

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Half-year report for the six months
ended 30 September 2018

Contents

	Page
Financial Highlights	2
Investment Objective	2
Investment Policy	2
Performance	3
Chairman's Statement	4
Investment Manager's Report	6
Income Statement	8
Statement of Changes in Equity	10
Statement of Financial Position	11
Cash Flow Statement	12
Notes to the Financial Statements	13
Interim Management Report	17
Directors' Responsibility Statement	17
Portfolio Holdings	18
Analysis of Investment Portfolio	19
Appendix 1 – Half year review of Lindsell Train Limited	20
Company Information	23

Financial Highlights

Performance comparisons 1 April 2018 – 30 September 2018	Change
Middle market share price per Ordinary Share*	17.4%
Net asset value per Ordinary Share*	15.6%
Benchmark†	2.0%
MSCI World Index (Sterling)	14.9%
UK RPI Inflation (all items)	2.1%

* Calculated on a total return basis. The net asset value and the share price at 30 September 2018 has been adjusted to include the ordinary dividend of £21.29 per share and a special dividend of £0.51 per share paid on 7 September 2018.

† The annual average running yield of the longest-dated UK government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4%.

Source: Bloomberg/Maitland Administration Services Limited

Investment Objective

The objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital.

Investment Policy

The Investment Policy of the Company is to invest:

- in a wide range of financial assets including equities, unquoted equities, bonds, funds, cash and other financial investments globally with no limitations on the markets and sectors in which investment may be made, although there may be a bias towards Sterling assets consistent with a Sterling-dominated investment objective. The Directors expect that the flexibility implicit in these powers will assist in the achievement of the absolute returns that the investment objective requires;
- in Lindsell Train managed fund products, subject to Board approval, up to 25% of its gross assets; and
- in Lindsell Train Limited (“LTL”) and to retain a holding, currently 24.23%, in order to benefit from the growth of the business of the Company’s Investment Manager.

Diversification

The Company expects to invest in a concentrated portfolio of securities with the number of equity investments averaging fifteen companies. The Company will not make investments for the purpose of exercising control or management and will not invest in securities of or lend to any one company (or other members of its group) more than 15% by value of its gross assets at the time of investment. The Company will not invest more than 15% of gross assets in other closed-ended investment funds.

Gearing

The Directors have discretion to permit borrowings up to 50% of the Company’s Net Asset Value. However, the Directors have decided that it is in the Company’s best interests not to use gearing. This is in part a reflection of the increasing size and risk associated with the Company’s unquoted investment in LTL, but also in response to the additional administrative burden required to adhere to the full scope regime of the Alternative Investment Fund Managers Directive (“AIFMD”).

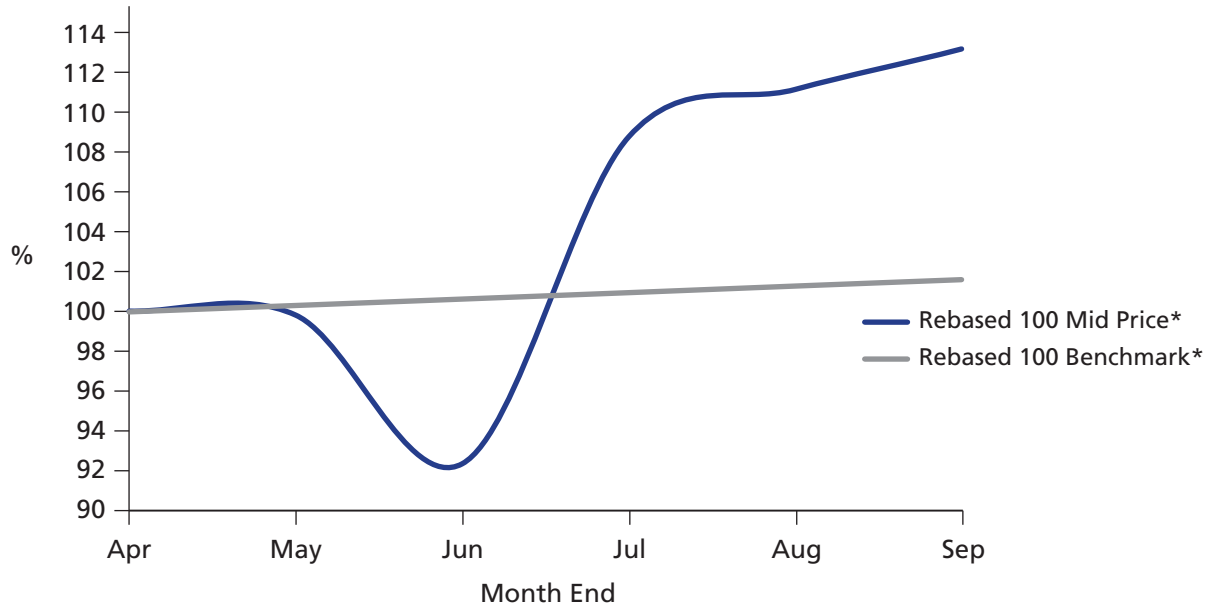
Dividends

The Directors’ policy is to pay annual dividends consistent with retaining the maximum permitted earnings in accordance with investment trust regulations.

