

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Half-year report for the six months
ended 30 September 2019

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Financial Highlights

Performance comparisons 1 April 2019 – 30 September 2019	Change
Middle market share price per Ordinary Share*	-4.7%
Net asset value per Ordinary Share*	23.4%
Benchmark†	2.0%
MSCI World Index (Sterling)	10.6%
UK RPI Inflation (all items)	2.1%

* Calculated on a total return basis. The net asset value and the share price at 30 September 2019 has been adjusted to include the ordinary dividend of £27.87 per share and a special dividend of £1.63 per share paid on 9 September 2019.

† The annual average running yield of the longest-dated UK government fixed rate bond, currently UK Treasury 1½% 2071, 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 24.19%, 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”).

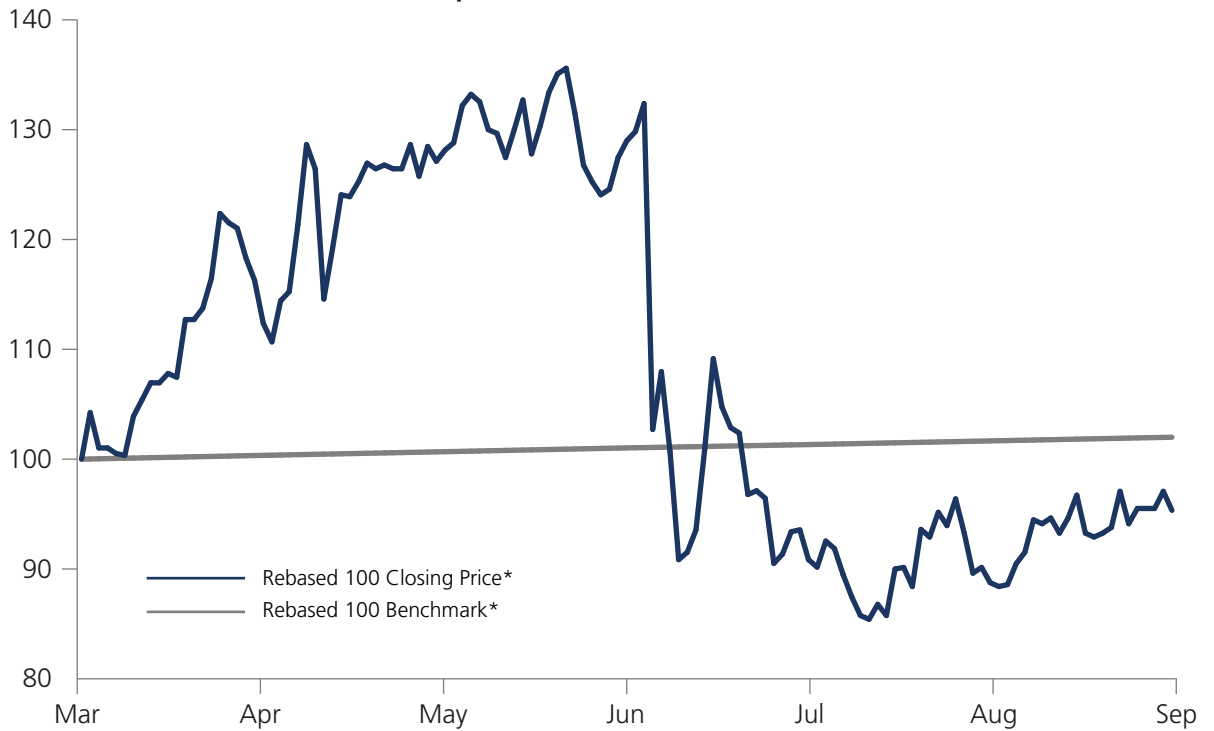
Dividends

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 2019, 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.

