection with the additional listing, Ferguson's management team has undertaken extensive additional investor marketing in the U.S. to enhance understanding and awareness of Ferguson's business amongst these investors.

When the additional listing became effective on 8 March 2021, Ferguson's board reiterated their belief that the natural long term listing location for Ferguson is in the U.S. and that, after a period of transition, the company intends to hold a shareholder vote on a proposal to change its primary listing to the U.S. On 16 March 2021, Ferguson also announced that the company will change to U.S. GAAP reporting from 1 August 2021 in connection with a potential relisting and to aid comparability with other U.S. peers.

Trian's Perspective on Ferguson's Investment Prospects

Trian continues to believe that Ferguson is an attractive investment opportunity going forward. Despite the disruption caused by COVID-19, we were encouraged to see Ferguson's financial results quickly stabilise and sequentially improve throughout the year, with the company generating solid top-line and bottom-line growth in Ferguson H1 2021 and management signalling a further acceleration of growth in the upcoming quarter. We believe that Ferguson will continue to grow faster than its underlying markets, given its omni-channel sales capabilities, product breadth and scale advantages, and focus on pursuing bolt-on acquisitions. The company also benefits from a diversified mix of end market exposure (i.e., residential, commercial, etc.) and project type (i.e. RMI, new construction, etc.). As a result, we believe that Ferguson has the potential to generate attractive returns in a variety of macroeconomic environments. Ferguson also benefits from a strong balance sheet (pro forma net leverage stood at 1.0x as at 31 January 2021), and cash flow profile (i.e., highly variable cost structure, low capital expenditure requirements, etc.). The company's strong financial profile provides ample liquidity to support the business through periods of weak demand and to finance attractive projects and acquisitions.

Investment Manager's Report

(continued)

We were encouraged by Ferguson's decision to complete an additional listing in the U.S., as well as its stated intention to transition to a primary U.S. listing in due course. As we've previously stated, we believe that a relisting would result in numerous benefits to Ferguson (including higher ownership among U.S. institutions, increased U.S. research coverage, comparison to a more appropriate set of peers, and increased employee engagement (as most of Ferguson's employees are based in the U.S.)). In addition, Ferguson's valuation has improved since we initially made our investment. We believe that the company's shares are still undervalued as compared with its U.S.-listed speciality distribution peers.

Furthermore, given Ferguson's strong liquidity position and competitive advantages, we believe that it will have numerous opportunities to increase market share as COVID-19 subsides (through both acquisitions and organic growth) in an industry which remains highly fragmented. We were encouraged to see Ferguson resume M&A activity in Ferguson H1 2021 and believe that the company will have further chances to complete bolt-on acquisitions that can generate value in the coming months.

We were also supportive of the company's recent announcement that it would return capital to shareholders, through an increase in the company's interim dividend, the payment of a special dividend and a resumption of share repurchases. Taken together, the company's recent M&A and capital return announcements signify a return to the capital allocation framework that was in effect prior to the commencement of the COVID-19 pandemic, which we believe is indicative of Ferguson's confidence in its business prospects and liquidity position.

As always, there are risks to our investment outlook, including management's ability to execute on its operational plans, the possibility that Ferguson shareholders may not approve a U.S. primary listing, the impact of changing interest rates on macroeconomic conditions, the possibility that higher inflation could increase Ferguson's costs of goods and operating expenses, and the continuing impact of the COVID-19 outbreak and its impact on Ferguson's operations and end markets. Please also refer to the Company's Prospectus dated 21 September 2018 (the "Prospectus") and the section titled "Principal risks and uncertainties" in the "Report of the Directors" in this Annual Report for further information on the risks associated with an investment in the Company.

Additional Updates

As the Company has previously noted in its financial reports, Ferguson receives the vast majority of its revenues and profits in U.S. Dollars and therefore, from the perspective of a Pound Sterling investor, the Company's Ferguson investment may be adversely affected by the appreciation of Pounds Sterling against the U.S. Dollar. In order to mitigate this risk, the Company through the Investment Partnership entered into a currency hedge in March 2020, in the form of an option (the "March 2020 Option") to purchase £125,000,000 Pounds Sterling for US$165,875,000, to offset a portion of the Company's U.S. Dollar exposure resulting from its investment in Ferguson. The March 2020 Option was originally scheduled to expire in March 2021.

In light of the recent strengthening of Pounds Sterling against the U.S. Dollar, in February 2021, the Company through the Investment Partnership took advantage of attractive pricing conditions and sold the March 2020 Option for £5,200,000. Simultaneously, the Company through the Investment Partnership entered into a new option (the "February 2021 Option"), which expires in 12 months, to purchase £125,000,000 Pounds Sterling for US$181,250,000, for a premium of £1,743,750. Taken together, these two transactions were designed to allow the Company to recognise cash proceeds of £3,456,250 on a net basis, while still providing it with protection against significant further appreciation of Pounds Sterling against the U.S. Dollar during the next 12 months. However, there is no assurance that the February 2021 Option will be effective at managing the Company's currency exposure.

In addition, the Investment Partnership recently entered into a revolving credit facility (the "Credit Facility") with UBS Bank USA ("UBS"), which permits the Investment Partnership to borrow an aggregate amount of up to $70 million at an interest rate equal to one month LIBOR plus 1.75%. There are no commitment or closing fees associated with the facility. In connection with establishing the facility, the Investment Partnership has transferred its shares of Ferguson to a securities account operated by UBS Financial Services Inc. and a portion of the shares are pledged as collateral under the facility, with the remaining shares subject to a negative

Investment Manager's Report
(continued)

covenant restricting their sales or disposal while the Credit Facility remains outstanding. UBS may elect to demand repayment of any outstanding borrowing under the Credit Facility, or terminate the Credit Facility, upon 60 days' notice. The Investment Partnership may elect to terminate the Credit Facility at any time so long as no borrowing is outstanding.

The Investment Partnership entered into the facility in order that it would have additional flexibility to engage in hedging and other corporate activities, as well as to make distributions to the Company from time to time. There is no borrowing currently outstanding under the Credit Facility and no assurance that the Investment Partnership will borrow under the Credit Facility in the future. If the Investment Partnership does borrow under the Credit Facility, it currently expects to borrow significantly less than the maximum amount of $70 million.

Concluding Thoughts
We look forward to continuing to constructively engage with Ferguson and working with its management team and board of directors to create long-term value. We appreciate your ongoing support and will continue to work diligently towards fulfilling the investment objective of the Company.

Yours sincerely,

Trian Investors Management, LLC

Report of the Directors

The Directors present their annual report on the affairs of the Company, together with the audited Financial Statements, covering the year ended 31 December 2020 (the "Year").

Incorporation

The Company was incorporated in Guernsey under the Companies (Guernsey) Law, 2008 as amended (the "Companies Law") on 24 August 2018.

Principal activities and investment policy

The Company is a Guernsey domiciled limited company. The ordinary shares of the Company were admitted to trading on the SFS on 27 September 2018.

The Company, via its wholly-owned subsidiary Trian Investors 1 Midco Limited ("Midco"), holds an approximate 99.83 per cent interest in the Investment Partnership.

As described in the Chairman's Statement, the Company has made a substantial minority investment through the Investment Partnership, in the amount of approximately £250 million, in Ferguson, where Trian believes it has developed a compelling set of operational and strategic initiatives that will help generate significant shareholder value. The Company's investment, through the Investment Partnership, has been made alongside other investment funds and vehicles managed by Trian (the "Trian Funds"), and collectively the Investment Partnership and the Trian Funds held a 6.23 per cent aggregate interest in the shares of Ferguson as at 31 December 2020.

The Company's intention since inception has been to invest in only one company at a time (the "Target Company") through the Investment Partnership, subject to certain exceptions described in the Prospectus. Thus, the Company will not seek to reduce risk through diversification.

The Investment Partnership may engage in hedging transactions, both for investment purposes and for risk management purposes. Similarly, the Company and the Investment Partnership are permitted to undertake borrowings, subject to certain limitations described in the Prospectus. As further described in the Investment Manager's Report, the Investment Partnership has entered into a currency hedge to offset a portion of the U.S. Dollar exposure resulting from its investment in Ferguson.

Business review

A review of the Company's business and an indication of its likely future development is provided in the Chairman's Statement and the Investment Manager's Report.

Dividend policy

As noted in the Prospectus, the Company's original dividend policy was to pay dividends to shareholders following receipt of any distributions from the Investment Partnership, subject always to compliance with the statutory solvency test prescribed by the Companies Law and the right of Directors to retain amounts at the Company for working capital purposes (the "Minimum Capital Requirements"). However, on 12 February 2020, the Company announced an update to its dividend policy to allow the Company and the Investment Partnership to retain a portion of dividends from the Target Company and use those dividends for other purposes, such as repurchases of the Company's ordinary shares or hedging activities designed to mitigate foreign currency risk. The Board instructed Numis Securities Limited and Jefferies International Limited (collectively, the "Corporate Brokers") to consult with shareholders of the Company on this update to the dividend policy, and the shareholders with whom the Corporate Brokers spoke were supportive of the update.

A dividend of 0.52 pence per share was declared on 12 February 2020 to be paid to the Company's shareholders of record as at 21 February 2020, amounting to a total payment of £1,407,000, and was paid on 25 February 2020. The Board did not declare a dividend following Ferguson's announcement on 29 September 2020 that it would pay a final dividend. After considering the prevailing discount to net asset value at which the Company's Shares traded at the time and feedback provided by shareholders to the Investment Manager and the Corporate Brokers, the Board determined that using excess cash reserves arising from the anticipated Ferguson dividend to fund a Share repurchase, as opposed to a dividend, would provide the greater benefit to the Company's shareholders.

Report of the Directors

(continued)

Going forward, the Board will continue to monitor the discount or premium at which the Company's Shares trade to NAV.

No dividend was declared or paid in the year to 31 December 2019.

Share capital

As at 31 December 2020 the Company had 264,319,061 (31 December 2019: 270,585,977) ordinary shares of no par value (the "Shares") in issue, net of shares held in treasury. All shares carry equal voting rights. Details of the Company's share capital are provided in note 8 to the Financial Statements.

The Company has the ability to hold its own Shares in treasury. The Company announced a £3,000,000 Share repurchase and used £3,000,000 to repurchase Shares in February 2020. Following Ferguson's announcement on 29 September 2020 that it would pay a final dividend, the Company announced a £4,000,000 Share repurchase and used £3,781,000 to repurchase Shares in December 2020. The total number of shares held in treasury as at 31 December 2020 was 6,118,886 (31 December 2019: nil). Subsequent to the year end the Company repurchased a further 148,027 Shares for a total consideration of £178,000 as the Board undertakes to narrow the share price discount to the Net Asset Value through the use of a buy-back programme. The Company's Articles of Incorporation and the Companies Law do not limit the number of Shares held in treasury provided that at least one share of any class is held by a person other than the Company.

