THE LINDSELL TRAIN INVESTMENT TRUST PLC

Annual Report and Financial Statements

For the year ended 31 March 2021

Company Summary

The Company

The Lindsell Train Investment Trust plc (the "Company") is an investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies ("AIC").

The Company is a UK Alternative Investment Fund ("AIF") under the European Union Alternative Investment Fund Managers' Directive ("AIFMD"). The Board is the Small Registered UK Alternative Investment Fund Manager ("AIFM") of the Company.

Management

The Company has appointed Lindsell Train Limited ("LTL") as its Investment Manager. Administration, company secretarial and other corporate management services are provided by Frostrow Capital LLP. Further details of the terms of these appointments are provided on pages 96 to 98.

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. The Investment Policy is described on page 14.

Performance and Benchmark

The performance and financial highlights are provided on pages 3 and 4.

The performance benchmark for the year ended 31 March 2021 was the annual average running yield on the longest-dated UK government fixed rate bond (currently UK Treasury 1.625% 2071), calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0% (the "Benchmark").

With effect from the beginning of the Company's current financial year to the 31 March 2022 the Board resolved to change the Company's benchmark to the MSCI World Index total return in Sterling. Further details can be found in the Chairman's Statement beginning on page 4.

Dividend

A final dividend of £47.07 per Ordinary Share (2020: £41.39) and a special dividend of £2.93 per Ordinary Share (2020: £2.61) are proposed for the year ended 31 March 2021. If these dividends are approved by Shareholders, they will be paid on Tuesday, 14 September 2021 to Shareholders on the register at close of business on Friday, 13 August 2021 (ex-dividend Thursday, 12 August 2021).

Annual General Meeting

A notice of the Annual General Meeting, scheduled for Thursday, 9 September 2021 at 2.30 p.m. at the Marlborough Suite, St Ermin's Hotel, 2 Caxton Street, London, SW1H 0QW, is provided on pages 99 to 102.

Capital Structure

The Company's capital structure comprises 200,000 Ordinary Shares of 75 pence each. Details are given in note 14 to the Financial Statements on page 78.

THIS DOCUMENT IS IMPORTANT and, if you are a holder of Ordinary Shares, requires your immediate attention. If you are in any doubt as to what action to take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or otherwise transferred all of your Ordinary Shares in the capital of the Company you should send this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer, was effected, for onward transmission to the purchaser or transferee.

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Strategic Report

Business Review

The Directors present their Strategic Report for the Company for the year ended 31 March 2021. The Report contains: a review of the Company's strategy, an analysis of its performance during the financial year, comment on its future outlook and details of the principal risks and challenges that it faces.

Reviews of the financial year and commentary on the future outlook are presented in the Chairman's Statement on pages 4 to 9 and the Investment Manager's Report on pages 12 and 13. The Company's Investment Objective and Investment Policy are set out on page 14.

The Strategic Report has been prepared to provide Shareholders with information to assess how the Directors have performed their duty to promote the success of the Company.

Further information on how the Directors have discharged their duty under Section 172 of the Companies Act 2006 can be found on pages 22 to 25.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

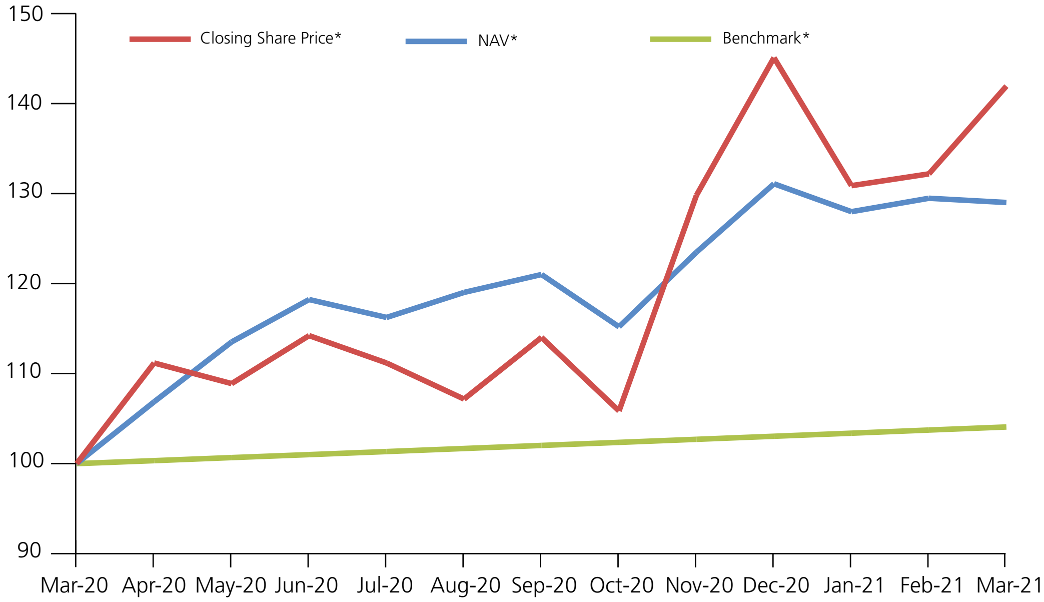
As an externally managed investment trust the Company has no executive directors, employees or internal operations. The Company delegates its day-to-day management to third parties. The principal service providers to the Company are Lindsell Train Limited ("LTL") which acts as Investment Manager and Frostrow Capital LLP ("Frostrow") which acts as Company Secretary and Administrator.

The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and monitoring of the investment strategy as well as the review of investment performance and policy. It also has responsibility for all strategic issues and corporate governance matters.

Throughout the year under review, the Company continued to operate as an authorised Investment Trust, following its investment objective to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital.

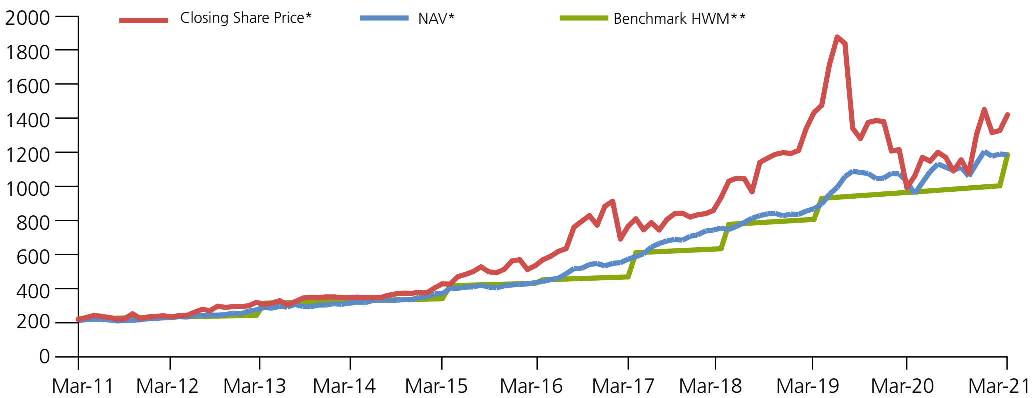
Performance

Share price performance compared to the Net Asset Value ("NAV") and Benchmark for the year ended 31 March 2021 (based on total return performance with reinvested net dividend)



** Rebased to show the performance per £100 invested.*
The Closing price is adjusted for the dividends of £44.00 per share which went ex-dividend on 13 August 2020.

Share price performance, compared to the NAV and Benchmark for ten years to 31 March 2021



Note: The chart is based on monthly raw data. When a performance fee is paid, the Benchmark is adjusted up to the high water mark ("HWM") at that point. This only occurs annually, if at all, on 31 March.

** The NAV and share price are unadjusted for dividends.*
*** The Benchmark is adjusted for inclusion of the HWM. Please note that the inclusion of the HWM means that, at the financial year end, if a performance fee has been paid, the Benchmark is adjusted to the same level as the NAV or the share price which ever is lower. If the Benchmark performs better than the NAV and/or the share price, or a performance fee has not been paid, no adjustment is made.*

Source: Bloomberg and Lindsell Train Limited.

Strategic Report

Financial Highlights for the Year

Performance comparisons	Change
Share price total return per Ordinary Share*^	38.9%
Net Asset Value total return per Ordinary Share*^	29.0%
Benchmark†	4.0%
MSCI World Index total return (Sterling)	38.4%
UK RPI Inflation (all items)	1.5%

* The Net Asset Value and the share price at 31 March 2021 have been adjusted to include the Ordinary dividend of £41.39 per Share and a special dividend of £2.61 per Ordinary Share paid on 8 September 2020, with the associated ex-dividend date of 13 August 2020.