The composition of the portfolio as at 30 September 2018, which may be changed at any time at the discretion of the Investment Manager within the confines of the policy stated above, is shown on pages 18 to 19.

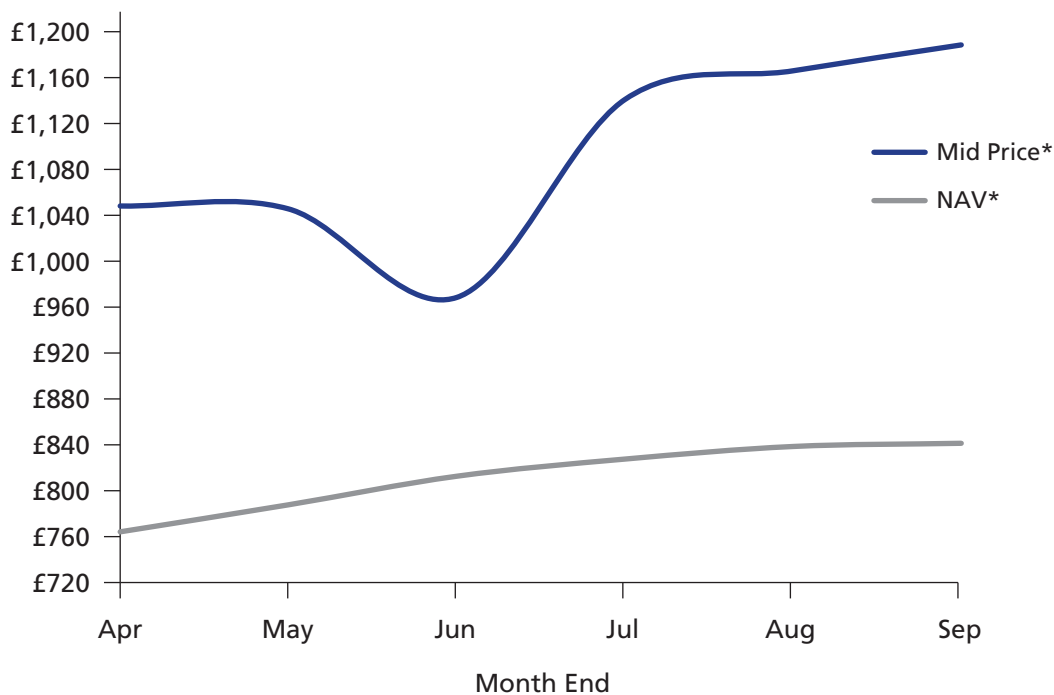
Performance

**Share price performance relative to the Benchmark
from 1 April 2018 to 30 September 2018**
(based on total performance with reinvested net dividend)



* Figures are rebased to show the performance per £100 invested.

**Share price performance and net asset value
from 1 April 2018 to 30 September 2018**
(share price performance relative to net asset value)



* Actual NAV and share price are unadjusted for the payment of the dividend.

Source: Bloomberg and Lindsell Train Limited

Chairman's Statement

The Company continued to prosper to the end of September, with a total return on its net asset value ('NAV') of 15.6% for the first six months of the current financial year. This compared favourably to both the rise in its benchmark (2.0%) and the performance of world markets, as measured by the MSCI World Index, up 14.9%. The share price was up 17.4% and continued to trade significantly above NAV, ending September at a 41% premium.

The valuation of the Company's largest holding, Lindsell Train Limited ('LTL'), was up 23.4% over the six months and contributed most to performance. The holding represented 45% of total net assets at 30 September, increasing its sway over the affairs of the Company. LTL's funds under management ('FUM') were up from £13.4bn to £16.1bn over the six months. The bulk of the increase occurred in LTL pooled funds which now make up 73% of LTL's FUM. The Lindsell Train Global Equity LLC, designed specifically for US investors, more than doubled in size to just under \$200m – an encouraging sign, as LTL has for some years looked to expand its institutional client base in the US beyond the handful of segregated accounts it already manages. Positive fund flows have been helped by strong performance in the first half of this year following on from competitive historical returns.

This increase in FUM is gradually leading to a requirement to expand the LTL team to support the growth in the business. LTL employed 16 staff three years ago, employs 17 today and plans to expand its numbers to 20 by the end of March, including an additional graduate for the investment team. There is an important balance to achieve here. The imperative is to ensure that LTL is sufficiently resourced at all times; but there is no doubt that more staff equals more complexity, something that LTL has deliberately avoided to its benefit over the years.