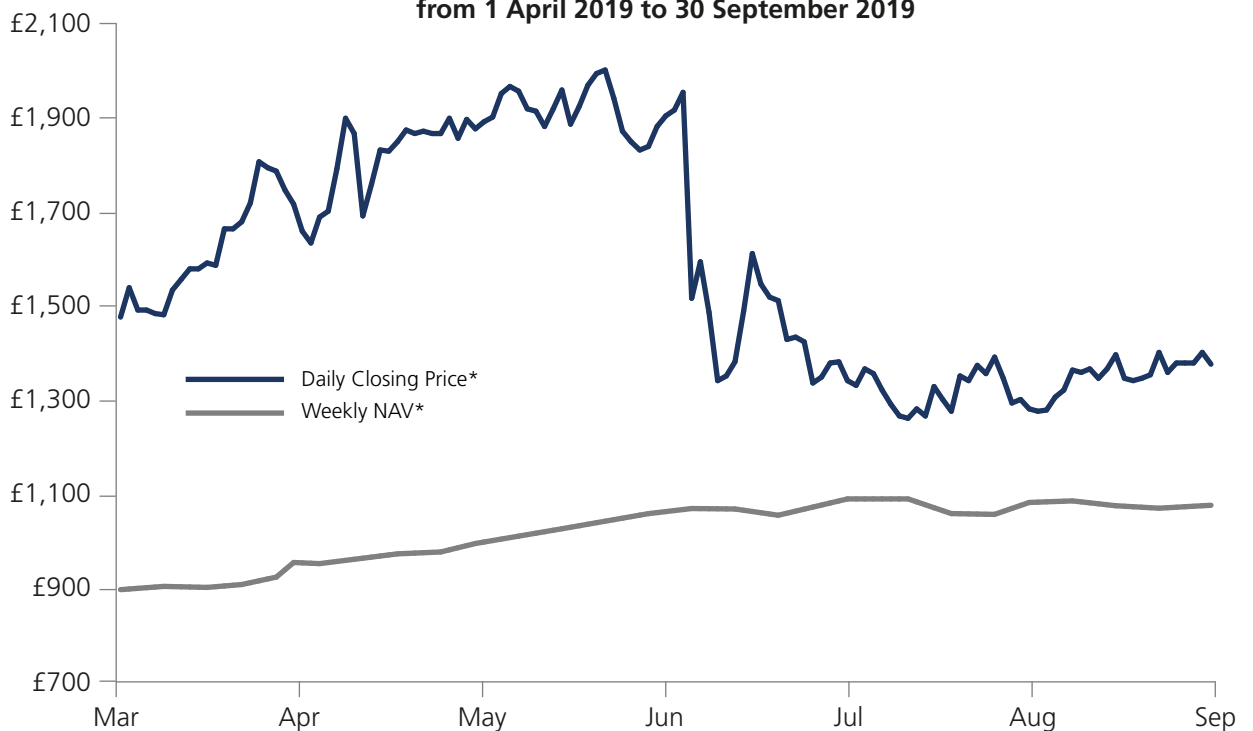
Performance

**Share price performance relative to the Benchmark
from 1 April 2019 to 30 September 2019
(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 2019 to 30 September 2019**



Source: Bloomberg and Lindsell Train Limited.

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

Chairman's Statement

Over the six months to 30 September 2019 the Company's net asset value ('NAV') performed well. Including the dividend paid in early September, the NAV ended the six months up 23.4% which compared to a rise in the benchmark of 2.0% and the good performance from world stock markets (as measured by the MSCI World Index) of 10.6%. Set against these positive changes the Company's share price declined by 4.7%. This relatively modest decline masks a larger percentage fall in the share price from its peak in late June. Having risen to above £2,000 per share, a 100% premium to its then NAV, the share price fell 35% in early July before settling at between £1,300 and £1,400 per share. The share price ended September at £1,375, still a significant 28% premium to NAV.

The cause of the fall was not a sharp decline in markets nor underperformance from Lindsell Train Limited's ('LTL') strategies, which I had highlighted as key risks in previous reports. Instead the trigger appeared to be the removal of LTL's two largest funds from Hargreaves Lansdown's ('HL') Wealth 50 list of favoured funds. It was made very clear by HL that this was not an investment-based decision but that the action was taken to demonstrate HL's independence as LTL, on behalf of its investors, owns 12% of HL's equity. With HL's endorsement now removed it is possible that the support for the two LTL funds by HL's customers will lessen in the future, tempering fund inflows from that source. If nothing else it was a ready reminder of the danger of buying shares in the Company at an elevated premium to NAV, something that I continue to advise against with the premium around 35%.