Shareholdings of Directors and key persons

Directors who held office during the Year and held interests in the Company were as follows:

	31 December 2020		31 December 2019	
	Ordinary Shares	Percentage holding	Ordinary Shares	Percentage holding
Directors				
Chris Sherwell	77,775	0.03%	50,000	0.02%
Mark Thompson	20,000	0.01%	20,000	0.01%
Simon Holden	55,000	0.02%	35,000	0.01%
	152,775	0.06%	105,000	0.04%

All Directors were appointed on 24 August 2018. Chris Sherwell purchased 50,000 shares on 27 September 2018 and a further 27,775 shares on 2 December 2020. All shares held by Mark Thompson were acquired on 27 September 2018. Simon Holden acquired 15,000 shares on 27 September 2018, a further 20,000 shares on 25 November 2019 and a further 20,000 shares on 11 June 2020.

Significant shareholdings

As at 31 December 2020, the Company is aware of the following shareholders who own more than 5 per cent of the Shares in issue:

	31 December 2020	
	Ordinary Shares	Percentage holding
Invesco Ltd.	41,000,000	15.51
Trian Investors 1 Subscriber, LLC	38,211,600	14.46
Jefferies Financial Group Inc.	36,176,145	13.69
Janus Henderson Group Plc	33,651,720	12.73
Pelham Capital Ltd	20,543,718	7.77
Aegon Asset Management UK	20,122,909	7.61
Reuben Brothers	19,000,000	7.19
FIL Limited	14,614,487	5.53

Report of the Directors

(continued)

All of the above information is based on both notifications received by the Company made by shareholders pursuant to the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ("DTRs") and on the report received from Numis Securities Limited. Since the time each notification was received by the Company or the report was prepared by Numis, the number of Shares held by the relevant shareholder may have increased or decreased without triggering any obligation to provide further notification to the Company.

Principal risks and uncertainties

The Directors are responsible for ultimate oversight and exercising supervisory control over the Company, with day-to-day functions, including company secretarial and administration services, being carried out by Ocorian Administration (Guernsey) Limited (referred to herein as the "Company Secretary" or "Administrator").

Each Director is aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis and arranges for these risks to be reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

The principal risks facing the Company include those risks relating to the Company's dependence on the Investment Manager, risks connected to the Company's operations and risks relating to the valuation of the Company's Shares.

An explanation of each of these principal risks and how they are managed is set out below.

- ***Dependence on Investment Manager.*** Neither the Company nor the Investment Partnership has any employees or owns any facilities. As a result, the ability of the Company to achieve its investment objective depends heavily on the expertise and experience of Trian and its ability to pursue its investment strategies. Trian also manages funds and investment vehicles in addition to the Investment Partnership, which could give rise to certain conflicts of interest. The Board actively monitors the performance of the Investment Manager, with assistance from the Company's other service providers, and retains the ability to appoint a replacement in certain limited circumstances. The Board regularly engages with the Investment Manager during and between Board meetings, and when appropriate, seeks further clarification of matters from the Investment Manager in order to make informed decisions. The Board and Trian also each monitor conflicts of interest, and Trian maintains trade allocation procedures that are designed to allocate investment opportunities on a fair and equitable basis, as disclosed in the Prospectus.
- ***Operations of the Company.*** The Company is subject to various forms of operational risk, including the risk of fraud, valuation errors, accounting discrepancies, inadequate cash management and regulatory issues. These issues are actively reviewed by the Board at quarterly Board meetings and between meetings, including by monitoring the Company's recent investment performance and operational activities to ensure that the Investment Manager and the Company's other service providers are adhering to established practices and procedures. In addition, the Board receives reports from the Company Secretary and Administrator at meetings of the Board in respect of compliance matters and the duties performed by them on behalf of the Company, as well as reports on market activity from the Company's Corporate Brokers. The Company is also subject to operational risk resulting from exogenous events such as the COVID-19 pandemic; however, both the Investment Manager and the Company Secretary and Administrator have established business continuity plans and other policies and procedures that are designed to allow each party to continue to provide services to the Company while taking appropriate safety precautions.
- ***Valuation of the Shares.*** In some circumstances, the Company's Share price may trade at a discount (or premium) to the underlying market value of the Company's investments. This discount level (or premium) is expected to fluctuate from time to time. The Board reviews Net Asset Value and Share price performance on a monthly basis in the context of market conditions. Any discount (or premium) is also monitored by the Investment Manager and the Corporate Brokers, who maintain an ongoing dialogue with the Board about potential strategies to address any significant discount that may emerge, including Share repurchases. Please see the Chairman's Statement above for a discussion of recent Share repurchases that have been undertaken by the Company.

Report of the Directors

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The principal risks of the Company are mitigated and managed by the Board through continual review, policy setting and quarterly review of the Company's risk matrix to ensure that procedures are in place with the intention of minimising the impact of the foregoing risks. In addition, the Board believes that the Investment Manager, along with the Company's other service providers, have the right skills and experience to help the Company manage these risks. The Board can confirm that the principal risks of the Company, including those which could threaten its business model, future performance, solvency or liquidity, have been robustly assessed through the Year.

The Company's principal risk factors are more fully discussed in the Prospectus, available on the Company's website (www.trianinvestors1.com) and should be reviewed by shareholders. In addition, the Company's financial risks and management of those risks are discussed in note 12 to the Financial Statements.

As at the date of this report, the COVID-19 pandemic is continuing to cause significant economic disruption in most of the world's leading economies. It is difficult to predict the future consequences resulting from COVID-19 on the global economy and Ferguson's operations, as the continuing duration of the COVID-19 pandemic is still unclear. In particular, it is difficult to predict when vaccines developed to immunise persons against COVID-19 will be made widely available to citizens in the United States and other jurisdictions, and whether they will prove effective at immunising populations against variants of COVID-19 that have already emerged or may emerge in the future. As of the date of this report, vaccination access within the United States is steadily increasing and 2021 U.S. growth expectations appear to be improving; however, circumstances could change in the future and future disruption resulting from COVID-19 may have a material adverse effect on Ferguson's financial condition, business, prospects and results of operations and consequently on its share price, which in turn may have a material adverse effect on the Company's net asset value and/or the Company's own share price.

On 24 December 2020, the European Union (the "EU") and the United Kingdom (the "U.K.") agreed to a Trade and Cooperation Agreement designed to govern the relationship between the EU and the U.K. following the latter's withdrawal from the EU. The Board will continue to focus on overseeing the Company's ability to respond to the economic and political uncertainty as a result of Brexit. Following the completion of Ferguson's sale of Wolseley in March, Ferguson has limited continuing business operations in the U.K. As a result, Brexit is currently expected to have little impact on either the future direction of the Company or its financial results.

Viability statement

In accordance with provisions 30 and 31 of the UK Corporate Governance Code issued in July 2018, the Directors have assessed the going concern status and viability of the Company over the three-year period ending 31 December 2023.

The holding period for Company and Investment Partnership investments is not fixed and is dependent on a number of factors. Since the Board is not able to predict the holding period for the Company and Investment Partnership investments at this time, the Board has chosen to assess viability on a rolling three-year basis, allowing the Board to continuously evaluate the going concern status and viability of the Company for the foreseeable future. As such, for the purposes of this Annual Report, the Directors have determined that the three-year period to 31 December 2023 is the appropriate period over which to provide its viability statement.

In considering the viability of the Company over the three-year period, the Directors have assessed the principal risks and the procedures adopted to mitigate those risks documented in the Report of the Directors as set out above. The strategy of the Company is to maintain sufficient cash at both Company and Investment Partnership level to meet foreseeable expenses over the next three years. Before making distributions to shareholders the Directors take account of anticipated cash requirements of the Company. Should additional liquidity needs arise through reduced dividend income from Ferguson, a need to repay outstanding borrowing, additional expenses or otherwise the Directors believe that the investment in Ferguson is sufficiently liquid to generate cash at short notice.

Report of the Directors

(continued)

Based on the foregoing, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its obligations as and when they fall due over the three-year period to 31 December 2023.

AIFM directive

The Directors have considered the impact of the EU Alternative Investment Fund Managers Directive (2011/61/EU) ("EU AIFMD") and of the UK version of the EU AIFMD which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("UK AIFMD") on the Company and its operations. The Company is a non-EU/non-UK domiciled Alternative Investment Fund and the Investment Manager has been appointed as the Company's non-EU/non-UK Alternative Investment Fund Manager ("non-EU AIFM"). As the Company is managed by a non-EU/non-UK AIFM, only a limited number of provisions of the EU AIFMD and the UK AIFMD apply. The Investment Manager has notified the UK Financial Conduct Authority in accordance with regulation 59 of the UK Alternative Investment Fund Managers Regulations 2013 in order to permit the marketing of the Company and the Shares in the UK, but the Company does not currently intend to market the Shares in any member state of the European Economic Area ("EEA").

Subsequent events

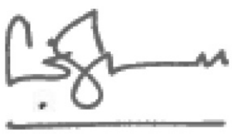
See note 19 to the Financial Statements for details of subsequent events.

Annual General Meeting

It is currently proposed that the Annual General Meeting ("AGM") of the Company is expected to be held in the second half of May 2021 at Trafalgar Court, Les Banques, St Peter Port, Guernsey. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to shareholders during the month of April. The Board, however, notes the guidance issued by the government of Guernsey and the United Kingdom restricting social gatherings in view of the COVID-19 pandemic, and the fact that if such guidance remains in place on the date of the AGM, shareholders may be prohibited from attending the AGM. Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place, the Board requests that shareholders do not attend the AGM in person but instead they are strongly encouraged to appoint the "Chairman of the Meeting" as their proxy and provide voting instructions in advance of the AGM, in accordance with the instructions explained in the Notice of AGM and on the accompanying form of proxy.

If the Board believes that it becomes necessary or appropriate to make alternative arrangements for the holding of the AGM due to COVID-19, it will ensure that shareholders are given as much notice as possible. Further information will be made available through an announcement to the London Stock Exchange and through an upload to the Company's website, at www.trianinvestors1.com.