Your Board monitors quoted fund management company valuations and dividend yields as a check on the validity of the valuation of LTL. The valuation attributed to LTL may have risen by almost a quarter over the six months to September but it is interesting to note that the prices of larger quoted fund management companies have fallen, some by more than a quarter. This reflects, among other factors, the growth in passive management at the expense of active, poor prospects for bond products in times of rising rates and pressures on fees. LTL's funds are the antithesis of passive and have generated superior long-term returns to the Index, so they should be less affected by the trend to indexation. Also, LTL offers equity strategies only and its fees are competitive. Nevertheless the poor share price performance of the quoted fund management companies is indicative of pressures on the industry, which the Board constantly monitors. I mention this as we are alert to the changing dynamics of the industry to ensure the appropriateness of the LTL valuation formula going forward.

There are a number of investments in the Company where, to avoid a conflict of interest, the responsibility for buying and selling shares or units is the Board's rather than the Manager's. This includes all investments in Lindsell Train managed funds where, to avoid double charging, the management fees charged on the value of the three holdings are rebated, since LTL already earns a fee within the funds. The LTL holding itself is also the responsibility of the Board rather than the Manager. Here LTL earns an annual management fee proportionate to its value in reward for LTL's successful stewardship of a business that has contributed materially to the Company's performance over the years. The rise in the value of the Lindsell Train managed funds has contributed to performance fees in recent years, but it is the 343% rise in LTL's valuation that has been the overwhelming contributor since the end of March 2014.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

This year so far is no exception as the Company's NAV calculation to the end of September already includes a £1.2m provision for a performance fee for the current financial year. Over the last two years it has been necessary to sell investments to fund the payment of the performance fee. This does not necessarily happen every year but as the performance fee is paid out of capital, the Company's annual revenues may be insufficient to pay its costs and to fund the Company's dividend commitment. As a result, in the last year we sold shares in the Lindsell Train Japanese Equity Fund. This also continued a general policy of reducing holdings in Lindsell Train funds once the funds have reached critical mass.

Since the end of September global stock markets and LTL's portfolios have fallen in value. If sustained, this will have an impact on LTL's valuation from the end of November and, due to LTL's high weighting within the Company's portfolio, on the Company's NAV. If this malign trend continues it will have a detrimental effect on LTL's profitability and, in time, on its dividend. With this in mind I reiterate once again my warnings to new investors to be aware of the dangers of buying the Company's shares at an elevated premium to NAV.

Following the retirement of Michael Mackenzie at the AGM, I am delighted that the Board has appointed Nick Allan and Richard Hughes as Directors of the Company.

Julian Cazalet

Chairman

21 November 2018

Investment Manager's Report

I received an interesting letter from an investor over the summer. In it he shared with us a quotation from a speech given by Fidelity's Peter Lynch – one of the all-time investment greats. Here it is:

“McDonald's was up 10-fold after IPO but it was only in 18% of countries. Then it gets to 30% and the stock is up 30-fold. You have to know what innings you're in. There were more post offices in California than there were McDonald's restaurants. People missed the overseas potential too... Are you in the 3rd innings of a ball game that might last 20 years?”

Just to confirm the veracity and power of the anecdote I checked McDonald's share price history as far back as Bloomberg will go – which is 38 years (the actual IPO was 1965). On 29 August 1980 McDonald's traded at \$1.10. As I write this Report the stock stands at \$177.33. The shares have a dividend yield at today's price of over 2.5%, suggesting that there has been a decent income return on top of that 161-fold capital gain – adding a cherry to the icing on the Big Mac bun.

Peter Lynch was famous for his tenacity in holding onto growing companies and thereby delivering “baggers” to his investors – shares that multiply many, many times over their initial purchase price. Now everyone, including Peter Lynch, knows that having the patience and fortitude to hang on to such winners is difficult. Not only do you have to hold for many, many years and that is challenging – intellectually and emotionally. In addition, the truth is it was only obvious in hindsight that McDonald's was going to become a 100-bagger and more. Every single trading day for 38 years someone could have offered a plausible reason to sell and probably did. What's more there was also plenty of extraneous market noise and volatility to unnerve you and shake you out of the stock.

But the even more difficult aspect of investing in the way Peter Lynch proposes – certainly most difficult for a professional investor who has to report regularly to smart clients – is how to justify the valuation on the way. For instance, by the start of 1990 McDonald's was trading at over \$8 – an 8-bagger since 1980. Historic earnings were \$0.48, for a P/E of 18x. I imagine in early 1990 there was prolonged discussion in institutional investment meetings about what the right P/E should be for McDonald's and whether 18x wasn't a bit rich – especially for a stock that had already done so well.