We suspect that the main reason for the elevated premium is the belief on the part of some shareholders that the Board's valuation of LTL is too conservative. The Board has considered the valuation methodology of LTL and believes it to be appropriate and fair. This is described in more detail in note 8. To remind you, the Board believes it vitally important that the prospects for future growth in funds under management and profitability should be balanced in any valuation of LTL by the risks associated with reliance on key individuals and with succession. LTL is not like some quoted fund management companies with a long heritage and a history of managed succession. LTL is still largely reliant on Nick and Michael but at some juncture responsibility for managing LTL's core mandates and the business will have to be handed to others. That process began 10 years ago with the recruitment of James Bullock, who is now a portfolio manager. Madeline Wright, Alexander Windsor-Clive and earlier this year Ben van Leeuwen have joined since, at two to three year intervals. The Board has encouraged LTL to take measures to build a successful and experienced team; in the meantime, while uncertainty remains over how the future unfolds, the Board believes it is appropriate to reflect that ongoing risk in LTL's current valuation.

In the shadow of the fall in the share price the steady rise in the NAV once again was largely attributable to the rise in the valuation of LTL. This was up 39% (including the payment of the interim dividend in June) from 31st March 2019 and captured the strong increase in LTL funds under management from £18.4bn to £22.0bn over the six months.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

The Company's rising NAV also captured good performance from the 50% of the portfolio invested in quoted equities. The holding in the London Stock Exchange ('LSE') in particular performed well, up 56%, helped by its proposed combination with Refinitiv and the subsequent offer for the company from the Hong Kong Exchange, which was then withdrawn with little detrimental effect on the share price. The LSE has now risen from one of the Company's smallest quoted holdings in 2006 to the largest at 8.5% of NAV thanks entirely to its strong relative performance. The quoted portfolio remained the same over the period, other than a small additional investment in Laurent-Perrier.

Julian Cazalet

Chairman

2 December 2019

Investment Manager's Report

We are often asked why we rarely or never sell any of our holdings. The questions get particularly pointed in relation to investments that have done particularly well over the years. Haven't such shares become expensive? Don't the big historic gains make them more risky? Surely there must be better value opportunities available elsewhere, especially in sectors that have done poorly?

Our answer to such questions boils down to an appeal to one of the oldest pieces of investment advice: **RUN YOUR WINNERS.**

As an investment principle running your winners is not infallible, because nothing is infallible in investment. But running winners brings some important benefits; benefits that, we believe, tilt the odds of being successful slightly more in your favour.

The thing about investing is that everything is so uncertain. This is especially so, in our view, when it comes to valuation. What makes an asset "cheap" or "expensive"? That's a problematic question because the validation for whether something is dear or good value depends on future developments that are by definition more or less unknowable – because if they were known they would already be in the price. What is abundantly clear is that not everything that goes down in price has become "cheap" and not everything that goes up becomes "expensive". And that acting on signals of such opacity is not wise.

By contrast, running winners brings two advantages. First, by resisting the temptation to trade in and out of holdings you certainly avoid accruing transaction costs which are universally acknowledged as a drag on investment performance. People are too confident in their ability to predict the unknowable future and this encourages them to trade more often than is good for their financial health.

But second and far more important. If you have invested in a winner - an asset that has appreciated meaningfully over a number of years – you have not only been fortunate, you are also in possession of a useful piece of information. This is that the company you own part of has been able to generate positive surprises over time, because it is only positive surprises that make company shares go up. And although there is no certainty that positive surprises will continue at least they have in the past – and that is already something. Many industries and even more individual companies most often just deliver serial disappointments.

We have been lucky enough to have made a wonderful investment in the London Stock Exchange for your company. We have held the stock for 11 years and there is a current gain on book cost of 4.6-times. Over the holding period there have been many times when LSE shares have appeared "expensive" – or so has said the consensus. And there have been many times when the shares have fallen or underperformed. But holding on through these episodes has been rewarded, because the LSE has been able to surprise its owners in a good way. These surprises have resulted due to the persistence of the LSE's high profitability, to the canny acquisitions it has made and to the unique strategic position the company occupies in the world's financial plumbing. That strategic position evidently more valuable than ever, at least according to the price that the Hong Kong Exchange was willing to place on it.

It is easy and disingenuous for investment managers to discuss winners, like the LSE. But we don't table them to prove that what we do works in any predictable way. We do so because they are an illustration of the effects we are hoping to capture for shareholders by approaching the investment challenge the way we do. It has been a great example of running a winner. But we know not everything we own has done or will do as well as the LSE.