† The annual average running yield on the longest-dated UK government fixed rate bond currently UK Treasury 1.625% 2071, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0%.

^ Alternative Performance Measure ('APM'). See Glossary of Terms and Alternative Performance Measures beginning on page 106.

Source: Morningstar and Bloomberg

Chairman's Statement

The Company's previous financial year ended near the depths of the market's reaction to the pandemic. Since then, world equity markets have recovered, hitting new highs in late 2020 and making further progress in 2021. The Company's net asset value per share ('NAV') echoed but did not lead this recovery. It was up from £956.65 at 31 March 2020 to £1,185.58 on 31 March 2021. Including the dividend this represented an NAV total return of 29.0%, with the Company's holding in Lindsell Train Limited ('LTL') – that now accounts for 48.2% of NAV – contributing a total return performance of 40.8%; and the quoted portfolio an attributed total return of 18.6%. The share price total return^ was better, at 38.9%, but this performance should be set against the fall of 26.5% in the previous financial year. The benchmark return for the year to 31 March 2021 was up 4.0%. In comparison the MSCI World Index total return in Sterling was up by a huge 38.4%, which meant that for, the first time in a number of years, the Company's NAV total return underperformed world markets. This is addressed by Nick Train in more detail in the Investment Manager's review beginning on page 12.

Share Price Premium

The share price premium to the NAV ended the year at 20%, up from 11% on 31 March 2020. During the year the premium has averaged just under 10%, a lower level when compared to previous years. Nonetheless we continue to advise new investors to exercise restraint, or at least consider carefully, before buying the Company's shares at a premium to the NAV. Falling markets, similar to that experienced in early 2020, or poor relative performance from our concentrated portfolio (there are only 14 holdings, with the top five accounting for c.80% of NAV) could quickly

Strategic Report

Chairman's Statement continued

undermine the Company's share price. Buying shares at a premium to the NAV today would only magnify the loss in such a situation. A clear example of how one holding in a concentrated portfolio can significantly affect the overall portfolio's return was the recent plunge in the share price of the London Stock Exchange ("LSE"). This was the Company's largest quoted holding at c.9% of NAV before the fall. After rising by more than 10x over 10 years it was down 28% in March alone as investors reassessed the risk associated with its recent acquisition of Refinitiv, Thomson Reuter's financial data business. In the Investment Manager's view, portfolio concentration increases the Company's chances of meeting or exceeding our Shareholders' expectations for investment returns over the longer-term, but the recent experience with the LSE was a ready reminder that concentration can cut both ways.

Lindsell Train Limited

The performance of the Company's unquoted holding in Lindsell Train Limited ('LTL') (in which it owns a 24.21% minority shareholding) once again contributed most to this year's NAV increase. Underlying this was a 26% increase in LTL's funds under management ('FUM') over the 12 months to 31 March 2021, from £18.2bn to £22.9bn. The Board's valuation of LTL, based on a formula which the Directors amended at this time last year, now captures the immediacy of FUM changes on LTL's earnings. The increase in LTL's FUM was largely attributable to market movements, although net inflows amounted to £1.1bn over the year. Particularly pleasing was the growing support from US-based investors for the US domiciled Lindsell Train Global Equity LLC, which garnered net new assets of over £940m. This reflects the work that LTL has undertaken with North American based institutional investors and their consultants over a number of years. Its patient approach is paying off and we see this diversification in its client base as an encouraging development. North American sourced FUM now make up nearly 11% of LTL's total, up from 6.5% a year ago.

The relative performance of LTL's investment strategies has suffered over the last year, especially in the last six months. At 31 May 2021 the one and three year performance of the Lindsell Train Japan and Global Equity funds lagged their respective benchmarks. There is no knowing how long this period of underperformance will last. Bouts of relative underperformance are bound to occur, especially for a strategy and approach to investment that is so concentrated and committed to its constituent companies. Indeed, the approach makes a virtue of being unbending to the vicissitudes of markets. The aim is to own durable franchises that generate consistently higher returns than others over the long term. The belief is that over time market prices will reflect these superior characteristics with better underlying share price performance; but for periods, perhaps extended periods, this might not be the case – as is occurring now.

It is debatable what effect this will have on LTL's business. LTL has always made every effort to convey to its investors the possibility of a period of underperformance relative to markets and for the reasons given above, many investors are likely to take this in their stride. Some may even allocate additional assets to LTL, recognising that often the best time to access such a differentiated strategy is when it is out of favour. We, at least, are reassured that for however long this relative underperformance lasts, LTL will stick to the strategy that has delivered so much value for the Company over so many years. We all know that the investment management

Strategic Report

Chairman's Statement continued

business is a highly competitive one – indeed I cannot think of another profession where performance can be so objectively judged with such frequency and immediacy. We must therefore be prepared for LTL to face more of a challenge to raise new assets and to be vulnerable to redemptions as investors are lured to other approaches. This could lead to a fall in LTL's FUM and if so a corresponding fall in its valuation.

At least LTL's profit margins in such a scenario should be protected by the salary and bonus cap that was put in place to protect the interests of its minority Shareholders, including the Company. Similarly, the dividends paid by LTL are essentially formulaic and have typically represented a yield on its valuation of more than 10%. A further comfort is that LTL is well capitalised, with substantial net cash retained on its balance sheet. But there is no getting away from the reality that, with LTL representing 48.2% of NAV and its dividends 80% of gross revenues, the Company could suffer from a falling NAV and a lower dividend payment.

Performance Fee

This year the Company paid a performance fee to the Investment Manager ('LTL') of £2,661,702. This rewards not only this year's NAV performance but also last year's, when the NAV total return was up 9.8%. The total return for the two years taken together was 39.9% compared with the MSCI World Index Sterling return of 30.4%. The fee for two years in one came about because the Investment Manager chose to defer the fee it was due last year in consideration of the sharp fall in the share price over the period. Contractually the fee this year should have amounted to £5,323,404 but LTL offered to waive (as distinct from defer) half its fee. This was a generous gesture which the Board has accepted with gratitude.

Change of Benchmark

Since its inception the Company has benchmarked its performance against an absolute return measure that was originally designed as a market-based proxy for inflation. It specifically captured the Company's minimum objective to protect the real value of Shareholders' capital from year to year. In its first ten years the Company successfully modified its asset allocation between equities and other asset classes in order to meet this objective. However in the more recent ten years the rise in the value of LTL to now almost 50% of NAV, together with the lack of asset allocation alternatives (particularly bonds) offering comparable value to equities, means that the portfolio is now predominantly invested in equities and likely to remain so for the foreseeable future. The Board and the Investment Manager have concluded that, in light of this reality, it is more appropriate to change to an equity benchmark – the MSCI World Index total return in Sterling – from the beginning of the Company's current financial year. Although changing the benchmark may seem fundamental, in practice we think it formalises the increased orientation to equities. In communications with Shareholders over the years we have increasingly referenced this index as the equity component of the Company has risen.

Strategic Report

Chairman's Statement continued

Revision to the Performance Fee

The performance fee will also change from 1 April 2021 and will in future be calculated as 10% of the value of any positive relative performance versus the new benchmark in a financial year. Relative performance is measured by taking the lower of the NAV or Average Market Price (defined as the average price over the last month of the performance period), taking into account dividends, at the end of each financial year and comparing the percentage annual change with the total return of the benchmark. A performance fee will only be paid out if the annual change is both above the benchmark and is a positive figure. Relative performance will be carried forward in years where the Investment Manager is not eligible for a performance fee based on these two criteria. The Board believes this new benchmark and the performance fee associated with it incentivises LTL to achieve both parts of the Company's objective to preserve value and to maximise long-term returns.

Considerations for the Future

Increasingly a crucial part of the Board's assessment of the ongoing valuation of LTL is our judgement of whether LTL can manage a seamless succession beyond the involvement of its two founders. It is encouraging to see the investment team, now numbering six in total, maturing and to observe that the more recent members are increasingly taking on responsibility and contributing to the decision-making process. In addition, a new generation of executives is beginning to take on vital responsibilities for running other important parts of the business. The founders remain as committed as ever to the long-term success of LTL but recognise the necessity to plan ahead and to ensure that these key individuals have the right incentives in place. As significant minority Shareholders the Board is working with the founders closely to arrive at the right outcome for all stakeholders.

With vaccinations rolling out worldwide the future looks a little clearer than it did in the midst of the pandemic at this time last year. On the other hand, the unprecedented economic measures enacted by governments and monetary authorities that have been such a support to markets are likely to have secondary effects, the implications of which we cannot predict but could be material. We take reassurance from the strength and quality of the franchises and market positions of the quoted companies the Company owns and we expect them to survive and thrive in the future in the same way as they have done over the 149 years that the average investee company has endured.