Of course – with hindsight – we can now be sure that any debate about the valuation of McDonald's in 1990 was more or less irrelevant. It could have been valued on over 50x and even at that rating it would still have performed in line with the S&P 500 through to today. (The S&P rose 7.5x between 1990 and 2018 and McDonald's 22x – nearly 3x as much. Therefore McDonald's could have been nearly 3x more expensive in 1990 and still performed in line.) And any quibbling about the valuation that actually encouraged a sale of the stock was downright ruinous.

Yet we all know that the credibility of the investment professional who argues that such and such stock is overvalued on 18x is often higher than that of the investor who counters along the following lines: “I don't know what the right rating or price is for McDonald's today, I just think the business has a lot of growth ahead of it and that we should hang on and just ignore the valuation, except in extremis”; because the sceptic appears to have exactitude on their side and the optimist sounds woolly. But exactitude is dangerous in investment, because the future is not amenable to exact forecasting. Moreover it is that which is not known (and, indeed, that which is essentially unknowable) that delivers the real long-term value.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

You will probably have guessed why I've tabled this discussion at the start of a regular six monthly update about the investment affairs of your Company. It's because another period has passed without us doing anything substantive for the portfolio. And I find myself repeating the idea in the previous paragraph. We're not certain what the "correct" ratings should be for Diageo or PayPal or RELX (or any of the other portfolio holdings) today, but we do think that each has an unquantifiable but material growth opportunity ahead of it that justifies us hanging on to their shares and not paying too much mind to the valuations, within reason.

In short we too are hoping to deliver individual stock baggers to shareholders and to extend your Company's history of bagging itself (up nearly 12-fold since 2001). Hanging on to winners and certainly not selling out of them for arbitrary reasons seems to us to give us the best shot at doing that.

Nick Train

Lindsell Train Limited – Investment Manager

21 November 2018

Income Statement

		Six months ended 30 September 2018 Unaudited		
	Notes	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss		–	20,820	20,820
Exchange gains on currency		–	5	5
Income	2	4,411	–	4,411
Investment management fees	3	(476)	(1,227)	(1,703)
Other expenses	4	(261)	–	(261)
Net return before finance costs and tax		3,674	19,598	23,272
Interest payable and similar charges		–	–	–
Return before tax		3,674	19,598	23,272
Tax	5	(24)	–	(24)
Return after tax for the financial period		3,650	19,598	23,248
Return per Ordinary Share	6	£18.25	£97.99	£116.24

All revenue and capital items in the above statement derive from continuing operations.

The total columns of this statement represent the profit and loss accounts of the Company. The revenue and capital columns are supplementary to this and are prepared under the guidance published by the Association of Investment Companies.

The Company does not have any other recognised gains or losses. The net return for the period disclosed above represents the Company's total comprehensive income.

No operations were acquired or discontinued during the period.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

	Six months ended 30 September 2017 Unaudited			Year ended 31 March 2018 Audited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
–	20,589	20,589	–	32,469	32,469	
–	11	11	–	9	9	
3,472	–	3,472	6,505	–	6,505	
(387)	(1,398)	(1,785)	(818)	(2,827)	(3,645)	
(194)	(1)	(195)	(370)	(1)	(371)	
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2,891	19,201	22,092	5,317	29,650	34,967	
–	–	–	(1)	–	(1)	
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2,891	19,201	22,092	5,316	29,650	34,966	
(17)	–	(17)	(33)	–	(33)	
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2,874	19,201	22,075	5,283	29,650	34,933	
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£14.37	£96.01	£110.38	£26.42	£148.25	£174.67	

Statement of Changes in Equity

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the six months ended					
30 September 2018 (unaudited)					
At 31 March 2018	150	19,850	121,078	8,338	149,416
Return after tax for the financial period	–	–	19,598	3,650	23,248
Dividends paid	–	–	–	(4,360)	(4,360)
At 30 September 2018	150	19,850	140,676	7,628	168,304

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the six months ended					
30 September 2017 (unaudited)					
At 31 March 2017	150	19,850	91,428	6,215	117,643
Return after tax for the financial period	–	–	19,201	2,874	22,075
Dividends paid	–	–	–	(3,160)	(3,160)
At 30 September 2017	150	19,850	110,629	5,929	136,558

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2018					
(audited)					
At 31 March 2017	150	19,850	91,428	6,215	117,643
Return after tax for the financial period	–	–	29,650	5,283	34,933
Dividends paid	–	–	–	(3,160)	(3,160)
At 31 March 2018	150	19,850	121,078	8,338	149,416