So the question we ask ourselves is not so much why we continue to hold companies that have performed well – AG Barr, Diageo, Heineken, Mondelez, Paypal, RELX, Unilever. The answer is because the companies enjoy structural advantages that mean they may be able to surprise positively in the future. For instance, we think about CEO Ivan Menezes' comment to us that Diageo speaks for only 4% of the world's beverage sales by value. Although Diageo appears a "big" company to investors, because it is a top-ten FTSE 100 stock and "expensive", because it currently trades on over 20x earnings – in fact Diageo is probably neither big nor expensive, assuming it can grow its share of world beverage sales. Its brands, its distribution and marketing skills and its cash flows mean that the prospects for positive surprises remain good, we think.

No, we have to ask ourselves why we persevere with companies that have proved persistently disappointing. Pearson is the obvious example where we have allowed hope to triumph over experience. But such disappointments are inevitable. All one can do is trust that a lesson has been learned. And that the next decision taken in respect of the company is the right one.

Nick Train

Lindsell Train Limited – Investment Manager

2 December 2019

Income Statement

		Six months ended 30 September 2019 Unaudited		Total
	Notes	Revenue £'000	Capital £'000	£'000
Gains on investments held at fair value through profit or loss		–	39,463	39,463
Exchange gains on currency		–	(5)	(5)
Income	2	6,275	–	6,275
Investment management fees	3	(645)	(3,061)	(3,706)
Other expenses	4	<u>(247)</u>	<u>(1)</u>	<u>(248)</u>
Net return before finance costs and tax		5,383	36,396	41,779
Interest payable and similar charges		<u>–</u>	<u>–</u>	<u>–</u>
Return before tax		5,383	36,396	41,779
Tax	5	<u>(42)</u>	<u>–</u>	<u>(42)</u>
Return after tax for the financial period		<u>5,341</u>	<u>36,396</u>	<u>41,737</u>
Return per Ordinary Share	6	£26.71	£181.98	£208.69

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.

Income Statement continued

	Six months ended 30 September 2018 Unaudited			Year ended 31 March 2019 Audited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
–	20,820	20,820	–	29,414	29,414	
–	5	5	–	(24)	(24)	
4,411	–	4,411	8,680	–	8,680	
(476)	(1,227)	(1,703)	(995)	(2,433)	(3,428)	
<u>(261)</u>	<u>–</u>	<u>(261)</u>	<u>(464)</u>	<u>–</u>	<u>(464)</u>	
3,674	19,598	23,272	7,221	26,957	34,178	
<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	
3,674	19,598	23,272	7,221	26,957	34,178	
<u>(24)</u>	<u>–</u>	<u>(24)</u>	<u>(49)</u>	<u>–</u>	<u>(49)</u>	
<u>3,650</u>	<u>19,598</u>	<u>23,248</u>	<u>7,172</u>	<u>26,957</u>	<u>34,129</u>	
£18.25	£97.99	£116.24	£35.86	£134.79	£170.65	

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 2019 (unaudited)					
At 31 March 2019	150	19,850	148,035	11,150	179,185
Return after tax for the financial period	–	–	36,396	5,341	41,737
Dividends paid	–	–	–	(5,900)	(5,900)
At 30 September 2019	150	19,850	184,431	10,591	215,022

	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 year ended 31 March 2019					
(audited)					
At 31 March 2018	150	19,850	121,078	8,338	149,416
Return after tax for the financial period	–	–	26,957	7,172	34,129
Dividends paid	–	–	–	(4,360)	(4,360)
At 31 March 2019	150	19,850	148,035	11,150	179,185

Statement of Financial Position

	Note	30 September 2019 Unaudited £'000	30 September 2018 Unaudited £'000	31 March 2019 Audited £'000
Fixed assets				
Investments held at fair value through profit or loss		<u>217,640</u>	<u>168,770</u>	<u>177,693</u>
Current assets				
Other receivables		293	247	293
Cash at bank		<u>335</u>	<u>651</u>	<u>3,782</u>
		628	898	4,075
Creditors: amounts falling due within one year				
Other payables		<u>(3,246)</u>	<u>(1,364)</u>	<u>(2,583)</u>
		(3,246)	(1,364)	(2,583)
Net current (liabilities)/assets		<u>(2,618)</u>	<u>(466)</u>	<u>1,492</u>
Net assets		<u>215,022</u>	<u>168,304</u>	<u>179,185</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		184,431	140,676	148,034
Revenue reserve		<u>10,591</u>	<u>7,628</u>	<u>11,151</u>
Total shareholders' funds		<u>215,022</u>	<u>168,304</u>	<u>179,185</u>
Net asset value per Ordinary Share	7	£1,075.11	£841.52	£895.93