By order of the Board



Chris Sherwell
Chairman

26 March 2021

Corporate Governance Statement

As an unregulated Guernsey incorporated company quoted on the SFS, the Company is not required to comply with the UK Corporate Governance Code issued in July 2018 (the "Code") or the GFSC Finance Sector Code of Corporate Governance (the "GFSC Code"). Nevertheless, the Directors place great importance on ensuring that high standards of corporate governance are maintained. Accordingly, the Directors have taken appropriate measures to ensure that the Company operates with due consideration to any codes of corporate governance that the Board deems appropriate. The Board perceives that good corporate governance practice is necessary for delivering sustainable value, enhancing business integrity and maintaining shareholder confidence in the Company. To further these aims, the Board has decided to voluntarily comply with the Code, which sets out guidance in the form of principles and provisions for companies to follow to ensure good corporate governance practice. Further information on the Code can be obtained from www.frc.org.uk.

Certain provisions of the Code, including provisions relating to the responsibilities of the chief executive, executive directors' remuneration and the responsibilities of the Board to employees and its workforce, are not relevant to the Company as it has no executive directors or employees. The Company's day-to-day management and administrative functions are outsourced to the Investment Manager and other third parties. The Company does not report further in respect of these provisions.

Except as disclosed within these Financial Statements, the Board is of the view that the Company complies with the principles and provisions of the Code. Key issues affecting the Company's corporate governance responsibilities, how they are addressed by the Board and the application of the Code are presented below.

SECTION 1: BOARD LEADERSHIP AND COMPANY PURPOSE

Board responsibilities

The Directors are responsible for ensuring compliance with the Company's investment objective and investment policy and have overall responsibility for the Company's activities, including review of overall investment performance. The Board has approved a formal schedule of Matters Reserved for the Board which includes, amongst others:

- review of the Company's overall strategy and business plans;
- approval of any proposed amendments to the Company's investment objective or policies;
- approval of the Company's half-yearly and annual financial statements;
- review and approval of any alteration to the Company's accounting policies or practices or any proposal to change the Company's accounting reference date;
- declaration of any dividends or other distributions by the Company;
- approval of any material announcements or communications;
- approval of changes in Board composition;
- appointment or termination of any of the Company's service providers;
- the issue of any share capital of the Company and the exercise by the Company of its borrowing powers; and
- any proposed repurchase or redemption of the Company's Shares by the Company.

In addition, the Board will undertake annual reviews (and performed such a review in 2020) of the Company's service providers to ensure that the Company's contracts of engagement with the Investment Manager, Administrator and Company Secretary, Corporate Brokers and other service providers are operating satisfactorily and that they are competitive and reasonable for the Company's shareholders, as well as to ensure the accurate management and administration of the Company's affairs and businesses. In particular, the Board is responsible for reviewing and overseeing the performance of the Investment Manager and to monitor any conflicts of interests that may arise. In addition, and if applicable, a non-executive Director may provide a written statement outlining any concerns regarding the operation of the Board or the management of the Company to the Chairman upon resignation. Furthermore, any concerns of such a nature that cannot be resolved would be recorded in the relevant Board meeting minutes.

Corporate Governance Statement
(continued)

Management of the Investment Partnership is the responsibility of Trian Investors 1 General Partner, LLC, the general partner of the Investment Partnership (the "Managing General Partner"), which has delegated investment decisions and day-to-day management of the Investment Partnership to the Investment Manager under the terms of an investment management agreement. Given that the Company currently has the majority interest in the Investment Partnership, the Company and therefore the Board have the ability to approve any proposed Target Company and to remove the Managing General Partner and Investment Manager in certain limited circumstances.

Relations with shareholders

The Directors place a great deal of importance on communication with the Company's shareholders. Representatives of the Investment Manager spoke with many of the Company's shareholders in 2020 to discuss the Company's activities, and the Company expects that the Investment Manager and/or the Corporate Brokers will continue to speak with shareholders on a periodic basis at appropriate times to discuss the Company's activities in the future. The Board also receives regular updates from the Corporate Brokers at each meeting, as well as periodic updates between meetings, relating to shareholder feedback and activity and other matters. The Company's financial statements will be widely distributed to other parties who have an interest in the Company's performance and will be available on the Company's website (www.trianinvestors1.com).

All Directors, and in particular, the Chairman and the Audit Committee Chairman, are available for discussions with shareholders as and when required.

With regard to the Directors' duty to promote the success of the Company, the Board's key focus is overseeing the Investment Manager's selection and holding of a suitable Target Company that the Investment Manager anticipates will deliver the Company's investment objective for its shareholders and wider stakeholders. The performance of the Investment Manager is subject to regular review by the Board. Due to the nature of the Company and its activities, the Board does not consider its operations to negatively impact either the community or the environment. As previously noted, the Company has no employees.

SECTION 2: DIVISION OF RESPONSIBILITIES

Board composition

The Board consists of three non-executive members, each of whom has served as a Director since the incorporation of the Company on 24 August 2018.

Chris Sherwell (Chairman), aged 73 years.

Chris Sherwell has worked in the offshore finance industry based in Guernsey for 27 years. Since 2004 he has acted as a Non-Executive Director of a variety of listed investment funds and companies. Prior to January 2004, Chris Sherwell was Managing Director of Schroders' offshore investment and private banking operations in the Channel Islands. He was previously Investment Director from 1993-2000 and also served on the boards of various Schroder group companies and funds during his period there. Prior to Schroders he worked at Smith New Court as a research analyst specialising in asset allocation for Asian markets. Chris Sherwell is a Rhodes Scholar with degrees in science (B.Sc.(General) (London), Chemistry and Physics through the University College of Rhodesia) and in economics and politics (MA (Oxon) and M Phil (Oxon) from the University of Oxford). He has worked as a university lecturer and was for fifteen years a journalist, 13 of them for the Financial Times. He holds the Institute of Directors Diploma in Company Direction and is a member of the Guernsey fund services interest group GIFA and of the NED Forum.

Mark Thompson, aged 58 years.

Mark Thompson is a Guernsey resident with over 25 years of experience in the offshore finance industry. He worked for KPMG for 31 years in London, Hong Kong and Guernsey where his roles included Audit Partner, Head of Audit and Senior Partner of KPMG in the Channel Islands and he has audited and advised the boards of a variety of listed investment companies. Mark Thompson is a non-executive director of Rocq Capital Holdings Limited, Queen Street Mutual Company PCC Limited and Utmost Worldwide Limited, a Chartered Accountant (ICAEW), Chartered Director (IoD) and a former chairman of the Guernsey Branch of the Institute

Corporate Governance Statement
(continued)

of Directors. He has been appointed to the States of Guernsey Committee for Employment and Social Security as a non-voting member. He holds an MA in mathematics from the University of Oxford.

Simon Holden, aged 45 years.
Simon Holden, is a Chartered Director (CDir) accredited by the Institute of Directors and adds extensive private equity investment and corporate operations experience to the Company's board, having worked with Candover Investments and Terra Firma Capital Partners until 2015.

Simon Holden currently serves as a Board director to two FTSE-250 listed investment companies HICL Infrastructure Plc. (Chair of the Risk Committee) and Hipgnosis Songs Fund Limited (Chair of Remuneration Committee) as well as JPMorgan Global Core Real Assets Limited (Senior Independent Director, Chair of Market & Risk) and Chrysalis Investments Ltd. (Chair of Management Engagement Committee).

Simon Holden serves on the General Partner boards of Permira, Blue Water Energy and LCatterton private equity funds as well as pro-bono Business Advisor roles to two States of Guernsey Trading Assets including its hydrocarbon supply ships and Guernsey Ports' airport and harbour infrastructure across the Bailiwick.

Simon Holden graduated from the University of Cambridge with an MEng and MA (Cantab) in Manufacturing Engineering, is a Guernsey resident and an active member of various financial services interest groups.

Independence
For the purposes of assessing compliance with the Code, the Board considers all of the Directors to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. In particular, none of the Directors has any current or historical employment with the Investment Manager, nor do they have any current directorships in any other entities for which the Investment Manager or its key personnel provide services.

Commitment of each Director
Prior to the appointment of each of the non-executive Directors, discussions were undertaken with each individual to ensure that each was sufficiently aware of the time needed for his role. Each Director has confirmed in his appointment letter that he is able to devote sufficient time to his duties. Upon appointment, each Director notified the Board of significant outside commitments and interests, including those which may create a conflict situation, and agreed to notify the Board of any subsequent acceptance of, or entry into, a significant commitment or interest which amounts to a conflict situation.

Division of responsibilities
The Board is comprised wholly of non-executive Directors. The non-executive Directors' responsibilities are described above in Section 1 of this Corporate Governance Statement and are set out in greater detail within the Schedule of Matters reserved for the Board. All day-to-day functions are outsourced to external service providers.

The Chairman
Chris Sherwell was appointed as Chairman of the Board on 24 August 2018. As Chairman, Chris Sherwell leads the Board and is responsible for its overall performance in directing the Company, including by organising the Board's business and ensuring the effectiveness of the Board and individual Directors. He endeavours to produce an open culture of debate within the Board.

Role of non-executive Directors
The Board is composed entirely of non-executive Directors, who meet as required without the presence of the Investment Manager and service providers to scrutinise the achievement of agreed goals and objectives, and monitor performance. Through the Audit Committee, and the leadership of Mark Thompson, the Directors ensure the integrity of financial information and confirm that all financial controls and risk management systems are robust.

Corporate Governance Statement

(continued)

Due to the size and structure of the Board, the appointment of a senior independent director is not deemed necessary.

Company Secretary

In conjunction with the Chairman, the Company Secretary facilitates the flow of information between the Board, the Committees, the Investment Manager and other service providers through the development of comprehensive meeting packs, agendas and other reports. Prior to each Board meeting, the Company Secretary distributes a Board and Committee meeting pack, which contains relevant, concise and clear information. When required, the Board has sought further clarification of matters directly with the Investment Manager and other service providers, both in terms of further reports and via in-depth discussions.

Full access to the advice and services of the Company Secretary is available to the Board; in turn, the Company Secretary is responsible for advising the Board on governance matters. The appointment and resignation of the Company Secretary is a matter for the whole Board pursuant to the Schedule of Matters reserved for the Board. A review of the performance of the Company Secretary is undertaken by the Board on a regular basis and forms a part of the annual service provider review process.

Board meetings

The Board meets on at least a quarterly basis in person or by videoconference or teleconference. The dates for each scheduled meeting are planned and agreed up to a year in advance. Meetings will be convened as and when required to consider any urgent matters arising. In addition to formal Board and/or committee meetings and, to the extent practicable and appropriate, the Directors maintain close contact with each other, the Administrator and the Investment Manager, by email and conference calls, for the purpose of keeping themselves informed about the Company's activities.