Statement of Financial Position

	Note	30 September 2018 Unaudited £'000	30 September 2017 Unaudited £'000	31 March 2018 Audited £'000
Fixed assets				
Investments held at fair value through profit or loss		<u>168,770</u>	<u>137,192</u>	<u>148,950</u>
Current assets				
Other receivables		247	231	263
Cash at bank		<u>651</u>	<u>644</u>	<u>3,163</u>
		898	875	3,426
Creditors: amounts falling due within one year				
Other payables		<u>(1,364)</u>	<u>(1,509)</u>	<u>(2,960)</u>
		(1,364)	(1,509)	(2,960)
Net current (liabilities)/assets		<u>(466)</u>	<u>(634)</u>	<u>466</u>
Net assets		<u>168,304</u>	<u>136,558</u>	<u>149,416</u>
Capital and reserves				
Called up share capital		150	150	150
Special reserve		<u>19,850</u>	<u>19,850</u>	<u>19,850</u>
		20,000	20,000	20,000
Capital reserve		140,676	110,629	121,078
Revenue reserve		<u>7,628</u>	<u>5,929</u>	<u>8,338</u>
Total shareholders' funds		<u>168,304</u>	<u>136,558</u>	<u>149,416</u>
Net asset value per Ordinary Share	7	£841.52	£682.79	£747.08

Cash Flow Statement

	Six months ended 30 September 2018 Unaudited £'000	Six months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Operating Activities			
Net return before finance costs and tax	23,272	22,092	34,966
Gains on investments held at fair value	(20,820)	(20,589)	(32,469)
Gains on exchange movements	(5)	(11)	(9)
Decrease in other receivables	14	6	1
Decrease/(increase) in accrued income	–	36	(1)
(Decrease)/increase in other payables	(1,596)	(1,425)	26
Purchase of investments held at fair value	–	(970)	(970)
Sale of investments held at fair value	1,003	3,000	3,119
Net cash inflow from operating activities before interest and taxation	1,868	2,139	4,663
Interest paid	–	–	(1)
Taxation on investment income	(25)	(23)	(25)
Net cash inflow from operating activities	1,843	2,116	4,637
Financing activities			
Equity dividends paid	(4,360)	(3,160)	(3,160)
Net cash outflow from financing activities	(4,360)	(3,160)	(3,160)
(Decrease)/increase in cash and cash equivalents	(2,517)	(1,044)	1,477
Cash and cash equivalents at beginning of period	3,163	1,677	1,677
Gains on exchange movements	5	11	9
Cash and cash equivalents at end of period	651	644	3,163

Notes to the Financial Statements

1 Accounting policies

The financial statements of the Company have been prepared under the historical cost convention modified to include the revaluation of fixed assets in accordance with United Kingdom law and Accounting Standards and with the Statement of Recommended Practice (“SORP”) “Financial Statements of Investment Trust Companies and Venture Capital Trusts”, issued by the Association of Investment Companies (issued November 2014 and updated in February 2018 with consequential amendments) to comply with the revised reporting standard.

The accounting policies and methods of computation followed in this half-year report are consistent with the most recent annual statements.

After considering a schedule of the Company’s current financial resources and liabilities for the next twelve months, and as the majority of the net assets of the Company are securities which are traded on recognised stock exchanges, the Directors have determined that its resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis. The Company does not have a fixed life.

2 Income	Six months ended 30 September 2018 Unaudited £’000	Six months ended 30 September 2017 Unaudited £’000	Year ended 31 March 2018 Audited £’000
Income from investments			
Overseas dividends	211	141	309
UK dividends			
– Lindsell Train Limited	3,392	2,523	5,072
– Other UK dividends	808	808	1,124
	4,411	3,472	6,505
3 Investment management fees	Six months ended 30 September 2018 Unaudited £’000	Six months ended 30 September 2017 Unaudited £’000	Year ended 31 March 2018 Audited £’000
Investment management fee	518	418	885
Manager’s performance fee – charged to capital	1,227	1,398	2,827
Rebate of investment management fee	(42)	(31)	(67)
Total management fee	1,703	1,785	3,645

Notes to the Financial Statements continued

4 Other expenses	Six months ended 30 September 2018 Unaudited £'000	Six months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Directors' emoluments	49	47	96
Administration fee	40	40	80
Auditor's remuneration for:			
– audit of the financial statements of the Company	13	13	21
Tax Compliance fee	2	2	4
Provision for VAT written off	24	16	–
Other*	133	76	169
	<hr/>	<hr/>	<hr/>
	261	194	370
Capital charges	–	1	1
	<hr/>	<hr/>	<hr/>
	261	195	371
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* Includes registrar's fees, printing fees, AIFM fees, marketing fees, safe custody fees, London Stock Exchange/FCA fees, Key Man and Directors' and Officers' liability insurance, Employer's National Insurance and consultancy fees.

5 Effective rate of tax

The effective rate of tax reported in the revenue column of the income statement for the six months ended 30 September 2018 is 0.65% (year ended 31 March 2018: 0.62% and six months ended 30 September 2017: 0.59%), based on revenue profit before tax of £3,674,000 (year ended 31 March 2018: £5,316,000 and six months ended 30 September 2017: £2,891,000). This differs from the standard rate of tax, 19% (year ended 31 March 2018 and six months ended 30 September 2017: 19%) as a result of revenue not taxable for Corporation Tax purposes.