Cash Flow Statement

	Six months ended 30 September 2019 Unaudited £'000	Six months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
Operating Activities			
Net return before finance costs and tax	41,779	23,272	34,178
Gains on investments held at fair value	(39,463)	(20,820)	(29,414)
Gains on exchange movements	5	(5)	24
Decrease in other receivables	7	14	24
Decrease/(increase) in accrued income	(7)	–	(57)
(Decrease)/increase in other payables	664	(1,596)	(377)
Purchase of investments held at fair value	(527)	–	(4,414)
Sale of investments held at fair value	43	1,003	5,088
Net cash inflow from operating activities before interest and taxation	2,501	1,868	5,052
Interest paid	–	–	–
Taxation on investment income	(43)	(25)	(49)
Net cash inflow from operating activities	2,458	1,843	5,003
Financing activities			
Equity dividends paid	(5,900)	(4,360)	(4,360)
Net cash outflow from financing activities	(5,900)	(4,360)	(4,360)
(Decrease)/increase in cash and cash equivalents	(3,442)	(2,517)	643
Cash and cash equivalents at beginning of period	3,782	3,163	3,163
Gains on exchange movements	(5)	5	(24)
Cash and cash equivalents at end of period	335	651	3,782

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 2019 Unaudited £'000	Six months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
Income from investments			
Overseas dividends	366	211	434
UK dividends			
– Lindsell Train Limited	5,005	3,392	7,099
– Other UK dividends	904	808	1,147
	<u>6,275</u>	<u>4,411</u>	<u>8,680</u>

3 Investment management fees

	Six months ended 30 September 2019 Unaudited £'000	Six months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
Investment management fee	665	518	1,066
Manager's performance fee – charged to capital	3,061*	1,227*	2,433
Rebate of investment management fee	(20)	(42)	(71)
Total management fee	<u>3,706</u>	<u>1,703</u>	<u>3,428</u>

* Accrued amount to 30 September.

Notes to the Financial Statements continued

4 Other expenses

	Six months ended 30 September 2019 Unaudited £'000	Six months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
Directors' emoluments	62	49	112
Administration fee	40	40	80
Auditor's remuneration for:			
– audit of the financial statements of the Company	13	13	25
Tax Compliance fee	2	2	3
Provision for VAT written off	21	24	36
Other*	<u>109</u>	<u>133</u>	<u>208</u>
	<u>247</u>	<u>261</u>	<u>464</u>
Capital charges	<u>1</u>	<u>–</u>	<u>–</u>
	<u>248</u>	<u>261</u>	<u>464</u>

* 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 legal 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 2019 is 0.78% (year ended 31 March 2019: 0.68% and six months ended 30 September 2018: 0.65%), based on revenue profit before tax of £5,383,000 (year ended 31 March 2019: £7,221,000 and six months ended 30 September 2018: £3,674,000). This differs from the standard rate of tax, 19% (year ended 31 March 2019 and six months ended 30 September 2018: 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 2019 Unaudited	Six months ended 30 September 2018 Unaudited	Year ended 31 March 2019 Audited
Return per Ordinary Share	£41,737,000	£23,248,000	£34,129,000
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>£208.69</u>	<u>£116.24</u>	<u>£170.65</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	£5,341,000	£3,650,000	£7,172,000
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>£26.71</u>	<u>£18.25</u>	<u>£35.86</u>

Capital return per Ordinary Share

Capital return	£36,396,000	£19,598,000	£26,957,000
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>£181.98</u>	<u>£97.99</u>	<u>£134.79</u>