The Board met eight times during the Year and the Audit Committee met four times during the Year. Subsequent to the Year-end and prior to the date of this Annual Report, the Board met one further time.

Name	Scheduled board meeting	Other board meeting	Audit Committee meeting
Chris Sherwell	4/4	4/4	4/4
Mark Thompson	4/4	4/4	4/4
Simon Holden	4/4	4/4	4/4

SECTION 3: COMPOSITION, SUCCESSION AND EVALUATION

Board composition

The Board is responsible for reviewing its structure, size and composition, for considering succession planning and for identifying and approving candidates to fill Board vacancies. The Board believes that, as a whole, its current members represent an appropriate balance of skills, experience and knowledge.

The Board remains open to the appointment of additional directors with relevant expertise that may enhance the Company's fulfilment of its investment objective. The Board believes that diversity of background, experience and approach amongst Board members is of great importance and recognises the value of diversity and inclusion. It is the Company's policy to give careful consideration to issues of Board balance and diversity when making any new appointments. The Company remains a special purpose vehicle with a single investment exposure and, as such, the Board exercises decisions on a narrower range of matters than a setting in which diversity and inclusion would better reflect the wider scope of business affairs attended to.

Due to the size of the Board, and the fact that it is comprised wholly of non-executive Directors, the Board does not believe it necessary to establish a separate nomination committee and this function will be fulfilled by the Board as a whole.

Corporate Governance Statement

(continued)

Director re-election

Each Director shall stand for re-election by the Company's shareholders at the upcoming annual general meeting. The Board intends to set out in the papers accompanying the resolution to elect each director why their contribution is, and continues to be, important to the Company's long-term sustainable success.

Board succession

The Board intends to arrange for appropriate succession arrangements in due course that will comply with the principles and the provisions of the Code.

Director and Board evaluation

Using a pre-determined template based on the Code's provisions as a basis for review, the Board undertakes an annual evaluation of its performance and that of the Audit Committee. The first evaluation was completed in 2019. Additionally, an evaluation focusing on the individual commitment, performance and contribution of each Director was first conducted in 2019 and has subsequently been conducted on an annual basis. The Chairman met with each Director to fully understand their views of the Company's strengths and to identify potential weaknesses. Due to the size and structure of the Board, the evaluation of the Chairman of the Board and Audit Committee is dealt with as part of the annual Board evaluations.

Given the Company's size and the structure of the Board, no external facilitator or independent third party is expected to be used in the performance evaluation.

SECTION 4: AUDIT, RISK AND INTERNAL CONTROL

Internal control and financing reporting

The Board acknowledges that it is responsible for establishing and maintaining the Company's systems of internal control and for maintaining their effectiveness. Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and only provide reasonable rather than absolute assurance against material misstatements or losses.

The Board has delegated the day-to-day operations of the Company to the Administrator and Investment Manager; however the Board retains accountability for all delegated functions. The Board clearly defines the duties and responsibilities of all service providers and advisers, and appointments are only made after due and careful consideration.

The Administrator maintains a system of internal control over its activities. The Board receives reports from the Company Secretary and Administrator in respect of compliance matters and other duties performed on behalf of the Company.

The Board considers that the Company's existing internal controls, coupled with the analysis of risks inherent in the business models of the Company and its subsidiaries, continue to provide appropriate tools for the Company to monitor, evaluate and mitigate its risks.

Going concern status and continued viability

The Financial Statements have been prepared on the going concern basis. The net current asset position as at 31 December 2020 was £1.7 million. After making suitable enquiries, and given the nature of the Company, its liquid investments and its cash reserves, the Directors are satisfied that the Company is able to continue for the foreseeable future, and at least twelve months from the date of approval of the Financial Statements, and it is appropriate to continue to adopt the going concern basis in preparing the Company's financial statements. This conclusion also takes into account the Board's assessment of the risks arising from COVID-19 as set out in the Investment Manager's Report and the Report of the Directors.

Furthermore, as set forth in the Report of the Directors, the Board has conducted a robust assessment of the principal risks facing the Company and the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its obligations as and when they fall due over the three year period to 31 December 2023.

Corporate Governance Statement

(continued)

Preparation of Annual Report

An explanation of the Directors' roles and responsibilities in preparing the Annual Report and Financial Statements for the Year is provided in the Directors' Responsibility Statement. Further information enabling shareholders to assess the Company's performance, business model and strategy can be located in the Chairman's Statement, the Investment Manager's Report, and the Report of Directors.

Audit Committee

The Board has established an Audit Committee with formally delegated duties and responsibilities documented within its terms of reference. The Audit Committee is responsible for assisting the Board in discharging its responsibilities for the integrity of the Company's financial statements, as well as aiding the assessment of the Company's internal control effectiveness and the objectivity of the Company's external auditors. The Audit Committee is composed of all of the members of the Board, all of whom are independent non-executive Directors. Due to the size and structure of the Board and the Company, the Chairman of the Board has been included as a member of the Audit Committee to give him a fuller understanding of the issues facing the Company and to maximise the effectiveness of the Committee. However, Chris Sherwell is not appointed as the Committee's Chair, and the Committee is instead chaired by Mark Thompson, who has extensive expertise in accounting and audit processes. Further information on the Audit Committee is provided in the Report of the Audit Committee.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Manager, including their own internal controls and procedures, provide a sound system of risk management and internal control which safeguards shareholders' investment and the Company's assets, and as such no internal audit function is deemed necessary.

SECTION 5: REMUNERATION OF DIRECTORS

The Board endeavours to ensure the Company's Remuneration Policy reflects and supports the Company's strategic aims and objectives. It has been agreed that, due to the size of the Board and the fact that it is comprised wholly of non-executive Directors, a separate Remuneration Committee would be inefficient. Therefore, the Board as a whole is responsible for discussions regarding remuneration. No external remuneration consultants were appointed during the Year.

In accordance with the Company's Articles of Incorporation (the "Articles"), the aggregate amount of fees paid to Directors may not exceed the annual equivalent of £400,000 per annum. Subject to this limit, it is the Company's policy to determine the level of Directors' fees, having regard for the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of responsibilities related to the Board and Audit Committee and the time dedicated by each Director to the Company's affairs.

Each of the Directors is currently entitled to a fee payable by the Company at the rate of £40,000 per annum. The Chairman currently receives an additional fee of £15,000 per annum and the Chairman of the Audit Committee currently receives an additional fee of £5,000 per annum.

As outlined in the Prospectus, all of the Directors are also entitled to be reimbursed for all reasonable expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties.

None of the Directors has a service contract with the Company. Each of the Directors has entered into a letter of appointment with the Company that states that his appointment and any subsequent termination or retirement shall be subject to the Articles. Each Director's appointment letter provides that upon the termination of a Director's appointment, that Director must resign in writing and all records remain the property of the Company. Each Director's appointment can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors.

Corporate Governance Statement
(continued)

Directors' and officers' liability insurance coverage is maintained by the Company but it is not considered a benefit in kind nor does it constitute part of the Directors' remuneration. In addition, the Company's Articles indemnify each Director, former or present, out of assets and profits of the Company in relation to actions, expenses and liabilities incurred during the course of their duties, in so far as the law allows and provided that such indemnity is not available in circumstances of negligence, default, breach of duty or breach of trust in relation to the Company.

By order of the Board

Chris Sherwell
Chairman

26 March 2021

Directors' Responsibility Statement

Each of the Directors, whose names are set out in the Corporate Governance Statement of the Annual Report, confirms that, to the best of his knowledge and belief:

- the Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report, including the Chairman's Statement, Investment Manager's Report, Report of the Directors, Corporate Governance Statement and Report of the Audit Committee, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report, taken as a whole, is fair, balanced, and understandable and provides information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for preparing the Annual Report in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year in accordance with IFRS. The Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the financial performance and cash flows of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the Company's financial statements;
- make an assessment of the Company's ability to continue as a going concern; and
- prepare the Company's financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm they have complied with the above requirements in preparing the Company's Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that, so far as they are aware, there is no material information relevant to the audit of which the Company's auditor is unaware. The Directors also confirm that they have taken all steps they ought to have taken as Directors to make themselves aware of any material information relevant to the audit and to establish that the Company's auditors are aware of that information.

Directors' Responsibility Statement

(continued)

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.trianinvestors1.com). The work carried out by the external auditor does not involve considerations of these matters and, accordingly, the external auditor accepts no responsibility for any changes that may have occurred to the financial statements after they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For Trian Investors 1 Limited

Chris Sherwell
Chairman

26 March 2021

Report of the Audit Committee

Composition

The Audit Committee (the "Committee") comprises the three members of the board with Mark Thompson as the Chairman. The Board is satisfied that the Committee has recent and relevant skills and financial experience to fulfil its responsibilities and that its members have significant business experience relevant to the asset management industry. Further details on the experience and qualifications of members of the Committee can be found in the Corporate Governance Statement.

Meetings

The Committee meets no less than twice a year. It met four times during the Year and once since the Year end through to the date of this report and all Directors were in attendance. The external auditor has attended all four meetings to discuss the audit and interim review approach and audit and interim review findings. In addition, the Directors met with the external auditor outside of an Audit Committee meeting to discuss any issues arising from the audit and the application of accounting policies.

Principal duties

The principal duties of the Committee as set out in its terms of reference are:

- to monitor the integrity of the financial reporting of the Company including its annual and half yearly reports and any other information relating to its financial performance;
- to monitor and review the adequacy and effectiveness of Company's internal controls and risk management systems;
- to keep under review the scope, results, quality and effectiveness of the audit and the independence and objectivity of the auditor;
- to make recommendations to the Board regarding the appointment, reappointment, replacement, remuneration and terms of reference of the external auditor; and
- to review the whistleblowing arrangements in place to enable directors and staff of service providers to, in confidence, raise concerns about possible wrongdoing in financial reporting or other matters insofar as they may affect the Company.

The Committee meets the external auditor at least once a year, without the Investment Manager or Administrator being present, to discuss their remit and any issues arising from the audit.

The Committee's terms of reference include all matters indicated by DTR 7.1 and the Code and are available on the Company's website.

The Committee is satisfied that the whistleblowing policies in place for the Investment Manager and Administrator enable staff to raise concerns in confidence about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

Financial reporting

The primary role of the Committee in relation to financial reporting is to review with the Administrator and the Investment Manager the appropriateness of annual reports and interim reports, concentrating on, amongst other matters:

- the appropriateness of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements and estimates have been applied or there has been discussion with any external consultant or the external auditor;

Report of the Audit Committee

(continued)

- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to the Company's financial reporting.

To aid its review, the Committee considers reports from the Investment Manager and also reports from the external auditor on the outcomes of their audit. The Committee supports Deloitte LLP in displaying the necessary professional scepticism their role requires.