Dividend

The Board recommends paying a total dividend in respect of the year to 31 March 2021 of £50 per share, up 14% from last year. This is made up of an ordinary dividend of £47.07 and a special dividend of £2.93 in respect of the proportion of LTL's income that is earned from performance fees. My remarks above might lead you to think that we should be more cautious in our dividend policy. However an investment trust is only allowed to retain 15% of the Company's qualifying net income, which makes £50 per share the minimum dividend we have to pay to ensure that we retain that status and the benefits it affords to Shareholders.

Strategic Report

Chairman’s Statement continued

If these dividends are approved by Shareholders, they will be paid on Tuesday, 14 September 2021 to Shareholders on the register at close of business on Friday, 13 August 2021 (ex-dividend Thursday, 12 August 2021).

Amendment to the Company’s Investment Policy

The Board has considered a minor amendment to the Investment Policy to align it with the revision of the performance fee and change of benchmark. This amendment is not considered to be material and is detailed on page 14.

Amendments to the Company's Articles of Association

In case we should again face restrictions on public gatherings similar to those imposed by the UK Government during the Covid-19 pandemic, the Board commissioned a review of the Company’s Articles of Association with a view to enabling the holding of general meetings remotely in future, or in a hybrid format, should the need arise.

Pursuant to this, a resolution to amend the Articles of Association is included in the Notice of Annual General Meeting for approval by Shareholders. Further information of the proposed amendments to the Articles of Association can be found within the Report of the Directors on pages 31 to 36.

Half-year Report and Accounts

In common with many other companies the Company is doing what it can to reduce its carbon footprint. As part of this strategy, and also to produce cost savings for the Shareholders, the Company will no longer be preparing printed copies of its Half-year Report and Accounts. This document will, however, continue to be available on the Company’s website. The Company’s Annual Report will continue to be available in print.

Annual General Meeting

The Company’s Annual General Meeting (“AGM”) will be held at the Marlborough Suite, St Ermin’s Hotel, 2 Caxton Street, London, SW1H 0QW on Thursday, 9 September 2021 at 2.30 p.m. The Notice convening the AGM together with explanations of the proposed resolutions can be found on pages 99 to 103.

At the time of writing, it is hoped that it will be possible to hold the AGM in its normal format at the venue set out above. The Board will keep the impact of the Covid-19 pandemic under review and will make necessary changes to the arrangements for the AGM should infection levels or continuing government restrictions dictate. The situation will be kept under constant review and any changes to the AGM will be communicated on the Company’s website. Shareholders are encouraged to consult the Company’s website for any final arrangements. In the event that no physical AGM is possible, the Board intends to host a webinar in addition to the AGM to enable the Investment Manager to give a presentation online.

Shareholders should send any questions they may have to the Company Secretary at info@frostrow.com. Further details will be made available nearer the time.

Strategic Report

Chairman's Statement continued

The Board strongly encourages all Shareholders to exercise their votes in respect of the meeting in advance. Shareholders can vote online by visiting www.signalshares.com and following instructions. Any Shareholder who requires a hard copy form of proxy may request one from the registrar, Link Group. Voting by proxy will ensure that your votes are registered in the event that attendance at the AGM is not possible or restricted. If the meeting is postponed your votes will still be valid when the meeting is eventually held. The Board will continue to monitor the Government's advice and urges all Shareholders to comply with any restrictions in place at the time of the AGM.

Following improvements in technology the Company has ceased to automatically offer paper proxy forms to Shareholders. As mentioned, Shareholders will be able to vote on resolutions via our Registrar's website. However, a paper proxy form will be available on request from our Registrar.

Julian Cazalet
Chairman
16 June 2021

Strategic Report

Portfolio Holdings at 31 March 2021

(All ordinary shares unless otherwise stated)

Holding	Security	Fair value £'000	% of net assets	*Look-through basis % of net assets†*
6,450	Lindsell Train Limited	114,238	48.18	*48.18*
97,400	PayPal	17,143	7.23	*7.64*
41,000	Nintendo	16,620	7.01	*7.01*
235,000	London Stock Exchange	16,304	6.87	*7.01*
12,500,000	LF Lindsell Train North American Equity Fund	15,686	6.62	*5.99*
420,500	Diageo	12,571	5.30	*5.46*
222,000	Unilever	9,004	3.80	*3.93*
363,000	RELX	6,603	2.78	*2.94*
150,000	Mondelez International	6,363	2.68	*3.03*
1,263,393	A.G. Barr	6,191	2.61	*2.63*
89,000	Heineken	5,751	2.43	*2.50*
420,000	Finsbury Growth & Income Trust PLC	3,599	1.52	*0.68*
250,000	Pearson	1,929	0.81	*0.84*
28,093	Laurent-Perrier	1,891	0.80	*0.80*
	Total Investments	233,893	98.64	*98.64*
	Net current assets	3,223	1.36	*1.36*
	Net Assets	237,116	100.0	*100.00*

† Look-through basis: This adjusts the percentages held in each security by the amount held by Lindsell Train managed funds and adjusts the Company's holdings 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 Lindsell Train funds

Leverage

We detail below the equity exposure of the funds managed by LTL as at 31 March 2021:

Fund	Equity Exposure
LF Lindsell Train North American Equity Fund Acc	99.37%
Finsbury Growth & Income Trust PLC	100.94%

Analysis of Investment Portfolio at 31 March 2021

Breakdown by location of listing

(look-through basis)^

Japan	7%
Europe	3%
UK*	78%
USA	11%
Emerging	0%
Cash and Equivalents	1%
	100%

Breakdown by location of underlying company revenues

(look-through basis)^

Japan	3%
Europe**	31%
UK**	31%
USA**	24%
Emerging**	10%
Cash and Equivalents	1%
	100%

Breakdown by sector

(look-through basis)^

Consumer Staples	20%
Communication Services	9%
Industrials	4%
Financials	56%
Health Care	0%
Information Technology	9%
Consumer Discretionary	1%
Cash & Equivalents	1%
	100%

* LTL accounts for 48.2% and is not listed.

** LTL accounts for 22 percentage points of the Europe figure, 20 percentage points of the UK figure, 4 percentage points of the USA figure and 2 percentage points of the Emerging Markets 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 amalgamating the direct holdings of the Company with the indirect holdings held by the LTL funds.

Strategic Report

Investment Manager's Report year ended 31 March 2021

The Chairman notes in his statement that the recent investment performance of the Company's quoted portfolio and of Lindsell Train Limited's ("LTL") other client portfolios has been disappointing. Although we are cautious about drawing conclusions from returns over just a few months, particularly given what an extraordinary period those months have spanned, we admit that we too are disappointed. Let me address what has happened.

Our portfolios can usefully be understood as being constructed around three strategic ideas; three ideas that have remained constant over the 20-year life of Lindsell Train. First, investing in companies that use technology to inform or entertain their customers or make their customers' lives more convenient. For instance, the direct holdings in the Company that represent this theme are the London Stock Exchange Group (now even more of a data and technology company after the acquisition of Refinitiv), Nintendo, PayPal, Pearson and RELX. Second, companies that own beloved and trusted consumer brands - in the expectation these brands will continue to deliver inflation-protected cash flow growth, as they have for decades. The Company's holdings here are A.G. Barr, Diageo, Heineken, Laurent-Perrier, Mondelez and Unilever. Finally, we have been long-term investors in the wealth management industry, believing this industry offers an attractive proxy participation in wealth creation around the world. For our other clients we own stakes in companies such as Hargreaves Lansdown or Schroders, but in your portfolio this theme is represented by the 24.21% stake the Company holds in LTL.

Looking back over the history of Lindsell Train and The Lindsell Train Investment Trust plc we have been gratified by how effective sticking to these three simple, but powerful strategic ideas has proven. We have benefited from good capital appreciation from most of our technology-exposed investments, while the consumer brands have proven reliable money-makers, delivered growing dividends and been resilient during tough periods (like last year). And the wealth managers have by and large done well too. This portfolio mix has allowed us to deliver competitive absolute and relative returns, from the inception of Lindsell Train in 2000 pretty much all the way through to June 2020.

Very recently though the strategy has not been so successful. In particular, over the last nine months to end March 2021 all Lindsell Train's portfolios lagged their respective benchmarks. All investors are prone to such episodes – certainly Michael and I have experienced similar periods several times over our careers. In such circumstances, one must first establish what isn't working and why. Then determine whether a change of strategy is necessary to improve investment returns.