7 Net asset value per Ordinary Share

	Six months ended 30 September 2019 Unaudited	Six months ended 30 September 2018 Unaudited	Year ended 31 March 2019 Audited
Net assets attributable	£215,022,000	£168,304,000	£179,185,000
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>£1,075.11</u>	<u>£841.52</u>	<u>£895.93</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 2019				
Equity investments	<u>108,248</u>	<u>–</u>	<u>109,392</u>	<u>217,640</u>
	<u>108,248</u>	<u>–</u>	<u>109,392</u>	<u>217,640</u>
At 30 September 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	<u>87,395</u>	<u>4,453</u>	<u>76,922</u>	<u>168,770</u>
	<u>87,395</u>	<u>4,453</u>	<u>76,922</u>	<u>168,770</u>
At 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	<u>95,333</u>	<u>–</u>	<u>82,360</u>	<u>177,693</u>
	<u>95,333</u>	<u>–</u>	<u>82,360</u>	<u>177,693</u>

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 in 2018 the one share in LTL against which an option was granted.

The valuation of the investment in LTL derives from a formula created after taking advice from an expert in the sector and was formally reviewed in March 2018 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 1 ⁵/₈% 2071, 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 was based on the net asset value of the Fund. The net asset value of LT Global Equity Fund LLC was calculated on a monthly basis being the last New York (USA) business day of each month. The NAV of the Fund was 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 its 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 2019.

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 2019.

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 2019 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 2019;
- (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 2 December 2019 and the above Responsibility Statement was signed on its behalf by:

Julian Cazalet
Chairman

Portfolio Holdings at 30 September 2019

(All ordinary shares unless otherwise stated)

Holding	Security	Fair value £'000	% of total assets	Look-through basis: % of total assets†
645	Lindsell Train Limited	109,392	50.87	50.87
246,500	London Stock Exchange	18,014	8.38	8.57
420,500	Diageo	14,015	6.52	6.70
41,000	Nintendo	12,311	5.73	5.94
222,000	Unilever	10,855	5.05	5.23
101,000	PayPal	8,490	3.95	3.95
1,263,393	Barr (AG)	7,315	3.40	3.43
161,552	Mondelez International	7,252	3.37	3.53
89,000	Heineken	7,193	3.35	3.44
363,000	RELX	7,013	3.26	3.45
3,288,767	Lindsell Train Japanese Equity Fund – B	5,116	2.38	2.17
420,000	Finsbury Growth & Income Trust	3,957	1.84	0.78
74,400	eBay	2,354	1.09	1.09
300,000	Pearson	2,212	1.03	1.06
27,376	Laurent-Perrier	2,151	1.00	1.00
	Total investments	217,640	101.22	101.21
	Net current assets	(2,618)	(1.22)	(1.21)
	Total assets	215,022	100%	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.

Leverage

We detail below the balance sheet positions of the Funds managed by LTL as at 30 September 2019:

Fund	Net equity exposure
Lindsell Train Japanese Equity Fund	94.84%
Finsbury Growth & Income Trust	100.53%

Analysis of Investment Portfolio at 30 September 2019

Breakdown by location of listing

(look-through basis)^

	30 September 2019	31 March 2019
Japan	8%	8%
Europe	4%	5%
UK*	80%	77%
USA	9%	9%
Cash and equivalents	(1%)	1%
	<u>100%</u>	<u>100%</u>

Breakdown by location of underlying company revenues

(look-through basis)^

Japan	4%	4%
Europe	28%	27%
UK**	38%	36%
USA**	20%	20%
Emerging	11%	12%
Cash and equivalents	(1%)	1%
	<u>100%</u>	<u>100%</u>

Breakdown by sector

(look-through basis)^

Consumer staples	24%	29%
Communication services	7%	7%
Industrials	4%	4%
Financials*	60%	53%
Information Technology	4%	5%
Consumer Discretionary	1%	1%
Healthcare	1%	–%
Cash and equivalents	(1%)	1%
	<u>100%</u>	<u>100%</u>

* LTL accounts for 51% and is not listed.