Significant matters in relation to the financial statements

The Committee determined that the key risk of misstatement in connection with the financial statements was the fair value of the underlying investment in the Investment Partnership held through the Company's subsidiary Midco. The basis for this judgement is explained in note 3.

The Committee believes a significant financial reporting risk could arise from the valuation of the investment in Ferguson. The Committee receives valuations from the Investment Manager on a regular basis which are reviewed to ensure they are in line with reporting standards. The shares of Ferguson are listed on the main market of the London Stock Exchange and there is a liquid market in the shares. Accordingly, the Committee considers the quoted share price remains the appropriate basis for valuation of this size of investment.

The Committee believes a further financial reporting risk could arise from the disclosures relating to the use of currency options to hedge a portion of the U.S. Dollar exposure arising from the investment in Ferguson and its underlying operations which are now principally U.S.-centric. The Committee has reviewed the disclosures in notes 5 and 12 and has concluded that these disclosures properly reflect the use of the currency option.

The financial performance of the Company could be impacted by the continuing COVID-19 pandemic. The Committee has reviewed the disclosures throughout the Annual Report and has concluded that these give proper disclosure to the risks arising from the pandemic.

Risk management

The Company's risk assessment process and the way in which significant business risks are identified and managed is a key area of focus for the Committee. The work of the Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out in the Report of the Directors. The Committee receives reports from the Investment Manager and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal audit

The Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures. The Committee will reconsider the need for an internal audit function at least once a year.

External auditor

Deloitte LLP has been appointed as the Company's external auditor. The lead audit partner is David Becker and under normal audit partner rotation arrangements he will be replaced after no more than five years, with the final year being the year ended 31 December 2022. The Companies Law requires the reappointment of the external auditor to be subject to shareholders' approval at the Annual General Meeting. There are no contractual obligations restricting the choice of external auditor and the Company will consider putting the audit services contract out to tender at least every ten years.

The objectivity of the external auditor is reviewed by the Committee which also reviews the terms under which the external auditor may be appointed to perform non-audit services. In order to safeguard external auditor independence and objectivity, the Committee ensures that any non-audit services provided by the external auditor do not conflict with its statutory audit responsibilities. Non-audit services provided by the auditor will generally only cover reviews of interim financial statements and/or capital raising work. Any non-audit services conducted by the auditor will require the consent of the Committee before being initiated.

Report of the Audit Committee

(continued)

The only non-audit services undertaken by Deloitte during the Year were the independent review of the interim financial statements and the investor tax reporting. A summary of the external auditor's remuneration for audit and non-audit services is shown in note 10. The audit fee for the Year is estimated at £26,400, the final fee for the review of the interim financial statements for the six month period to 30 June 2020 was £16,500 and the fee for the investor tax reporting in the Year, paid by the Investment Partnership, was £4,100 (US$5,600).

To fulfil its responsibility regarding the independence of the external auditor, the Committee considered:

- the audit personnel in the audit plan for the Year;
- a report from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- reports highlighting the major issues that arose during the course of the audit; and
- feedback from the Investment Manager and Administrator evaluating the performance of the audit team.

Conclusions and recommendation

The Committee is satisfied with Deloitte LLP's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated by them. As such, the Committee has not considered it necessary this Year to conduct a tender process for the appointment of its external auditor. Having carried out the review described above, and having satisfied itself that the external auditor remains independent and effective, the Committee has recommended to the Board that Deloitte LLP be reappointed as external auditor for the year ending 31 December 2021.

The Committee has advised the Board that it considers that the Annual Report and Financial Statements to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion the Committee has considered the following:

- its own assessment of the significant risks, judgements and estimates pertaining to the financial statements;
- the controls of the Investment Manager and the Administrator to ensure complete and accurate financial records and security of the Company's assets; and
- a confirmation from the external auditor that they identified no material misstatements in the course of their work.

A member of the Committee will attend each Annual General Meeting to respond to any questions in respect of the Audit Committee.

On behalf of the Audit Committee,

Mark Thompson
Audit Committee Chairman

26 March 2021

Independent Auditor's Report
TO THE MEMBERS OF TRIAN INVESTORS 1 LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Trian Investors 1 Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by European Union.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation and Ownership of Investments. Within this report, key audit matters are identified as follows: Similar level of risk
Materiality	The materiality that we used for the financial statements was £3,980,000 which was determined on the basis of 1% of Net Asset Value ("NAV").
Scoping	The audit work was performed in response to risk of material misstatement identified by the audit team.
Significant changes in our approach	There are no significant changes in our approach.

Independent Auditor’s Report
(continued)

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included consideration of:

- the reasonableness of the information and underlying assumptions on the going concern communicated by the directors;
- Liquidity of the Company, an assessment of whether the Company has sufficient cash to meet its obligations over the next 12 months from the date of signing the financial statements;
- the performance of Ferguson’s shares, during the period under review and post year end up to the date of signing, and the subsequent impact on the NAV of the Company;
- whether Ferguson’s shares operate in an active market and could be disposed of to raise additional cash were this to be require; and
- The adequacy of strategies put in place to mitigate the principal risks the Company is exposed to.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation and Ownership of Investments

Key audit matter description	The Company’s investment as at 31 December 2020 valued at £396,523k (2019: £326,228k) comprise an unlisted investment in Trian investors 1 L.P Incorporated (“Investment Partnership”) held through its wholly owned subsidiary, Trian Investors 1 Midco Limited (“Midco”). Midco holds 99.83% of the Investment Partnership. The Investment Partnership has an investment in Ferguson PLC (“Ferguson”), a publicly listed Company. Details of the investment are disclosed in note 5 to the financial statements and the accounting policies are disclosed in note 1 to the financial statements. The key audit matter is associated with the valuation and ownership of the investment in Ferguson. As the Company has a large holding in Ferguson, this means that a small adjustment in the share price may have a significant impact on the valuation of this investment. We also deem the fair values of the investment in Ferguson to be a Key Performance Indicator and as such management may be incentivised to adjust the share price to achieve the desired outcome.

Independent Auditor's Report

(continued)

Key audit matter description (continued)	The risk of material misstatement exists that the Company's investment is not accurately valued based on relevant information that is representative of its value and that it may not be representative of its value in accordance with IFRS 13 – Fair Value Measurement ('IFRS 13').
How the scope of our audit responded to the key audit matter	We have performed the following procedures to test the valuation and ownership of investments: • We have obtained the understanding of controls around the reconciliation of investments held and the year-end valuation of investments. This included assessing of relevant controls of the administrator, Ocorian (Guernsey) Limited; • We have assessed the valuation policy and methodology in order to assess the compliance to IFRS 13; • We considered the liquidity of the investment in Ferguson in order to assess whether there is a sufficiently active market to allow for use of an unadjusted level 1 price; • We have obtained the independent confirmation of the investment holdings as of 31 December 2020 from the Company's custodian and reconciled the number of equity shares held at the year-end; and • We obtained independent pricing information from reliable external sources and recalculated the fair value of investments at year-end.
Key observations	Based on the work performed, we concluded that the valuations and ownership of investments is appropriate.

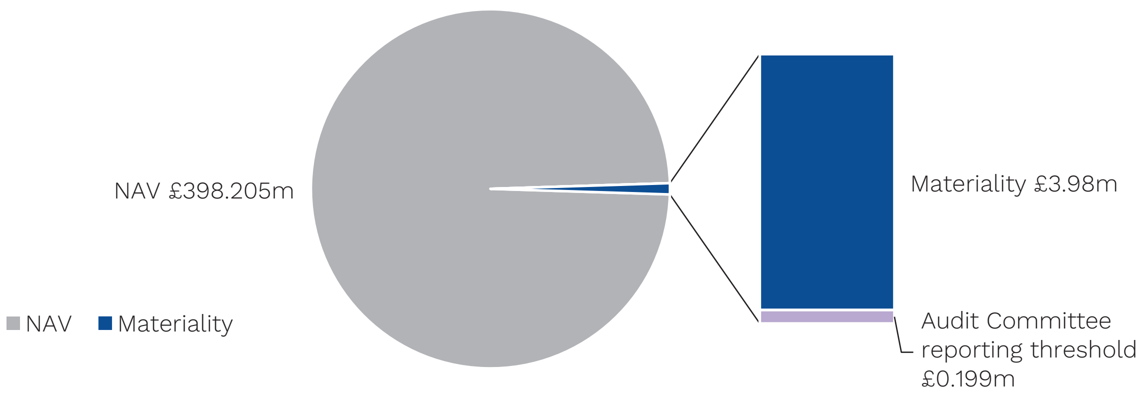
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£3,980,000 (2019: £3,280,000)
Basis for determining materiality	1% of NAV (2019: 1% of NAV)
Rationale for the benchmark applied	The Company is an investment entity and as such the holders of equity will use NAV as the Key Performance Indicator ("KPI"). Therefore, we have used NAV as the benchmark.



Independent Auditor's Report

(continued)

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Performance materiality	70% (2019: 70%) of materiality
Basis and rationale for determining performance materiality	In determining the performance materiality, we considered factors including: • Our risk assessment, including our assessment of the Company's overall control environment and that we did not consider it appropriate to rely on controls; and • Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £199,000 (2019: £164,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal control and assessing the risks of material misstatement. Our audit scope included obtaining an understanding of the relevant controls in the business processes at the administrator as they maintain the books and records of the entity.

Audit work to respond to the risks of material misstatement was performed directly by the engagement team.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor’s Report

(continued)

9. Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company’s remuneration policies, key drivers for directors’ remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company’s documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and financial instruments specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent Auditor's Report

(continued)

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation and ownership of investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation and ownership of investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Independent Auditor's Report

(continued)

13. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Becker
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey

26 March 2021

Statement of Financial Position

As at 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Non-current assets			
Investment in Midco	5	396,523	326,228
Total non-current assets		396,523	326,228
Current assets			
Cash and cash equivalents	2	1,691	2,057
Receivables and prepayments	7	50	96
Total current assets		1,741	2,153
Current liabilities			
Trade and other payables		59	60
Total liabilities		59	60
Net assets		398,205	328,321
Equity			
Share capital	8	259,095	265,876
Retained earnings		139,110	62,445
Total equity		398,205	328,321
Number of ordinary shares in issue		264,467,091	270,585,977
NAV per share (pence)	9	150.57	121.34

The notes below form an integral part of the financial statements.

The financial statements were approved by the Board and authorised for issue on 26 March 2021.