The reasons for our recent lacklustre performance are easy to find. Since mid-2020 global equity markets have risen strongly, driven by two dominant trends. First, the bull market in Technology has continued, with investors willing to pay ever higher prices and increasingly willing to back new and sometimes untested companies. Second, as the world emerges from the pandemic there has been a big recovery in the cyclical and economically sensitive industry sectors that were so hard hit during the first half of 2020. We must admit to being under-represented in our global portfolios to both these trends. Although holdings like LSE, Nintendo and PayPal did well in 2020, we are not natural investors in young technology companies and have always avoided cyclical sectors. Meanwhile, the steady reliability of beer, chocolate and personal care brands is currently less highly prized. This means our brand owners, like Heineken, Mondelez and Unilever have been left behind in this phase of the bull market.

What will we do in response? The answer is not much – although we are always working to increase the value in our portfolios, by adding to existing holdings when depressed or, occasionally, initiating new ones. That is because we remain optimistic about the thematic ideas and companies we are invested in and think their recent underperformance is indeed an opportunity to add, not a reason to sell. Submitting client portfolios to surgery incurs transaction costs which need to be justified; and certainly reinvesting in the areas of global stock markets that are currently booming would not only be costly but could also expose our clients to the risk of joining a party late.

Returning to the Company's portfolio, we hope the consumer companies will offer accelerating sales growth, as lockdowns ease across Europe and Emerging Markets. In addition, efficiency measures announced by portfolio companies such as A.G. Barr, Heineken and Unilever should make that resumption of sales growth, even more profitable. Of particular significance, Diageo is one of the biggest holdings we have across LTL, with c.£1.9bn invested and its shares have rallied over 30% from the lows of last year, as consumption of premium spirits picks up pace around the world. We hope there is more to come for Diageo and peers. Meanwhile, the prospects for LSE, Nintendo, PayPal and RELX seem better than ever, as technology enhances the utility of their products and services.

If we are correct in these strategic views and our investment performance benefits over time, then we hope more value will build in your holding in LTL.

Nick Train
Investment Manager
Director
Lindsell Train Limited
16 June 2021

Strategic Report

Company Profile

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:

(i) in a wide range of financial assets including equities, unlisted 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 is likely to be a bias towards equities and 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 investment objective;

(ii) in Lindsell Train managed fund products, subject to Board approval, up to 25% of its gross assets; and

(iii) in LTL and to retain a holding, currently 24.21%, in order to benefit from the growth of the business of the Company's Investment Manager.

The above paragraph (i) contains non-material changes to the investment policy. For comparison, the previous version of the paragraph without the changes is set out below:

(i) in a wide range of financial assets including equities, unlisted 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 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.

The Company does not envisage any further changes to its objective, its investment policy, or its management for the foreseeable future. The current composition of the portfolio as at 31 March 2021, which may be changed at any time (excluding investments in LTL and LTL managed funds) at the discretion of the Investment Manager within the confines of the policy stated above, is shown on pages 10 and 11.

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 Net Asset Value. However, the Directors have decided that it is in the Company's best interests not to use gearing. This is in

Investment Policy continued

part a reflection of the increasing size and risk associated with the Company's unlisted 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. All dividends have been distributed from Revenue.

Performance and Prospects

As set out in the Chairman's statement beginning on page 4, considering the opportunities and challenges faced during the year, relative to the wider market, the Board is satisfied with the Company's performance relative to the benchmark and other key performance indicators.

Key Performance Indicators ("KPIs")

The Board reviews the performance of the portfolio in detail and hears the views of the Investment Manager at each meeting. Information on the Company's performance is provided in the Chairman's Statement (beginning on page 4) and the Investment Manager's Review (beginning on page 12). This performance is assessed against the following KPIs which are unchanged from last year.

Net Asset Value^ and Share Price Total Return^ are measured against the benchmark and provide the key performance indicators for assessing the development and performance of the Company.

Principal Data

	31 March 2021	31 March 2020	% Change
Shareholders' funds (£'000)	**237,116**	191,330	23.9
NAV per Ordinary Share	**£1,185.58**	£956.65	23.9
Premium to NAV^	**19.77%**	10.80%	
Share price per Ordinary Share	**£1,420.00**	£1,060.00	34.0
Recommended final dividend per Ordinary Share	**£47.07**	£41.39	13.7
Recommended special dividend per Ordinary Share	**£2.93**	£2.61	12.3
Dividend yield^	**3.52%**	4.15%	
Ongoing Charges^	**0.75%**	0.83%	
Earnings per Ordinary Share – basic	**£272.93**	£90.23	202.5
Revenue	**£60.01**	£52.99	13.2
Capital	**£212.92**	£37.24	471.8
NAV total return†^	**29.0%**	9.8%	
Share price total return†^	**38.9%**	(26.5%)	
Benchmark**†	**4.0%**	4.0%	

^ Alternative Performance Measure (see Glossary beginning on page 106).
** See Company Summary on inside front cover.
† These are percentage change figures for the year to 31 March.
Please see Glossary of Terms on page 106 for an explanation of terms used.

Strategic Report

Key Performance Indicators ("KPIs") continued

Five Year Historical Record

To 31 March	Gross income £'000	Net revenue available for Ordinary Shares £'000	Dividends on Ordinary Shares Cost £'000	Dividends on Ordinary Shares Rate (£)	Net asset value per Ordinary Share (£)	Share price per Ordinary Share (£)
2017	4,887	3,900	3,160	15.80	588.21	810
2018	6,505	5,283	4,360	21.80	747.08	1,030
2019	8,680	7,172	5,900	29.50	895.93	1,475
2020	12,395	10,598	8,800	44.00	956.65	1,060
2021	**13,782**	**12,002**	**10,000**	**50.00**	**1,185.58**	**1,420**

Ongoing Charges^

Ongoing charges represent the costs that Shareholders can reasonably expect to pay from one year to the next, under normal circumstances. The Board continues to be conscious of expenses and works hard to maintain a sensible balance between high quality service and costs.

The ongoing charges (excluding the performance fee) for the year ended 31 March 2021 amounted to £1,679,000 (2020: £1,722,000) equivalent to 0.75% (2020: 0.83%), based on average net assets of £225,120,000 (2020: £207,946,000).

The performance fee paid for the year ended 31 March 2021 amounted to £2,661,702 (2020: £3,000)*, equivalent to 1.2% of average assets of £225,120,000. Contractually the fee this year should have amounted to £5,323,404 but LTL offered to permanently waive half its fee. See the Chairman's Statement beginning on page 4 for further details.

*There was no performance fee charged for the year to 31 March 2020 as LTL did not take the performance fee due other than £3,000 in respect of an adjustment for the prior year.

^ Alternative Performance Measure (see Glossary beginning on page 106).

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal identified risks facing the Company, including those that would threaten its objective, future performance, solvency or liquidity. The Audit Committee on behalf of the Board regularly reviews these risks and how they are managed and its Investment Manager also closely monitors them. In the event that any factor poses a potential material risk to the Company, the Board will consider what action (if any) should be taken.

During the year the Committee undertook a full review of the scoring methodology applied to the Company's risk register, resulting in a new approach being implemented. This approach was then applied to the existing risks causing some inherent risks to be scored more highly than previously, whilst others had their risk level reduced. It also identified a new emerging risk. Please see page 19 for further details.

The key risks affecting the Company are described below. Further detail on financial risks and how these are managed are discussed in note 17 to the Financial Statements on pages 79 to 85.