Notes to the Financial Statements continued

6 Return per Ordinary Share	Six months ended 30 September 2018 Unaudited	Six months ended 30 September 2017 Unaudited	Year ended 31 March 2018 Audited
Return per Ordinary Share	£23,248,000	£22,075,000	£34,933,000
Weighted average number of Ordinary Shares in issue during the period	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Return per Ordinary Share	<u>£116.24</u>	<u>£110.38</u>	<u>£174.67</u>

The return per Ordinary Share detailed above can be further analysed between revenue and capital, as below:

Revenue return per Ordinary Share			
Revenue return	£3,650,000	£2,874,000	£5,283,000
Weighted average number of Ordinary Shares in issue during the period	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Revenue return per Ordinary Share	<u>£18.25</u>	<u>£14.37</u>	<u>£26.42</u>
Capital return per Ordinary Share			
Capital return	£19,598,000	£19,201,000	£29,650,000
Weighted average number of Ordinary Shares in issue during the period	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Capital return per Ordinary Share	<u>£97.99</u>	<u>£96.01</u>	<u>£148.25</u>

7 Net asset value per Ordinary Share	Six months ended 30 September 2018 Unaudited	Six months ended 30 September 2017 Unaudited	Year ended 31 March 2018 Audited
Net assets attributable	£168,304,000	£136,558,000	£149,416,000
Ordinary Shares in issue at the period end	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Net asset value per Ordinary Share	<u>£841.52</u>	<u>£682.79</u>	<u>£747.08</u>

8 Valuation of financial instruments

The Company's investments and derivative financial instruments as disclosed in the Statement of Financial Position are valued at fair value.

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

Notes to the Financial Statements continued

8 Valuation of financial instruments (continued)

The tables below set out fair value measurements of financial instruments as at the year end by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets/liabilities at fair value through profit or loss

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 30 September 2018				
Equity investments	87,395	4,453	76,922	168,770
	87,395	4,453	76,922	168,770
At 30 September 2017				
Equity investments	79,322	3,352	54,518	137,192
	79,322	3,352	54,518	137,192
At 31 March 2018				
Equity investments	82,917	3,687	62,346	148,950
	82,917	3,687	62,346	148,950

Note: Within the above tables, the entirety of level 1 comprises all the Company's ordinary investments, level 2 represents the investment in Lindsell Train Global Equity LLC and level 3 represents the investment in LTL, including the one share in LTL against which an option has been granted.

The valuation of the investment in LTL derives from a formula created after taking advice from an expert in the sector and was reviewed in March by professional advisors. The formula uses a simple average of two different components:

- 1.5% of LTL's most recent funds under management; and
- LTL's net earnings (adjusted for a notional increase in staff costs to 45% of revenues excluding performance fees) calculated on a three month rolling basis, one month in arrears and annualised, divided by the annual average running yield on the longest dated UK government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4% plus an equity risk premium of 4.5%.

The valuation of LT Global Equity LLC is based on the net asset value of the Fund. The net asset value of LT Global Equity Fund LLC is calculated on a monthly basis being the last New York (USA) business day of each month. The NAV of the Fund is the mid closing price of its investment plus other assets held by the Fund less operating expenses, accrued liabilities and the management fee. The Board reserves the right to vary their valuation methodologies at its discretion.

9. It is the intention of the Directors to conduct the affairs of the Company so that the Company satisfies the conditions for approval as an Investment Trust Company set out in Sections 1158/1159 of the Corporation Tax Act 2010.

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the UK Listing Authority's Disclosure and Transparency Rules 4.2.3 to 4.2.11. They consider that the Chairman's Statement and the Investment Manager's Report on pages 4 to 5 of this half-year report, the following statement on related party transactions and the Directors' Responsibility Statement below together constitute the Interim Management Report for the Company for the six months ended 30 September 2018.

The Directors confirm that no related party transactions were undertaken by the Company in the first six months of the current financial year and that there have been no changes to the related party disclosures set out in the Annual Report of the Company for the year ended 31 March 2018.

The Directors do not expect the principal risks and uncertainties as described in detail within the last Annual Report and Accounts to change during the remaining six months of the financial year.

The half-year report for the six months ended 30 September 2018 has not been reviewed by the Company's auditor, PricewaterhouseCoopers LLP.

Directors' Responsibility Statement

The Directors listed at the back of this half-year report confirm that to the best of their knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the Company for the period ended 30 September 2018;
- (b) the Interim Management Report includes a fair review, as required by Disclosure and Transparency Rule 4.2.7 R, of important events that have occurred during the first six months of the financial year, their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- (c) the Interim Management Report includes a fair review of the information concerning related party transactions as required by Disclosure and Transparency Rule 4.2.8 R.