Chris Sherwell
Director

Mark Thompson
Director

Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Income			
Unrealised gain on investment in Midco	5	77,295	62,228
Dividends received from Midco	5	1,407	—
		78,702	62,228
Expenses			
Administration fees	15	147	128
Directors' fees	14	140	140
Audit and non-audit fees	10	34	39
Trademark licence fees	15	47	40
Other operating expenses		265	232
Total Expenses		633	579
Operating profit		78,069	61,649
Finance income and expense			
Interest income	2	3	550
Net profit		78,072	62,199
Total comprehensive income		78,072	62,199
Basic earnings per share (pence)	11	29.12	22.99

All activities derive from continuing operations.

The notes below form an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
As at 1 January 2020		265,876	62,445	328,321
Profit for the year		—	78,072	78,072
Total comprehensive income		—	78,072	78,072
Share buyback	8	(6,781)	—	(6,781)
Dividend paid	18	—	(1,407)	(1,407)
		(6,781)	(1,407)	(8,188)
As at 31 December 2020		259,095	139,110	398,205

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
As at 1 January 2019		265,876	246	266,122
Profit for the year		—	62,199	62,199
Total comprehensive income		—	62,199	62,199
As at 31 December 2019		265,876	62,445	328,321

The notes below form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Operating activities			
Profit before tax		78,072	62,199
Adjustments to reconcile profit before tax to net cash flows:			
Unrealised gain on investment	5	(77,295)	(62,228)
Dividends received	5	(1,407)	—
Interest income		(3)	(550)
Movement in receivables and prepayments	7	46	69
Movement in trade and other payables		(1)	(150)
Net cash flows from operating activities		(588)	(660)
Investing activities			
Dividends received	5	1,407	—
Capital distribution from Midco		3,000	—
Share redemption from Midco		4,000	—
Investment into Midco		—	(264,000)
Finance income		3	550
Net cash flows from investing activities		8,410	(263,450)
Financing activities			
Share repurchase	8	(6,781)	—
Dividends paid	18	(1,407)	—
Net cash flows from financing activities		(8,188)	—
Net movement in cash and cash equivalents		(366)	(264,110)
Opening cash and cash equivalents		2,057	266,167
Closing cash and cash equivalents		1,691	2,057

The notes below form an integral part of the financial statements

Notes to the Financial Statements

For the year ended 31 December 2020

1. Corporate information

Trian Investors 1 Limited (the "Company") is incorporated in and controlled from Guernsey as a company limited by shares with registered number 65419. The Ordinary Shares of the Company (the "Shares") are admitted to the Specialist Fund Segment of the London Stock Exchange (the "SFS").

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Reporting Interpretations Committee and the Companies (Guernsey) Law, 2008. The financial statements have been prepared on a historical cost basis as amended from time to time by the fair valuing of certain financial assets and liabilities. The financial statements cover the year ended 31 December 2020.

The preparation of financial statements in accordance with IFRS requires the Directors to make critical accounting estimates and judgements. The areas involving a higher degree of judgement or complexity are disclosed in note 3.

Going concern

The Directors monitor the capital and liquidity requirements of the Company on a regular basis. They have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing the ongoing cash flows and the level of liquid investments and cash balances as at the reporting date, as well as taking forecasts of future cash flows into consideration and are of the opinion that the Company has adequate resources to continue its operational activities for the next twelve months. The Directors are of the opinion that the continuing COVID-19 pandemic should not impact the Company's ability to continue as a going concern despite the resulting uncertainty it has created.

Based on these sources of information and their own judgement, the Directors believe it is appropriate to prepare the financial statements of the Company on a going concern basis.

New and amended standards and interpretations applied

The following accounting standards and updates were applicable in the current period but did not have a material impact on the Company:

- IFRS 3: Business Combinations amendments
- IFRS 7: Financial Instruments Disclosures amendments
- IFRS 9: Financial Instruments amendments
- IAS 1: Presentation of Financial Statements amendment
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors amendment
- IAS 39: Financial Instruments: Recognition and Measurement amendment

New and amended standards and interpretations not applied

The following new and amended standards and interpretations in issue are applicable to the Company but are not yet effective or have not been adopted by the European Union and therefore, have not been adopted by the Company:

- IFRS 17: Insurance Contracts (effective 1 January 2023)

The Company has considered the impact of IFRS 17 and concluded it is not likely to have a material effect on the Company, as the Company does not expect to carry out any transactions that fall within its scope.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

2. Accounting policies (continued)

Accounting for subsidiaries

As explained in note 3, the Company is an investment entity and accordingly accounts for its investments in subsidiaries as investments at fair value through profit and loss.

Segment reporting

The Directors are of the opinion that the Company is currently engaged in a single segment of business, being the investment in a single target company ("Target Company"), Ferguson plc ("Ferguson").

Revenue recognition

All income is accounted for on an accruals basis and recognised in the Statement of Comprehensive Income.

Expenses

Expenses are accounted for on an accruals basis. Expenses borne by subsidiaries are reflected in the Statement of Comprehensive Income through the revaluation of the investments.

All costs associated with the issue of Shares are netted off against share capital in the Statement of Changes in Equity. Costs associated with the repurchase of shares are recognised in the Statement of Total Income.

Dividends to shareholders

Dividends are accounted for in the period in which they are paid by the Company.

Financial instruments

The classification of financial assets at initial recognition depends on the purpose for which each financial asset was acquired and its characteristics.

The Company's only significant financial assets comprise cash and cash equivalents and investments in subsidiaries held at fair value through profit and loss. The investments in subsidiaries are initially recognised at cost.

Cash and cash equivalents

Cash at bank and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents consist of cash in hand, short-term deposits in banks and investments in money market funds with an original maturity of three months or less.

Investments at fair value through profit and loss

i. *Classification*

As explained in more detail in note 3 the Company is an investment entity and accordingly accounts for its investment in subsidiaries as investments at fair value through profit and loss.

ii. *Recognition*

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment.

iii. *Measurement*

Investments treated as "investments at fair value through profit or loss" are initially recognised at the fair value of consideration given. They will subsequently be measured at fair value, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. All transaction costs are expensed in the Statement of Comprehensive Income.

Realised and unrealised gains or losses are recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

2. Accounting policies (continued)

iv. Fair value estimation

The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of three levels.

The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Functional currency

Items included in the financial statements are measured using Pounds Sterling which is the currency of the primary economic environment in which the Company operates.

At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Transactions denominated in foreign currencies are translated into Pounds Sterling at the rate of exchange presiding at the date of the transaction. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

Treasury shares

The Company has the ability to repurchase shares and hold them in treasury. Shares that are repurchased and held in treasury are removed from the share capital reserve.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenue and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Directors also need to make judgements (other than those involving estimates) that have a significant impact on the application of accounting standards. The following critical judgements apply to the Company's investment. There are no key sources of estimation uncertainty.

i) Investment entity exemption

The Directors have considered whether the Company meets the definition of an investment entity as stipulated in the provisions of IFRS 10. Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries, other than those that provide investment services to the Company and do not themselves meet the definition of an investment entity, at fair value through profit or loss rather than consolidate them.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

3. Significant accounting judgements, estimates and assumptions (continued)

When entities are formed in connection with each other, the criteria for qualification as an investment entity is applied to the structure as a whole rather than for the entity in isolation.

The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's purpose is to invest through the Investment Partnership in a Target Company for capital appreciation and it measures performance (of the Target Company) on a fair value basis. The Company has made an investment in a single Target Company, Ferguson, through its wholly owned subsidiary, Trian Investors 1 Midco Limited ("Midco"), which in turn holds 99.83 per cent of the commitment in the Investment Partnership. The Board has assessed whether the Company has all the elements of control as prescribed by IFRS 10 in relation to the Company's investment in the Investment Partnership and has concluded that the Company does have control of the Investment Partnership. Midco and the Investment Partnership are therefore both classified as subsidiaries of the Company. The Board has also assessed that the Company meets the criteria of an investment entity and therefore the subsidiaries are recorded at fair value through profit and loss rather than being consolidated. The Board's determination that the Company is classified as an investment entity involves a degree of judgement due to the complexity of the wider structure encompassing the Company, Midco and the Investment Partnership.

ii) Use of last sales price published by the exchange

The Directors believe that a key judgement relates to the valuation of the investment in Ferguson held through the Investment Partnership. Throughout the year ended 31 December 2020, the ordinary shares of Ferguson were listed on the Main Market of the London Stock Exchange and the Directors must determine whether the market is sufficiently liquid for the last sales price published by the exchange to be a fair value in accordance with IFRS principles. The Directors have assessed that there is a sufficiently active market in Ferguson ordinary shares and accordingly they consider the quoted share price to be the appropriate basis for the valuation of this investment.

4. Income tax

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2008 and is charged an annual exemption fee of £1,200.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

5. Investment at fair value through profit or loss

	31 December 2020 £'000	31 December 2019 £'000
Cost		
Brought forward	264,000	—
Investment	—	264,000
Capital distribution	(3,000)	—
Share redemption	(4,000)	—
Carried forward	257,000	264,000
Fair value adjustment through profit or loss		
Brought forward	62,228	—
Fair value movement during year	77,295	62,228
Carried forward	139,523	62,228
Fair value as at 31 December	**396,523**	**326,228**

As at 31 December 2020, the Company held 260,000,000 ordinary shares in Midco, representing 100 per cent of the share capital (31 December 2019: 264,000,000 ordinary shares), which were subscribed for at 100 pence per share, and Midco has contributed £264,000,000 to the Investment Partnership (31 December 2019: £264,000,000). As at 31 December 2020, Midco holds 99.83 per cent of the commitment in the Investment Partnership (31 December 2019: 99.83 per cent). During the year to 31 December 2020 the Company received cash from Midco of £8,407,000, comprising a £1,407,000 dividend, a capital distribution of £3,000,000 and a £4,000,000 share redemption, which it used to declare a £1,407,000 dividend to shareholders and to conduct £6,781,000 of share repurchases (year to 31 December 2019: £nil).

Investments at fair value through profit or loss comprise Midco's pro rata portion of the fair value of the Investment Partnership's investment in Ferguson, currency option, cash and working capital balance, including the incentive allocation ("Incentive Allocation") allocated from the Investment Partnership to Trian Investors 1 SLP, L.P. The Investment Partnership's investment in Ferguson is currently treated as a "Stake Building Investment". If the investment continues to be a "Stake Building Investment" until realisation, the Incentive Allocation will be equal to 20 per cent of net returns on the investment, payable after the Investment Partnership has distributed to its partners an amount equal to the aggregate capital contributions made in respect of the investment (excluding any capital contributions attributable to management fees). The Investment Partnership's investment in Ferguson, unless otherwise agreed with the Company, will cease to be considered a "Stake Building Investment", and will instead be considered an "Engaged Investment", if and when Trian Investors Management, LLC (the "Investment Manager") obtains representation on Ferguson's board of directors, through one or more partners of Trian Fund Management, L.P. ("Trian Management"). If the investment becomes an "Engaged Investment", the Incentive Allocation will be equal to 10 per cent to 25 per cent of the Investment Partnership's net returns on the investment (excluding any capital contributions attributable to management fees), as set forth in greater detail in the Company's Prospectus dated 21 September 2018 (the "Prospectus").