Strategic Report

Principal Risks continued

Key Risks and Uncertainties	Key Mitigations
Corporate Strategy The Board may have to reduce the Company's dividend.	The Board reviews the investment portfolio, income forecasts and levels of available revenue reserves prepared by the Company Secretary at every Board meeting. Dividends are paid to maintain investment trust status.
The Company's share price total return may differ materially from the NAV per share total return.	The Company has authority to buy back shares, hold shares in treasury and regular consideration is given to the share price premium or discount to NAV per share. The share price premium is addressed by the Chairman within his statement beginning on page 4.
Investment Strategy and Activity The departure of a key individual at the Investment Manager may affect the Company's performance.	The Board keeps the investment management arrangements under continual review. In turn, the Investment Manager reports on developments at LTL, including succession and business continuity plans. The Board meets with other members of the wider team employed by the investment manager. It is intended that key-man insurance will be secured by the Company to help mitigate this risk. The Board is also encouraged by the continued development of the investment management team at LTL who are now taking on greater responsibility at a more senior level.
The investment strategy adopted by the Investment Manager, including the high degree of concentration of the investment portfolio, may lead to an investment return that is materially lower than the Company's benchmark index, thereby failing to achieve the Company's investment objective.	The Board discusses with the Investment Manager the structure of the portfolio, including asset allocation and portfolio concentration. The Board reviews the performance of the portfolio against the benchmark at every meeting.
The investment in LTL becomes an even greater proportion of the overall value of the Trust's portfolio.	The Board holds quarterly discussions with the Investment Manager at each Board meeting. Consideration is given during a strategy meeting to the prospects of LTL and subsequent impact on the Company. The Board receives monthly compliance reports from the Company Secretary which monitor compliance with the investment restrictions.
The investment objective of existing Shareholders no longer coincides with the investment objective of the Company.	The Board periodically interacts with Shareholders which includes at the Company's Annual General Meeting. The Board reviews the Company's share register at every meeting and receives regular reporting by the Investment Manager on register changes and interactions with the shareholder base.
Operational Adverse reputational impact of one or more of the Company's key service providers which, by association, causes the Company reputational damage.	The Board has appointed reputable service providers who are well experienced in the investment trust sector. Individual Directors are well connected in the investment market and investment company sector and thereby keep appraised of developments in the sector. The Investment Manager and Company Secretary provide regular news updates on all matters affecting the Company. The Board undertakes an annual review of the level of service provision of the service providers.

Strategic Report

Principal Risks continued

Key Risks and Uncertainties	Key Mitigations
Financial Fraud (including unauthorised payments and cyber fraud) occurs leading to a loss.	The Investment Manager and Company Secretary have in place robust compliance and risk monitoring programmes. The Board regularly receives monthly compliance reviews and quarterly expenses analysis. An annual statement is obtained by the Audit Committee from all service providers giving representations that there have been no instances of fraud or bribery.
The Company is exposed to credit risk.	The Investment Manager is responsible for undertaking reviews of the creditworthiness of the counterparties that it uses. All business with respect to portfolio activity is conducted through selected brokers on a delivery versus payment basis thereby minimising exposure to broking counterparties. Further information on financial instruments and risk can be found in note 17 to the Financial Statements beginning on page 79.
The Company is exposed to market price risk.	The Directors acknowledge that market risk is inherent in the investment process. The Investment Manager maintains a diversified portfolio which is, however, concentrated in a few key sectors. The Board has imposed guidelines within its investment policy to limit exposure to individual holdings. The Company Secretary reports to the Board with respect to compliance with investment guidelines on a monthly basis. The Investment Manager provides the Board with regular updates on market movements. No investment is made in derivative instruments and no currency hedging is undertaken. Further information on financial instruments and risk can be found in note 17 to the Financial Statements beginning on page 79.
Accounting, Legal and Regulatory The Company and/or the Directors fail(s) to comply with its legal requirements in relation to FCA dealing rules/handbook procedures, the Listing Rules, the Companies Act 2006, relevant accounting standards, the Bribery Act 2010, the Criminal Finances Act 2017, GDPR, tax regulations or any other applicable regulations.	The Board monitors regulatory changes with the assistance of the Company Secretary, Investment Manager and external professional advisers to ensure compliance with applicable laws and regulations. The Board reviews compliance reports and internal control reports provided by its service providers, as well as the Company's Financial Statements and revenue forecasts. The Directors attend AIC Roundtables and conferences to keep up to date on regulatory changes and receive industry updates from the Company Secretary. The Company Secretary presents a quarterly report on changes in the regulatory environment, including AIC updates, and how changes have been addressed.

Principal Risks continued

Key Risks and Uncertainties	Key Mitigations
The regulatory environment in which the Company operates changes, affecting the Company's *modus operandi*.	The Board monitors the regulatory environment with the assistance of its Company Secretary, Investment Manager and external professional advisers to ensure that the Board is aware of any likely changes in the regulatory environment and will be able to adapt as required.
The Company's valuation of its investment in Lindsell Train Limited is materially misstated.	The Board approves the valuation of the Company's investment. An audit of LTL's valuation is conducted annually by a leading independent external audit firm. The Investment Manager and Company Secretary report to the Board at every meeting. An internal controls report is produced by the Company Secretary on an annual basis covering controls over valuation and release of weekly net asset value per share.
Emerging Risks The growth of retail platforms has a detrimental effect on shareholder engagement.	The Board receives regular updates from the Investment Manager and the Company Secretary on developments in the sector. The shareholder register is reviewed at every Board meeting. The Board welcomes retail platform holders to attend the Company's Annual General Meeting.

Brexit

The Board has considered whether the UK's exit from the European Union ("Brexit") poses a discrete risk to the Company. At the date of this report, the UK left the EU nearly six months ago with a trade and security deal finalised with the EU on 24 December 2020. The Board believes that, over the longer-term, Brexit is unlikely to affect the Company's business model. The Board will continue to monitor developments as they occur.

Impact of Covid-19

The Board recognises that the emergence and spread of new coronavirus strains represents a continuing risk, both to the Company's investments, investment performance and to its operations. The Investment Manager has continued its dialogue with investee companies as usual. Furthermore, the Board has stayed in close contact with the Investment Manager and has been regularly monitoring portfolio and share price developments.

The Board has also received assurances from the Company's key service providers in respect of their business continuity plans and the steps being taken to guarantee the ongoing efficiency of their operations while ensuring the safety and well-being of their employees.

As the vaccine programme nears completion, the outlook is cautiously positive, but the Board will continue to monitor developments as they occur.

Climate Change Risk

The Investment Manager considers how climate change could affect the Company's portfolio companies and shareholder returns.

Strategic Report

Emerging Risks

The Company has carried out a detailed assessment of the Company's emerging risks. The International Risk Governance Council definition of an 'emerging' risk is one that is new, or is a familiar risk in a new or unfamiliar context or under new context conditions (re-emerging). Failure to identify emerging risks may cause reactive actions rather than being proactive and, in the worst case, could cause the Company to become unviable or otherwise fail or force the Company to change its structure, objective or strategy.

The Audit Committee reviews a risk map during the year. Emerging risks are discussed as part of this process. The experience and knowledge of the Directors is useful in these discussions, as are update papers from the Board's key service providers such as the Investment Manager and Company Secretary. In addition, the Company is a member of the AIC, which provides regular technical updates as well as drawing members' attention to forthcoming industry and/or regulatory issues and advising on compliance obligations.

The Audit Committee identified one emerging risk during the year concerning the growth of retail platforms, which has been disclosed on page 19.

Future Developments

The Board's primary focus is on LTL's investment approach and performance both as the Company's Investment Manager and as an investment. The subject is thoroughly discussed at every Board meeting.

An outline of performance, investment activity and strategy, and market background during the year, as well as the outlook, is provided in the Chairman's Statement beginning on page 4 and the Investment Manager's Review on pages 12 and 13.

It is expected that the Company's strategy will remain unchanged in the coming year.

Longer-Term Viability Statement

In accordance with the UK Corporate Governance Code the Board reviews the performance and progress of the Company in depth at each quarterly Board meeting over historic periods and uses these assessments, regular investment performance updates from the Investment Manager and a continuing programme of monitoring risk to assess the future viability of the Company. The Directors consider that a period of three years is the most appropriate time horizon to consider the Company's viability and, after careful analysis, the Directors believe that the Company is viable over a three year period, taking into account the possible impact of the potential risks and uncertainties it faces, including the impact of the Covid-19 pandemic as detailed in the Chairman's Statement, Investment Manager's Report and Principal Risk sections of this Report. The following facts support the Directors' view.

- The Company has a liquid investment portfolio in relation to investments in UK and internationally listed securities and funds, and has some short-term cash on deposit. These liquid assets represent 52% of net assets, the other 48% is the unlisted investment in LTL, which is not readily realisable.
- Based on historic analysis 49% of the current portfolio could be liquidated within 30 business days with 45% in five business days. There is no expectation that the nature of the investments held within the portfolio will be materially different in the future.
- The founder directors of LTL, in which the Company holds 24.21%, have given their verbal assurance that they remain committed to the business for the foreseeable future.
- The Company has decided not to use gearing.
- Revenue expenses of the Company are covered five times by investment income.
- The Company has no employees, only its non-executive Directors. Consequently it does not have redundancy or other employment related liabilities or responsibilities.

In order to maintain viability, the Company has a robust risk control framework for the identification and mitigation of risk which is reviewed regularly by the Board. The Directors also seek reassurance from service providers that their operations are well managed and they are taking appropriate action to monitor and mitigate risk. The Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

The continued impact of the pandemic was also factored into the key assumptions by addressing its impact on the Company’s key risks and whether the effect of those risks on the Company had increased under normal, favourable and stressed market conditions. As part of this review the Board considered the impact of a significant and prolonged decline in the Company’s performance and prospects. This included a range of plausible downside scenarios such as reviewing the effects of substantial falls in investment values and the impact of the Company's ongoing charges ratio, which were the subject of stress testing.