** LTL accounts for 28 percentage points of the UK figure, 18 percentage points of the Europe figure and 5 percentage points of the USA 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 2019 £m	Jan 2019 £m	Jul 2018 £m
FUM by Strategy:			
UK	10,691	8,311	8,368
Global	11,208	7,465	6,502
Japan	664	484	434
Total	22,563	16,260	15,304

Largest Client Accounts

	Jul 2019 % of FUM	Jan 2019 % of FUM	Jul 2018 % of FUM
Largest Pooled Fund Account	39%	35%	37%
Largest Segregated Account	8%	9%	9%

Financials

	Jul 2019 £	Jul 2018 £	% Change
Profit & Loss			
Fee Revenue			
Investment Management fee	50,506	35,251	43%
Performance Fee	2,436	2,827	(14%)
Bank Interest	220	76	
	<u>53,162</u>	<u>38,154</u>	
Staff Remuneration *	(17,583)	(13,619)	29%
Fixed Overheads	(1,623)	(1,141)	42%
FX Currency Translation Gain	720	221	
Operating profit	34,676	23,615	47%
Taxation	(6,589)	(4,487)	
Net Profit	28,087	19,128	47%
Dividends	(20,688)	(13,996)	
Retained profit	7,399	5,132	
Capital & Reserves			
Called up Share Capital	266	266	
Profit & Loss Account	57,384	39,415	
Shareholders' Funds	<u>57,650</u>	<u>39,681</u>	
Balance Sheet			
Fixed Assets	37	50	
Current Assets (inc cash at bank)	70,251	48,238	
Liabilities	(12,638)	(8,607)	
Net Assets	57,650	39,681	

* 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

	Jul 2019	Jul 2018	Jul 2017	Jul 2016	Jul 2015
Operating Profit Margin	65%	62%	58%	65%	57%
Earnings per share (£)	1,054	717	493	335	245
Dividends per share (£)	776	525	390	285	157
Total Staff Cost as % of Revenue	33%	36%	38%	30%	38%
Opening FUM (£m)	15,304	11,326	8,045	5,758	3,897
Changes in FUM (£m)	7,259	3,978	3,281	2,287	1,861
– of market movement	4,568	2,044	1,530	979	1,053
– of net new fund inflows	2,691	1,934	1,751	1,308	808
Closing FUM (£m)	22,563	15,304	11,326	8,045	5,758
Open ended funds as % of total	75%	72%	64%	57%	48%

Client Relationships

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

Ownership

	Jul 2019*	Jan 2019	Jul 2018
Michael Lindsell & spouse	9,650	967	967
Nick Train & spouse	9,650	967	967
Lindsell Train Investment Trust plc	6,450	646	646
Other Directors/employee	910	86	86
	<u>26,660</u>	<u>2,666</u>	<u>2,666</u>

* On February 1 2019, LTL undertook a share split, and each share was subdivided into 10 shares of £10 each.

Board of Directors

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

Employees

	Jul 2019	Jan 2019	Jul 2018
Investment Team (inc. 3 Portfolio Managers)	6	5	5
Client Servicing & Marketing	5	5	4
Operations & Administration	8	7	8
Non-Executive director	1	1	1
	<u>20</u>	<u>18</u>	<u>18</u>

Appendix 2

LTIT Directors' Valuation of LTL (unaudited)

	Sept 2019 £'000	Sept 2018 £'000
Funds under Management excluding LTIT holdings	<u>21,643,251</u>	<u>15,344,509</u>
<i>Value of LTL based on 1.5% of FUM (A)</i>	<u>324,649</u>	<u>230,168</u>
Annualised revenue ex performance fee *	115,232	81,555
Notional staff costs (45%)	(51,854)	(36,700)
Annualised interest income	431	183
Annual operating costs	(3,280)	(2,271)
Notional tax	(11,501)	(8,126)
Notional post tax earnings	<u>49,028</u>	<u>34,641</u>
Benchmark +	4.0%	4.0%
Equity risk premium	4.5%	4.5%
Total yield + premium (discount rate)	<u>8.5%</u>	<u>8.5%</u>
<i>Value of LTL based on earnings (B)</i>	<u>576,803</u>	<u>407,545</u>
Valuation of LTL (A+B)/2 (C)	<u>450,726</u>	<u>318,856</u>
Shares in issue (D)#	<u>26,660</u>	<u>2,666</u>
Valuation per share of LTL (C/D)	<u><u>£16,906</u></u>	<u><u>£11,960[^]</u></u>

* Annualised figures are previous three months' data.

+ The annual average running yield of the longest-dated UK government fixed rate bond, currently UK treasury 1⁵/₈% 2071, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4%.

On 1 February 2019, LTL undertook a share split, and each share was subdivided into 10 shares of £10 each.

[^] The valuation per share figure for September 2018 is retrospectively changed based on 26,660 shares for ease of comparison.

Company Information

Directors

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

Investment Manager

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Custodian

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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