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

5. Investment at fair value through profit or loss (continued)

In addition, the Investment Partnership invested in a £125,000,000 currency call option to offset a portion of the Investment Partnership's U.S. Dollar exposure arising from its investment in Ferguson, which receives the vast majority of its revenues in U.S. Dollars. The option offered protection against a weakening in the U.S. Dollar against Pound Sterling and expired on 16 June 2020. In March 2020, the Investment Partnership entered into an additional currency call option (the "March 2020 Option"), expiring in March 2021, to purchase £125,000,000 for US$165,875,000, in order to hedge the Company's currency exposure for a further nine months as well as a three month overlap on the original currency call option.

The accounting for the Investment Partnership is prepared under IFRS.

Summary financial information for Midco's pro rata share of the Investment Partnership

	31 December 2020 £'000	31 December 2019 £'000
Net asset value		
Investment in Ferguson at cost	249,566	249,566
Unrealised gain on investment in Ferguson	169,979	73,924
Total value of investment in Ferguson	419,545	323,490
Foreign exchange option	4,616	2,984
Cash and cash equivalents	8,816	15,324
Other net liabilities	(9)	(13)
Incentive Allocation payable	(36,445)	(15,557)
Total net asset value	**396,523**	**326,228**

Summary income statement

	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Unrealised gain on investment in Ferguson	96,055	73,924
Unrealised gain on foreign exchange option	2,430	124
Realised loss on foreign exchange option	(2,860)	—
Ferguson dividend income	7,312	5,311
Interest income	12	182
Management fee expense (Note 15)	(3,261)	(1,590)
Other operating expense	(98)	(166)
Incentive Allocation payable	(20,888)	(15,557)
Profit for the year	**78,702**	**62,228**

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

6. Fair value

IFRS 13 'Fair Value Measurement' requires disclosure of fair value measurement by level.

The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The only financial instruments carried at fair value are the investments which are fair valued at each reporting date.

The Company holds 99.83 per cent of the commitment in the Investment Partnership through Midco, a wholly owned subsidiary. Midco's investment in the Investment Partnership has been classified within Level 2 as the Investment Partnership primarily invests in quoted securities which are classified within Level 1. The amount of Midco's investment in the Investment Partnership classified under Level 2 as at 31 December 2020 is £396,523,000 (31 December 2019: £326,228,000). The amount of Midco's pro rata portion of the Investment Partnership's investments that is classified within Level 1, consisting of the Investment Partnership's investment in Ferguson ordinary shares, is £419,545,000 (31 December 2019: £323,490,000), and the amount that is classified within Level 2, consisting of the Investment Partnership's investment in a currency option, is £4,616,000 (31 December 2019: £2,984,000).

Transfers during the year

A reconciliation of fair value measurements in Level 2 is set out in the following table. Due to the nature of the investments, they are always expected to be classified under Level 2.

	31 December 2020 £'000	31 December 2019 £'000
Opening fair value at beginning of the year	326,228	—
Purchases at cost	—	264,000
Capital distribution	(3,000)	—
Share redemption	(4,000)	—
Movement in fair value	77,295	62,228
Closing fair value at the end of the year	396,523	326,228

Valuation techniques

The value of Midco's investment in the Investment Partnership is based on the value of Midco's limited partner capital account within the Investment Partnership. This is based on the components within the Investment Partnership, principally the value of the underlying investee company, the currency option, cash and the Incentive Allocation. Any fluctuation in the value of the underlying investee company will directly impact on the value of Midco's investment in the Investment Partnership while taking into account the impact of the Incentive Allocation.

Valuations are determined in accordance with a pricing policy agreed between the Directors and the Investment Manager from time to time. Calculations will be made in accordance with IFRS principles or as otherwise determined by the Board.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

6. Fair value (continued)

In accordance with the Investment Partnership Agreement dated 21 September 2018 (the "Investment Partnership Agreement"), for the purposes of calculating the net asset value of the Investment Partnership, its assets will be valued on the following basis:

The shares in Ferguson were listed on the Main Market of the London Stock Exchange throughout the year and are valued at the last sales price published by the exchange.

The valuation of the March 2020 Option is performed by utilising an external data source which uses proprietary software and a valuation model to perform the fair value calculation. The valuation model used to value the March 2020 Option is the Black-Scholes model.

The Company approves the valuations performed by the Investment Manager and monitors the range of reasonably possible changes in significant observable inputs at each reporting date.

7. Receivables and prepayments

	31 December 2020 £'000	31 December 2019 £'000
Other prepaid expenses	50	89
Receivable from Investment Partnership	—	7
	50	96

The carrying value of receivables and prepayments approximates their fair value.

8. Share capital and capital management

Capital risk management

The Company's objective for capital risk management is to safeguard the Company's ability to continue as a going concern and to provide returns for shareholders. The Company considers its capital to consist of share capital and retained earnings.

The Board regularly reviews the Company's net asset value ("NAV"), as calculated in accordance with IFRS, and the Company's Share price (as well as its discount or premium to NAV per Share) in the context of market conditions, with input from the Investment Manager and its Corporate Brokers. In February 2020, the Company used £3,000,000 to repurchase Shares. Also in February 2020, the Company announced an update to its dividend policy to allow it more flexibility to use Target Company dividends for Share repurchases, among other uses. In December 2020, following Ferguson's announcement that it would pay a final dividend, the Company announced a £4,000,000 Share repurchase and used £3,781,000 to repurchase Shares.

The Company has the ability to hold its own Shares in treasury. The Shares repurchased by the Company in February 2020 and December 2020 are currently being held in treasury, and the Company may use this ability again from time to time in the future. The Company's Articles of Incorporation and the Companies Law do not limit the number of Shares held in treasury provided that at least one share of any class is held by a person other than the Company. The Company is not subject to any externally imposed capital restrictions.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

8. Share capital and capital management (continued)

Ordinary shares of no par value

	31 December 2020	31 December 2019
Net shares outstanding		
Shares issued	270,585,977	270,585,977
Shares held in Treasury	(6,118,886)	—
Net number of shares outstanding	264,467,091	270,585,977

The Company's authorised share capital as at 31 December 2020 and 31 December 2019 is 300,000,000 Ordinary shares.

	£'000
Share Capital movements:	
As at 1 January 2020	265,876
Repurchased on 24 February 2020	(2,358)
Repurchased on 25 February 2020	(642)
Repurchased on 8 December 2020	(2,366)
Repurchased on 11 December 2020	(55)
Repurchased on 11 December 2020	(11)
Repurchased on 18 December 2020	(1,301)
Repurchased on 22 December 2020	(48)
As at 31 December 2020	259,095
As at 1 January 2019	265,876
As at 31 December 2019	265,876

9. Net Asset Value per Share

	31 December 2020	31 December 2019
IFRS Net Assets (£'000)	398,205	328,321
Number of Shares in issue	264,467,091	270,585,977
IFRS NAV per Share (pence)	150.57	121.34

The IFRS NAV per Share is arrived at by dividing the IFRS Net Assets by the number of Shares in issue net of treasury shares.

10. Auditors' remuneration

The auditors' remuneration relating to services to the Company for the year was:

	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Audit fees	26	24
Non-audit fees	17	16
	43	40

Differences between the figures in the above table and the Statement of Comprehensive Income are due to accruals.

In addition the fee for the audit of the Investment Partnership of £13,000 (2019: £12,000) and the fee for the investor tax reporting of £4,100 (2019: £ nil) is payable by the Investment Partnership.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

11. Earnings per share

	Year to 31 December 2020	Year to 31 December 2019
Profit for the year (£'000)	78,072	62,199
Weighted average number of Shares in issue	268,093,698	270,585,977
Earnings per Share (pence)	29.12	22.99

There were no dilutive potential Shares in issue as at 31 December 2020 or 31 December 2019.

12. Financial risk management

Financial risk management objectives

The Company's activities expose it to various types of financial risk, principally market risk and credit risk. The Company has minimal exposure to liquidity risk. The Board has overall responsibility for the Company's risk management and sets policies to manage those risks at an acceptable level.

Financial risk factors

The Company's investment objective is to realise capital growth from its investment in the Target Company with the aim of generating significant capital return for shareholders. At present the Company's only significant financial assets are those held through the Investment Partnership, via Midco, consisting of Ordinary Share of Ferguson, a currency call option and cash and cash equivalents held at both levels.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages its credit risk by scrutinising the financial standing of counterparties with which it enters into transactions, using external credit ratings where available. Credit risk is reviewed periodically to identify balances that may have become impaired or uncollectable.

An event of default is a pre-specified condition or threshold that, if met, allows the lender or creditor to demand immediate and full repayment of a debt or obligation. The Company is exposed to credit risk through its balances with banks and its holdings of money market funds which are classified as cash equivalents for the purposes of these financial statements. The table below shows the Company's and Investment Partnership's material cash balances and foreign currency option held and the short-term issuer credit rating as at the year end date:

			Company		Investment Partnership	
	Location	Rating	31 December 2020 £'000	31 December 2019 £'000	31 December 2020 £'000	31 December 2019 £'000
Bank of New York Mellon	UK	AA	1,691	2,057	8,832	15,351
UBS AG – Stamford	USA	AA-	—	—	4,623	2,989
			1,691	2,057	13,455	18,340

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market price changes. The Company is exposed to market price risk and currency risk. The Company has no significant exposure to interest rate risk.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

12. Financial risk management (continued)

Market price risk

Market price risk arises as a result of the Company's exposure to the future values of the share price of Ferguson. It represents the potential loss the Company may suffer through investing in Ferguson. If the Share price of Ferguson moved by 30 per cent the effect on the net asset value of the Company would be an increase or decrease of £100,691,000 (24 per cent) (31 December 2019: £25,879,000 (8 per cent) based on a 10 per cent change movement in Ferguson Share price). A change of 30 per cent reflected a reasonable change in the share price of Ferguson based upon the year ended 31 December 2020. Please see note 19 for post year end information.