Strategic Report

Section 172 Disclosure

Engaging with the Company's Stakeholders

Under the AIC Code, the Directors must now explain more fully how they have discharged their duty under Section 172 of the Companies Act 2006 in promoting the success of the Company for the benefit of the members as a whole. This includes the likely consequences of the Directors' decisions in the long-term and how they have taken wider stakeholders' needs into account.

STAKEHOLDER GROUP	THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	HOW THE BOARD, THE COMPANY SECRETARY AND THE INVESTMENT MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Who?	**Why?**	**How?**
Investors	Clear communication of the Company's strategy and the performance against the Company's objective can help maintain demand for the Company's shares. The Board recognises the importance of communication with Shareholders.	The Board and the Investment Manager receive shareholder feedback directly from Shareholders or from the appointed broker. An analysis of the Company's shareholder register is provided to the Directors at each Board meeting Shareholders have access to the Board, directly and via the Company Secretary, throughout the year. These communications help the Board make informed decisions when considering how to promote the success of the Company for the benefit of Shareholders over the long-term. Key mechanisms of engagement include: • The Annual General Meeting. • The Company's website which hosts monthly reports and Annual and Half Year Reports. • One-on-one investor meetings as required. • Should any significant votes (greater than 20%) be cast against resolutions, proposed at the Annual General Meeting, the Board will engage with Shareholders. • The Board will explain in its announcement of the results of the AGM the actions it intends to take to consult Shareholders in order to understand the reasons behind the significant votes against. • Following the consultation, an update will be published no later than six months after the AGM and the Annual Report will detail the impact the Shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed.

Engaging with the Company's Stakeholders continued

STAKEHOLDER GROUP	THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	HOW THE BOARD, THE COMPANY SECRETARY AND THE INVESTMENT MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Who?	**Why?**	**How?**
Investment Manager	Engagement with the Company's Investment Manager is necessary to evaluate its performance against the Company's stated strategy and to understand any risks or opportunities this may present. The Board monitors the Investment Manager's approach to environmental, social and governance ("ESG") issues. Engagement also helps ensure that investment management costs are closely monitored and remain competitive. The Chairman's Statement beginning on page 4 and Appendix 3 beginning on page 96 describe the key decisions taken during the year relating to LTL. In particular, they describe changes to the Company's investment management arrangements, the waiver of half of the investment management fee and change in benchmark, which were decisions taken in consultation with LTL and which the Board and LTL believe will be of benefit to Shareholders over the longer-term.	The Board meets regularly with the Company's Investment Manager throughout the year both formally at the quarterly Board meetings and informally as needed. The Board and Investment Manager communicate regularly outside of these meetings to ensure a collegiate approach. Furthermore, Michael Lindsell is a Director of both the Company and of the Investment Manager. The aim is to maintain a strong relationship between the Board and Investment Manager when considering the interests of the Company's stakeholders, whilst upholding the Company's values. The Investment Manager's attendance at each Board meeting also provides the opportunity for the Investment Manager and Board to further reinforce their mutual understanding of what is expected from both parties. The Investment Manager's performance is evaluated informally on a regular basis, with a formal review carried out on an annual basis by the Management Engagement Committee. The Investment Management Agreement is reviewed as part of this process.
Service Providers	The Company contracts with third parties for other services including: accounting & administration as well as company secretarial and registrar and custody. The Company ensures that the third parties to whom the services have been outsourced complete their roles in line with expectation thereby supporting the Company in its success and ensuring compliance with its obligations. The Covid-19 pandemic has meant that it was vital to make certain there were adequate procedures in place at the Company's key service providers to ensure safety of their employees and the continued high quality service to the Company.	The Board engages regularly with other service providers both in one-to-one meetings and via regular written reporting. This regular interaction provides an environment where topics, issues and business development needs can be dealt with efficiently and collegiately. The Board has maintained regular contact with the Company's key service providers during the pandemic, as well as carrying out a review of the service providers' business continuity plans and additional cyber security provisions. The key service providers' performance is evaluated by the Management Engagement Committee on an annual basis, or more often if appropriate. The terms and conditions underlying the relationship between the service providers are reviewed as part of this process. This approach is taken to enhance service levels and strengthen relationships between the Company and its providers to ensure the interests of the Company's stakeholders are best served by maintaining a high level of service whilst keeping costs proportionate.

Strategic Report

Engaging with the Company's Stakeholders continued

STAKEHOLDER GROUP	THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	HOW THE BOARD, THE COMPANY SECRETARY AND THE INVESTMENT MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
Who?	**Why?**	**How?**
Portfolio companies	The Investment Manager invests in a concentrated portfolio of durable business franchises with the intention of holding these positions for a considerable time. The Investment Manager engages with the management of these companies on a periodic basis and reports its impressions on the prospects of the companies to the Board. Gaining a deeper understanding of the portfolio companies and their strategies as well as incorporating consideration of ESG factors into the investment process assists in understanding and mitigating risks of an investment as well as identifying future potential opportunities.	The Board encourages the Company's Investment Manager to engage with companies and in doing so expects ESG issues to be a key consideration. The Board receives an update on Lindsell Train's engagement activities within a dedicated quarterly ESG report.
Regulators	The Board ensures compliance with rules and regulations as relevant to the Company.	The Company Secretary reports to the Board on a monthly basis and at each Board meeting.

WHAT WERE THE KEY TOPICS OF ENGAGEMENT?	WHAT ACTIONS WERE TAKEN, INCLUDING PRINCIPAL DECISIONS?
• Dialogue with Shareholders concerning the strategy of the Company, performance and the portfolio.	• The Investment Manager meets with Shareholders as required and at the AGM.
• Board Composition.	• The Board has in place a refreshment programme. Rory Landman retired during the year and Vivien Gould became the Senior Independent Director. Vivien retired as Chair of the Audit Committee and was replaced by Richard Hughes.

Engaging with the Company's Stakeholders continued

WHAT WERE THE KEY TOPICS OF ENGAGEMENT?	WHAT ACTIONS WERE TAKEN, INCLUDING PRINCIPAL DECISIONS?
• The make up of the investment portfolio including the percentage of NAV attributable to the holding in the investment manager. • Consideration of the prospects of LTL. • The impact of Covid-19 upon LTL and how companies in the LTIT portfolio have responded to the pandemic, in particular through increased digitalisation. • Review of the Company's Benchmark and LTL's Performance Fee.	• Continued monitoring of the percentage of the NAV attributable to LTL and other investments. • The Board has received regular updates from the Investment Manager throughout the Covid-19 pandemic and its impact on investment decision making. In addition, the impact of new working practices adopted by the Investment Manager as a consequence of the pandemic have been reviewed by the Board. • The Chairman's Statement on pages 4 to 9, describes changes to the Benchmark and Performance Fee.
• The integration of ESG into the Investment Managers investment processes.	• The Investment Manager reports regularly any ESG issues in the portfolio companies to the Board.
Other Service Providers • The Directors have frequent engagement with the Company's other service providers through the annual cycle of reporting.	• No specific action required as the reviews of the Company's service providers have been positive and the Directors believe their continued appointment is in the best interests of the Company. • During the year the Company appointed a new Company Secretary and administrator. Further details can be found on page 98.

Committed to responsible investing

Responsible ownership

It is the Board's view that, in order to achieve long-term success, companies need to maintain high standards of corporate governance and corporate responsibility. Therefore the Company expects the companies in which it is invested to comply with best practice in corporate governance matters, or to provide adequate explanation of any areas in which they fail to comply, whilst recognising that a different approach may be justified in special circumstances. In respect of UK companies, current best practice in corporate governance matters is set out in the Corporate Governance Code.

The Company also monitors the Environmental, Social and Governance ("ESG") policies of the Investment Manager, given the likely influence of such factors on the long-term growth prospects of the companies in which they invest on the Company's behalf. Whilst the Company's Investment Manager is appraised of the Company's approach to the stewardship of its assets and the importance of sound corporate governance, it uses its discretion according to its knowledge of the relevant circumstances. The Investment Manager reports its compliance with the UK Stewardship Code, or equivalent legislation, to the Audit Committee each year.

The Investment Manager's commitment to responsible investing is set out overleaf.