The half-year report was approved by the Board on 21 November 2018 and the above Responsibility Statement was signed on its behalf by:

Julian Cazalet
Chairman

Portfolio Holdings at 30 September 2018

(All ordinary shares unless otherwise stated)

Holding	Security	Fair value £'000	% of total assets	Look-through basis: % of total assets†
645	Lindsell Train Limited	76,879	45.68	45.68
1	Lindsell Train Limited*	43	0.02	0.02
41,000	Nintendo	11,476	6.82	7.25
420,500	Diageo	11,433	6.79	7.21
246,500	London Stock Exchange	11,302	6.72	7.03
1,263,393	A.G. Barr	9,097	5.41	5.45
210,000	Unilever	8,854	5.26	5.68
101,000	PayPal	6,803	4.04	4.17
323,000	RELX	5,215	3.10	3.44
3,288,767	Lindsell Train Japanese Equity Fund – B	5,141	3.05	2.78
73,000	Heineken	5,072	3.01	3.31
295,965	Lindsell Train Global Equity LLC	4,453	2.65	1.18
420,000	Finsbury Growth & Income Trust	3,427	2.04	0.89
96,552	Mondelez International	3,181	1.89	2.18
300,000	Pearson	2,670	1.59	1.73
74,400	eBay	1,883	1.12	1.19
18,879	Laurent-Perrier	1,841	1.09	1.09
	Total investments	168,770	100.28	100.28
	Net current liabilities	(466)	(0.28)	(0.28)
	Total assets	168,304	100.00	100.00

† Look-through basis: This adjusts the percentages held in each security upwards by the amount held in LTL managed funds and adjusts the fund's holdings downwards to account for the overlap. It provides Shareholders with a measure of stock specific risk by amalgamating the direct holdings of the Company with the indirect holdings held within the LTL funds.

* Granted as an option, exercisable from 31/03/2019 until 31/03/2026.

Leverage

We detail below the balance sheet positions of the Funds managed by LTL as at 30 September 2018:

Fund	Net equity exposure
Lindsell Train Global Equity LLC	93.84%
Lindsell Train Japanese Equity Fund	95.68%
Finsbury Growth & Income Trust	101.40%

Analysis of Investment Portfolio at 30 September 2018

Breakdown by location of listing (look-through basis)^

	30 September 2018	31 March 2018
Japan	10%	13%
Europe	4%	5%
UK*	77%	74%
USA	9%	8%
Cash and equivalents	0%	0%
	<u>100%</u>	<u>100%</u>

Breakdown by location of underlying company revenues (look-through basis)^

Japan	4%	5%
Europe	11%	11%
UK**	55%	52%
USA**	17%	18%
Emerging	13%	14%
Cash and equivalents	0%	0%
	<u>100%</u>	<u>100%</u>

Breakdown by sector (look-through basis)^

Consumer franchises	27%	29%
Financials*	53%	49%
Media	19%	21%
Healthcare	1%	1%
Cash and equivalents	0%	0%
	<u>100%</u>	<u>100%</u>

* LTL accounts for 44% and is not listed.

** LTL accounts for 93% of the UK figure and 2% of the US figure.

^ Look-through basis: This adjusts the percentages held in each asset class, country or currency by the amount held by LTL managed funds. It provides Shareholders with a more accurate measure of country and currency exposure by aggregating the direct holdings of the Company with the indirect holdings held by the LTL funds.

Appendix 1

Half year review of Lindsell Train Limited ('LTL')

The Manager of The Lindsell Train Investment Trust

Funds under management

	Jul 2018 £m	Jan 2018 £m	Jul 2017 £m
FUM by strategy:			
UK	8,368	7,199	6,366
Global	6,502	5,694	4,735
Japan	434	286	225
Total	15,304	13,179	11,326

Largest client accounts

	Jul 2018 % of FUM	Jan 2018 % of FUM	Jul 2017 % of FUM
Largest pooled fund asset	37%	36%	36%
Largest segregated account	9%	9%	10%

Financials for six months to the end of July

	Jul 2018 £	Jul 2017 £	% Change
Profit and loss			
Fee revenues:			
Investment management fees	35,251,013	25,311,141	39%
Performance fees	2,827,190	2,819,626	0%
Bank interest	76,287	19,110	
	38,154,490	28,149,877	
Staff remuneration*	(13,619,507)	(10,745,863)	27%
Fixed overheads	(1,141,226)	(737,756)	55%
Foreign exchange currency translation gain/(loss)	221,428	(232,887)	
Operating profit	23,615,185	16,433,371	44%
Taxation	(4,486,885)	(3,286,674)	
Net profit	19,128,300	13,146,697	45%
Dividends	(13,996,500)	(10,397,400)	
Retained profit	5,131,800	2,749,297	
Capital and reserves			
Called up share capital	266,600	266,600	
Profit and loss account	39,415,060	27,307,163	
Shareholders' funds	39,681,660	27,573,763	
Balance Sheet			
Fixed Assets	50,074	63,702	
Current assets (inc cash at bank)	48,237,964	34,375,841	
Liabilities	(8,606,378)	(6,865,781)	
Net assets	39,681,660	27,573,763	