Currency Risk

As at 31 December 2020, the Company had exposure to currency risk through its investment through the Investment Partnership in Ferguson, which receives the vast majority of its revenue in U.S. Dollars. As noted in more detail in note 5, the Company has entered into a currency hedge, in the form of an option, to offset a portion of the U.S. Dollar exposure resulting from the Company's investment in Ferguson. There is no assurance that this hedging transaction will be effective at managing currency exposure.

In light of the recent strengthening of Pounds Sterling against the U.S. Dollar, in February 2021, the Company through the Investment Partnership took advantage of attractive pricing conditions and sold the March 2020 Option for £5,200,000. Simultaneously, the Company through the Investment Partnership entered into a new option, which expires in February 2022, to purchase £125,000,000 for US$181,250,000, for a premium of £1,743,750. Taken together, these two transactions were designed to allow the Company to recognise cash proceeds of £3,456,250 on a net basis, while still providing it with protection against significant further appreciation of Pounds Sterling against the U.S. Dollar until February 2022. However, there is no assurance that the new currency call option will be effective at managing the Company's currency exposure.

13. Commitments and contingencies

The Directors are not aware of any contingent liabilities as at 31 December 2020 (31 December 2019: nil).

14. Related parties

Key management personnel

The Directors are considered to be the Key Management Personnel of the Company. They are all non-executive and receive only an annual fee denominated in Pounds Sterling.

The Chairman receives an annual fee of £55,000, the Chairman of the Audit Committee receives £45,000, and the other non-executive Director receives £40,000.

Directors' fees and expenses for the year ended 31 December 2020 amounted to £140,000 (year to 31 December 2019: £140,000), of which £nil (31 December 2019: £nil) was outstanding at the year end.

Directors' shareholdings are disclosed in the Report of the Directors. The Directors received dividends on their shares during the year ended 31 December 2020 that amounted to a total of £1,000 (year to 31 December 2019: £nil).

Incentive Allocation

Under the terms of the Investment Partnership Agreement, Trian Investors 1 SLP, L.P., the special limited partner of the Investment Partnership, is entitled to receive an incentive allocation based on the investment performance of the Investment Partnership. This is detailed in notes 5 and 15.

Intergroup balances

As at 31 December 2020 the Investment Partnership owed £nil to the Company (31 December 2019: £7,000) in relation to custodian fee expenses paid on its behalf.

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

15. Significant agreements

Trademark fees

Trian Management has granted to the Company, Midco and the Investment Partnership a non-exclusive licence to use the name, logo and graphic identity "Trian" in the UK and the Channel Islands in the corporate name of these entities and in connection with the conduct of their business affairs, and the Company is using the name, logo and graphic identity "Trian" within the Annual Report and these Financial Statements pursuant to such licence. Trian Management receives a fee of £70,000 per annum split between the Company, Midco and the Investment Partnership for the use of the licensed name, logo and graphic identity. For the year ended 31 December 2020 fees of £47,000 (year ended 31 December 2019: £40,000) were paid by the Company in relation to the licence.

Administration Agreement

On 19 September 2018, the Company and Ocorian Administration (Guernsey) Limited (formerly Estera International Fund Managers (Guernsey) Limited) entered into an administration agreement. Under the terms of the agreement the Company (alongside the Investment Partnership) is charged a fixed administration fee of £97,000 per annum from 27 September 2018 payable monthly in arrears, administration fees for Midco of £5,000 per annum, net asset value preparation fees of £10,000 per annum, compliance officer services of £6,000 per annum, MLRO services of £3,000 per annum and data protection officer services of £2,000 per annum. For the year ended 31 December 2020 aggregate fees of £147,000 were paid to Ocorian (year ended 31 December 2019: £128,000).

Management Agreement

On 19 September 2018, the Investment Partnership and the Investment Manager entered into a management agreement. The Investment Manager is entitled to management fees in consideration of its work equal to one twelfth of 1 per cent of the adjusted net asset value of the Investment Partnership, calculated as of the last business day of the preceding month. The management fee is payable in advance to the Investment Manager on the first business day of each calendar month. For the year ended 31 December 2020 management fees of £3,261,000 were paid to the Investment Manager by the Investment Partnership (year ended 31 December 2019: £1,590,000).

Investment Partnership Agreement

Under the terms of the Investment Partnership Agreement, Trian Investors 1 SLP, L.P., the special limited partner of the Investment Partnership, is entitled to receive an incentive allocation based on the investment performance of the Investment Partnership. The incentive allocation may be between 0 to 25 per cent of the net returns of the Investment Partnership. The calculation of the incentive allocation is described in more detail in note 5 above and the Prospectus. As at 31 December 2020, there was an incentive allocation accrual of £36,445,000 in the Investment Partnership (year ended 31 December 2019: £15,557,000).

16. Subsidiaries

Midco was incorporated on 10 September 2018 and the Investment Partnership was registered on 13 September 2018. The Company holds 260,000,000 ordinary shares in Midco, representing 100 per cent of the share capital, which in turn holds 99.83 per cent of the commitment in the Investment Partnership.

17. Ultimate beneficial owner

There was no ultimate beneficial owner of the Company as at the date of signing.

18. Dividends

On 25 February 2020, the Company paid out a dividend to shareholders of 0.52 pence per share amounting to a total of £1,407,000 (year to 31 December 2019: £nil).

Notes to the Financial Statements

For the year ended 31 December 2020 (continued)

19. Subsequent events

On 5 January 2021 the Company repurchased 148,027 Shares for a total consideration of £178,000. Following this transaction, the total number of Ordinary Shares held as treasury shares by the Company is 6,266,913. The total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 264,319,064.

In March 2021, the Investment Partnership took out a revolving credit facility with UBS that will allow it to draw down amounts of up to US$70,000,000 from time to time with a portion of Ferguson shares held pledged as collateral.

Investment Manager's Report Disclosure Statements and Disclaimers

General Considerations

Please note that the Investment Manager's Report is for general informational purposes only, is not complete, and does not constitute any advice or recommendation to invest in Trian Investors 1 Limited (the "Company") or Ferguson plc ("Ferguson") or enter into or conclude any other transaction. The Investment Manager's Report should not be construed as legal, tax, investment, financial or other advice. It does not have regard to the specific investment objective, financial situation, suitability, or the particular need of any specific person who may receive the Investment Manager's Report and should not be taken as advice on the merits of any investment decision. The views expressed in the Investment Manager's Report represent the opinions of Trian Investors Management, LLC (the "Investment Manager") and its parent, Trian Fund Management, L.P. (collectively, "Trian") and are based on publicly available information with respect to Ferguson and the other companies referred to therein. Trian recognises that there may be confidential information in the possession of Ferguson and the other companies discussed in the Investment Manager's Report that could lead such companies to disagree with Trian's conclusions. Trian does not endorse third-party estimates or research which are used in the Investment Manager's Report solely for illustrative purposes.

Select figures presented in the Investment Manager's Report, including investment values, have not been calculated using generally accepted accounting principles ("GAAP") or International Financing Reporting Standards ("IFRS") and have not been audited by independent accountants. Such figures may vary from GAAP or IFRS accounting in material respects and there can be no assurance that the unrealised values reflected in the Investment Manager's Report will be realised. Nothing in the Investment Manager's Report is intended to be a prediction of the future trading price or market value of securities of Ferguson or the Company. There is no assurance or guarantee with respect to the prices at which any securities of Ferguson or the Company will trade, and such securities may not trade at prices that may be implied in the Investment Manager's Report. The estimates, projections, pro forma information and potential impact of Trian's analyses set forth in the Investment Manager's Report are based on assumptions that Trian believes to be reasonable as of the date of the Investment Manager's Report, but there can be no assurance or guarantee that actual results or performance of Ferguson or the Company will not differ, and such differences may be material. The Investment Manager's Report does not recommend the purchase or sale of any security.

The Investment Manager's Report is based upon information reasonably available to Trian as of the date of the Report. Furthermore, the information, which includes information and data used and derived or obtained from filings made with regulatory authorities and from other public filings and third party reports, has been obtained from sources that Trian believes to be reliable; however, these sources cannot be guaranteed as to their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information contained in the Invest Manager's Report, by Trian or any of its affiliates or its or their respective partners, members, or employees, and no liability is accepted by such persons for the accuracy or completeness of any such information. Trian reserves the right to change any of its opinions expressed in the Investment Manager's Report at any time as it deems appropriate. Trian disclaims any obligation to update the data, information or opinions contained in the Investment Manager's Report.

Investment Manager’s Report Disclosure Statements and Disclaimers

(continued)

Forward Looking Statements

The Investment Manager’s Report contains forward-looking statements. All statements contained in the Investment Manager’s Report that are not clearly historical in nature or that necessarily depend on future events are forward-looking, and the words “anticipate,” “believe,” “expect,” “estimate,” “plan” and similar expressions are generally intended to identify forward-looking statements. The statements contained in the Investment Manager’s Report that are not historical facts are based on current expectations, speak only as of the date of the Investment Manager’s Report and involve risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such statements. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of Trian. Although Trian believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in the Investment Manager’s Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included in the Investment Manager’s Report, the inclusion of such information should not be regarded as a representation as to future results or that the objectives and plans expressed or implied by such forward-looking statements will be achieved. Trian will not undertake and specifically declines any obligation to disclose the results of any revisions that may be made to any forward-looking statements in the Investment Manager’s Report to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Not an Offer to Sell or a Solicitation of an Offer to Buy

Under no circumstances is the Investment Manager’s Report intended to be, nor should it be construed as, an offer to sell or a solicitation of an offer to buy any security. The funds managed by Trian are in the business of trading -- buying and selling -- securities. It is possible that there will be developments in the future that cause one or more of such funds from time to time to either purchase or sell shares of Ferguson in open market transactions or otherwise or trade in options, puts, calls, contracts for difference or other derivative instruments relating to such shares. Consequently, Trian’s beneficial ownership of Ferguson’s shares may vary over time depending on various factors, with or without regard to Trian’s views of Ferguson’s business, prospects or valuation (including the market price of Ferguson’s ordinary shares), including without limitation, other investment opportunities available to Trian, concentration of positions in the portfolios managed by Trian, conditions in the securities markets and general economic and industry conditions. Trian also reserves the right to take any actions with respect to any investments in Ferguson as it may deem appropriate, including, but not limited to, communicating with the management of Ferguson, the board of directors of Ferguson, other investors and shareholders, members, stakeholders, industry participants, and/or interested or relevant parties about Ferguson or seeking representation on the board of directors of Ferguson, and to change its intentions with respect to any investments made in Ferguson at any time.

General Information

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Mark Thompson
Simon Holden

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