Strategic Report

Lindsell Train's primary aim is to protect the real value of its clients' capital over the long-term. To achieve this aim, Lindsell Train invests in what it has determined to be "exceptional" companies – that are durable, cash generative businesses that achieve higher than average returns on capital – with the expectation of holding them for the very long-term. It has historically found that such companies more often than not exhibit characteristics associated with good corporate governance and responsible business practices. Indeed, Lindsell Train believes that companies that observe high standards should increase their chances of survivability.

To that end Lindsell Train's analysis and company engagement strategy seeks to incorporate all factors that it believes will affect the Company's ability to deliver long-term sustainable value to Shareholders. Such factors include, but are not limited to corporate strategy, operating performance, competitive positioning, company governance, environmental factors (including climate change), social factors, remuneration, reputation and litigation risks, deployment of capital, regulation and any other risks or issues facing the business. Thus, whilst not a separate function, its evaluation of ESG factors is a natural part of Lindsell Train's investment process and engaging with and monitoring investee companies is an integral element of the investment strategy.

As a product of its investment approach, Lindsell Train does not invest in capital intensive industries (energy, commodities or mining) or any companies involved in the extraction and production of coal, oil or natural gas. Lindsell Train also avoids industries that it judges to be sufficiently detrimental to society and that may be exposed to burdensome regulation or litigation that could impinge on financial returns (e.g. tobacco, gambling or arms manufacturers). Finally, a fortuitous outcome of Lindsell Train's investment process is that a number of holdings in its portfolios play an important positive social role, for example through providing access to education or encouraging saving for the future.

From a corporate responsibility perspective, Lindsell Train is in the process of updating its UK Stewardship Code statement in response to the recently published 2020 Code. It engaged with the UK Financial Reporting Council as part of the 2019 Consultation and it is Lindsell Train's intention to remain a signatory of the Code.

Additionally, Lindsell Train became a signatory to the UN Principles for Responsible Investment in November 2019.

Lindsell Train appointed Glass Lewis to assist the administration of its proxy voting process. It is its intention that proxy voting reports will be made publicly available on the Lindsell Train website in due course, which is in line with the expectations of the UK Stewardship Code 2020 and Shareholder Rights Directive II. Lindsell Train does not, however, outsource the proxy voting decisions, as this forms an important part of its investment process and proactive company engagement strategy. The Investment Manager maintains final decision-making responsibility, which is based on its detailed knowledge of the companies in which Lindsell Train invests.

Integrity and Business Ethics

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery, tax evasion and corruption. As such, policies and procedures are in place to prevent bribery and corruption. In carrying out its activities, the Company aims to conduct itself responsibly, ethically and fairly.

As an Investment Trust with limited internal resource, the Company has little direct impact on the environment. The Company believes that high standards of ESG make good business sense and have the potential to protect and enhance investment returns. Consequently, the Investment Manager's investment criteria ensure that ESG and ethical issues are taken into account and best practice is encouraged. The Board's expectations are that its principal service providers have appropriate governance policies in place.

Purpose, Values and Culture

The Company's culture is driven by its values of integrity, knowledge, skill and frank and courteous conduct. It focuses on achieving returns for Shareholders in line with the Company's Investment Objective, as set out on the inside front cover.

As the Company has no employees, its culture is represented by the values, conduct and performance of the Board, the Investment Manager and its key service providers.

Employees, Social, Human Rights and Environmental Matters

The principal activity of the Company is to invest in line with the Investment Policy set out on page 14. The Company has no employees and accordingly it has no direct social, human rights or environmental impact from its operations. It does not hold sufficiently large proportions of portfolio companies to be able to influence their social or environmental footprints.

As an Investment Trust the Company does not provide goods or services in the normal course of business, and does not have customers but does engage service providers. Due diligence is carried out on key service providers prior to their engagement. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Strategic Report

Directors

The number of Directors at the financial year end was five (2020: six).

	2021		2020	
	Male	**Female**	Male	Female
Directors (Non-Executive)	**4**	**1**	5	1

There were no Executive Directors or employees during the year.

Board Diversity

When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience. The Company is committed to ensuring that any vacancies arising are filled by the best qualified candidates. The Board acknowledges the benefits of greater diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. As such, the Board is minded to increase the diversity of its Board and in particular the proportion of female directors.

The following key objectives for the appointment process for new Directors have been established:

- all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective;
- candidates selected must have sufficient time to devote to their duties as a Director of the Company; and
- long lists of potential non-executive directors should include diverse candidates of appropriate merit.

The Board is aware that targets concerning ethnic diversity have been recommended for FTSE 250 companies. While the Company is not a FTSE 250 constituent and the Board is small in size, the Directors will continue to monitor developments in these areas and to consider diversity during any director search process.

Approval Statement

The Strategic Report of the Company, comprising pages 2 to 28 of this Report, has been approved by the Board.

For and on behalf of the Board

Julian Cazalet
Chairman
16 June 2021

Governance

Directors

Julian Cazalet*^†+, Chairman, is a director of Deltex Medical Group plc and two charitable trusts. He was previously Chairman of Herald Investment Trust plc for 10 years, retiring in 2019. Before that he was a Managing Director – Corporate Finance at J.P. Morgan Cazenove where he advised investment trusts in addition to his work with industrial and commercial companies, having been a partner in Cazenove since 1978. A qualified Chartered Accountant, he has an M.A. in Economics from Cambridge University.

Nicholas Allan*^†+, has significant experience of investment management. He was a founder of Boyer Allan Investment Management in 1998 and joint fund manager of the Boyer Allan Pacific Fund Inc until 2012. Prior to that he worked in various roles in UK merchant bank Kleinwort Benson and its affiliates in London, Boston, New York, Tokyo and Hong Kong between 1980 and 1998. This included setting up a pan-Asian securities business and running its global emerging markets securities area. He is a non-executive director of Walled City Hotels Pte Limited (India), trading as RAAS Hotels, and is also a director of several charities. He has an M.A. in Natural Sciences from Cambridge University.

Vivien Gould*^†+, Senior Independent Director, is a non-executive director of Baring Emerging EMEA Opportunities PLC, Schroder AsiaPacific Fund plc and National Philanthropic Trust UK. She has worked in the financial services sector since 1981. She was a founder director of River & Mercantile Investment Management Limited (1985) and served as a senior executive and Deputy Managing Director with the Group until 1994. She then worked as an independent consultant and served on the boards of a number of investment management companies, listed investment trusts, other financial companies and charitable trusts. Vivien was appointed Senior Independent Director in September 2020.

Richard Hughes*^†+, Audit Committee Chairman, is a non-executive director of Middlefield Canadian Income PCC. He also serves as a non-executive director of Edentree Asset Management Limited, chairs its Investment Committee and is a member of its Risk and Audit Committee. He has significant experience with closed-end funds, namely M&G's Investment Trust business of which he was a director. He managed a number of funds, including M&G Smaller Companies Fund, M&G Recovery Fund and M&G Charifund. He was a director of M&G Group plc and Managing Director of M&G Investment Management Limited. He was a director of M&G Limited and M&G Group plc from 1994 to 2000, and a director of M&G Recovery Trust plc from 1992 to 1998. Richard was appointed Audit Committee Chairman in September 2020.

Michael Lindsell joined the investment department of Lazard Brothers in 1982 after obtaining a BSc (Hons) degree in zoology from Bristol University. In 1985 he moved to Scimitar Asset Management in Hong Kong where he ran Pacific and Japanese mandates before specialising in Japan. In 1989 he moved to Warburg Asset Management where he was a director and head of Mercury Asset Management's Japanese fund management division. In 1992 he joined GT Management's Tokyo office where he held the post of chief investment officer with responsibility for GT's Japanese funds, and global funds sourced out of Japan. He returned to the UK in 1997 and following the acquisition of GT by INVESCO in 1998, he was appointed head of the combined global product team. He left INVESCO to set up LTL in 1999.

All Directors are Non-Executive.

* Independent
^ Audit Committee member
† Management Engagement Committee member
+ Nomination Committee member

M Lindsell was appointed on 13 July 2006; J Cazalet and V Gould were appointed on 29 January 2015; N Allan and R Hughes were appointed on 18 September 2018.

Investment Manager

LTL acts as discretionary Investment Manager of the Company's assets. However, the Board retains ultimate discretion over the holding in LTL and Lindsell Train managed fund products. Decisions on these holdings are based on advice and information received from the Investment Manager.

Administrator and Company Secretary

Frostrow Capital LLP is the Administrator and Company Secretary. As reported in the Half-year Report as at 1 November 2020 the Company appointed Frostrow Capital LLP after a review process during 2020.

Further details can be found in Appendix 3, beginning on page 96.