* No more than 25% of fees (other than LTIT fees) can be paid as staff remuneration. Employer National Insurance costs are excluded from this limit.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Five Year History of Key Business Measures

	Jul 2018	Jul 2017	Jul 2016	Jul 2015	Jul 2014
For six months to the end of July					
Operating Margin	62%	58%	65%	57%	63%
Earnings per share (£)	7,175	4,931	3,353	2,447	1,595
Dividends per share (£)	5,250	3,900	2,850	1,570	1,050
Total Staff Cost as % of Revenue	36%	38%	30%	38%	33%

For twelve months to the end of July

Opening FUM (in £ million)	11,326	8,045	5,758	3,897	3,165
Changes in FUM (in £ million)	3,978	3,281	2,287	1,861	732
– of market movement	2,044	1,530	979	1,053	93
– of net new fund inflows	1,934	1,751	1,308	808	639
Closing FUM (in £ million)	15,304	11,326	8,045	5,758	3,897
Open ended funds as % of total	72%	64%	57%	48%	42%

Client Relationships

Pooled funds	4	4	4	4	3
Separate accounts	17	16	16	16	15

Ownership

	Jul 2018	Jan 2018	Jul 2017
Michael Lindsell and spouse	967	968	968
Nick Train and spouse	967	968	968
Lindsell Train Investment Trust plc	646	647	647
Other Directors/employee	86	83	83
	2,666	2,666	2,666

Board of Directors

Nick Train	Chairman and Portfolio Manager
Michael Lindsell	Chief Executive and Portfolio Manager
Michael Lim	Chief Operating Officer
Jane Orr	Head of Client Servicing & Marketing
James Alexandroff	Non-Executive

Employees

	Jul 2018	Jan 2018	Jul 2017
Investment Team (inc. 3 Portfolio Managers)	5	5	5
Client Servicing & Marketing	4	4	4
Operations & Administration	8	7	7
Total number of employees	17	16	16

Appendix 1

continued

Company Valuation

	Jul 2018 £	Jan 2018 £
Funds under management excluding LTIT holdings	15,310,551,593	13,144,820,310
<i>Valuation based on 1.5% of funds under management (A)</i>	<u>229,658,274</u>	<u>197,172,305</u>
Annualised revenue ex performance fee	72,099,759	63,224,254
Notional staff costs (45%)	(32,444,891)	(28,459,914)
Annualised interest income	165,969	73,922
Annual operating costs	(2,253,225)	(1,739,749)
Notional tax	(7,137,846)	(6,623,702)
Notional post tax earnings	<u>30,429,765</u>	<u>26,494,811</u>
Benchmark [†]	4.0%	4.0%
Equity risk premium	4.5%	4.5%
Total yield plus premium	8.5%	8.5%
<i>Valuation of Company (earnings base) (B)</i>	<u>357,997,240</u>	<u>311,703,647</u>
<i>Shares in issue (C)</i>	2,666	2,666
Average valuation per share ((A+B)/2)/C = Price £	110,213	95,438

[†]As defined on page 2.

Company Information

Directors

Julian Cazalet (Chairman)
Nicholas Allan (appointed 18.09.18)
Vivien Gould
Richard Hughes (appointed 18.09.18)
Rory Landman
Michael Lindsell

Investment Manager

Lindsell Train Limited
5th Floor
66 Buckingham Gate
London
SW1E 6AU
Tel: 020 7808 1210
(Authorised and Regulated by the
Financial Conduct Authority)

Company Secretary and Registered Office

Maitland Administration Services Limited
Springfield Lodge
Colchester Road
Chelmsford
Essex
CM2 5PW
Tel: 01245 398950
www.maitlandgroup.com
email: cosec@maitlandgroup.co.uk

Registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
*Calls cost 10p per minute plus network extras
(from outside the UK: +44 208 639 3399)*

Solicitor

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Independent Auditors

PricewaterhouseCoopers LLP
Atria One, 144 Morrison Street
Edinburgh
EH3 8EX

Broker

JP Morgan Cazenove Ltd
25 Bank Street
Canary Wharf
London
E14 5JP

Custodian

Northern Trust Company
50 Bank Street
Canary Wharf
London
E14 5NT

Shareholder relations

The Company's Ordinary share price is listed daily in the Financial Times.
For further information visit: www.lindselltrain.com and follow the links.

Individual Savings Account ("ISA")

The Company's shares are eligible to be held in an ISA account subject to HM Revenue & Customs' limits.

Website

The Company's internet website is located at:
www.lindselltrain.com
Registered in England, No: 4119429