Report of the Directors

The Directors present their Annual Report together with the audited Financial Statements of the Company and the Independent Auditors' Report for the year ended 31 March 2021.

In accordance with the requirement for Directors to prepare a Strategic Report and an enhanced Directors' Remuneration Report for the year ended 31 March 2021, the following information is set out in the Strategic Report: a review of the business of the Company including details about its objective, strategy and details of the key risks and uncertainties associated with the Company's activities.

Listing Rule 9.8.4 requires the Company to include certain information, more applicable for traditional trading companies, in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Status

The Company is registered in England & Wales under number 04119429. It is an investment company as defined in Section 833 of the Companies Act 2006.

The Company has been confirmed by HM Revenue & Customs as having approved investment trust status under the Investment Trusts (Approved Company) (Tax) Regulations 2011, subject to it continuing to comply with the Regulations. The Directors conduct the affairs of the Company with a view to maintaining this approved investment trust status in order to preserve the Company's exemption from UK capital gains tax.

The Board has been approved by the Financial Conduct Authority to be a Small Registered UK Alternative Investment Manager ('AIFM').

The Alternative Investment Fund Managers' Directive ('AIFMD') requires certain disclosures to be made in respect of any remuneration policy for the AIFM, leverage, risk disclosures and pre-investment disclosures. The Board is the AIFM, and receives no remuneration in this regard. The Company does not use gearing, makes sufficient risk disclosure within the Report, and there have been no material changes to investment policy or objectives. Therefore, it is considered that separate disclosures are not required.

The Company is a member of the Association of Investment Companies ('AIC').

Investment Policy and Objective

Details of the Company's investment policy and objective of the Company are set out on page 14.

Results and Dividend

The revenue return for the financial year ended 31 March 2021 after taxation amounted to £12,002,000 (2020: £10,598,000). A final dividend of £47.07 per Ordinary Share (2020: £41.39) and a special dividend of £2.93 per Ordinary Share (2020: £2.61) are proposed for the year ended 31 March 2021. If these dividends are approved by Shareholders at the forthcoming Annual General Meeting they will be paid on 14 September 2021 to Shareholders on the register at close of business on 13 August 2021 (ex-dividend 12 August 2021).

Use of Financial Instruments

The Company's use of financial instruments is disclosed in note 17 to the Financial Statements.

Share Capital

Full details of the Company's Ordinary Share capital are provided in Note 14 of the Financial Statements on page 78.

Governance

Report of the Directors continued

Supplier Agreements

Details of the Company's supplier agreements can be found in Appendix 3.

Substantial Shareholdings

As at the dates below the Company had received notifications (DTR 5.1.2R) and/or become aware of the following shareholdings representing 3% or greater of the Ordinary Share capital of the Company as at 31 March 2021 and 21 May 2021, being the latest practicable date before publication of the Annual Report:

	No. of Shares as at 31 March 2021	*% of Capital*	*No. of Shares as at 21 May 2021*	*% of Capital*
Hargreaves Lansdown Asset Management	33,401	16.70	33,291	16.65
Interactive Investor	18,962	9.48	19,455	9.73
Mr Nicholas Train	13,332	6.67	13,332	6.67
Mr Michael Lindsell (including non-beneficial interests)	10,945	5.47	10,945	5.47
Finsbury Growth & Income Trust PLC	10,000	5.00	10,000	5.00
A J Bell Securities	9,243	4.62	9,134	4.57
Brewin Dolphin	7,154	3.58	6,915	3.46
Rathbone Investment Management	6,864	3.43	6,730	3.37

As at 31 March 2021 and 21 May 2021 the Company had 200,000 Ordinary Shares in issue.

Directors

Details of the Directors of the Company who served during the year are set out on page 29. Particulars of their remuneration are given on pages 49 to 55. All of the Directors as at the date of this Report will stand for re-election.

Rory Landman served as a Director until his retirement on 3 September 2020.

Directors' Other Commitments

Each of the Directors assessed the overall time commitment of their external appointments and it was concluded that they have sufficient time to discharge their duties. Further details of this assessment can be found on page 38.

Succession Planning

The Board, meeting as the Nomination Committee, regularly considers its structure and recognises the need for progressive refreshment.

The Board has an approved succession planning policy to ensure that (i) there is a formal, rigorous and transparent procedure for the appointment of new directors; and (ii) the Board is comprised of members who collectively display the necessary balance of professional skills, experience and industry/company knowledge. The policy is reviewed annually and at such other times as circumstances may require. During the year, the Board reviewed the policy on Directors' tenure.

Powers of the Directors

The powers of the Directors are contained in the Company's Articles of Association, which are publicly available at Companies House. Subject to the provisions of the Companies Acts and the Company's Articles, the Directors may exercise all powers within their scope to manage the business of the Company and may delegate any of those powers to a Director, Committee or Agent.

The Directors may exercise the Company's authority to borrow, to pay fees, expenses and additional remuneration or salary for special duties undertaken by any Director, and vote the shares of portfolio companies.

Directors' Interests

The interests of the Directors, and connected persons, in the Ordinary Shares of the Company are shown in the Directors' Remuneration Report beginning on page 49.

Conflicts of Interest

Company Directors have a statutory obligation to avoid a situation in which they (and connected persons) have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of interests and potential conflicts is maintained and is reviewed at every Board meeting. No conflicts of interest arose during the year under review.

Directors' Fees

Reports on Directors' Remuneration and also the Directors' Remuneration Policy are set out on pages 49 to 55.

Directors' Indemnification and Insurance

Articles 165 and 166 of the Company's Articles of Association provide that, insofar as permitted by law, every Director shall be indemnified by the Company against all costs, charges, expenses, losses or liabilities incurred in the execution and discharge of the Directors' duties, powers or office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors. This cover was in place during the year and also to the date of signing this report.

Given the importance of the investment in LTL, the Company has insured the lives of the founders and key managers, Michael Lindsell and Nick Train, for £10m each. Currently there is a policy in place to insure Michael Lindsell for a premium of £19,337 and we anticipate there will be one in place shortly to insure Nick Train. In the unfortunate event of a claim being made the proceeds would partly offset the likely fall in the value of the investment in LTL.

Disclosure of Interests

Save as disclosed overleaf and in note 6 to the Financial Statements, no Director was a party to, or had an interest in, any contract or arrangement with the Company.

Michael Lindsell is a director of the Investment Manager, LTL, and the beneficial holder of 36.22% of the issued share capital of that company.

Governance

Report of the Directors continued

All of the Directors are non-executive and no Director had a contract of service with the Company at any time during the year.

Registered Office

On 2 November 2020, the Company's registered office address changed from Hamilton Centre, Rodney Way, Chelmsford CM1 3BY to 25 Southampton Buildings, London WC2A 1AL.

Corporate Governance

The Corporate Governance Statement, which forms part of this Report of the Directors, is set out on pages 37 to 43.

Employment, Social, Human Rights and Environmental Statements

The Strategic Report on pages 2 to 28 includes statements on social, economic, human rights and environmental issues.

Climate Change

Disclosure Concerning Greenhouse Gas Emissions

The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. It has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Reports and Directors' Reports) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, including those within the Company's underlying investment portfolio.

Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

Political Donations

The Company does not make political donations.

Common Reporting Standard (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain Shareholders. The reporting obligation began in 2016 and will be an annual requirement going forward. The Registrars, Link Group, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Alternative Performance Measures

The Company uses a variety of performance measures when monitoring the performance of the Company. These measures are considered to be alternative performance measures under the European Securities and Markets Authority ('ESMA') guidelines and are described further in the Glossary of Terms under Alternative Performance Measures on pages 106 to 108.

Statement of Disclosure of Information to the Auditors

So far as the Directors are aware, there is no relevant information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware. The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information (as defined) and to establish that the Auditors are aware of such information.

The above information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Stakeholder Engagement

While the Company has no employees, suppliers or customers, the Directors give regular consideration to the need to foster the Company’s business relationships with its stakeholders, in particular with Shareholders and service providers. The effect of this consideration upon the principal decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on pages 22 to 25.

Annual General Meeting

The Annual General Meeting of the Company will be held on 9 September 2021 at 2.30 pm. In accordance with the AIC Code, the Notice of Meeting is circulated more than twenty working days before the meeting. Please refer to the Chairman’s Statement beginning on page 4 for details of this year’s arrangements.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 13 – authority to buy back shares

Resolution 14 – authority to sell treasury shares

Articles of Association

Resolution 15, which will be proposed as a special resolution, proposes to amend the Company's Articles of Association to permit the Company to hold virtual and/or hybrid Shareholder meetings, including AGMs.

The Board believes that virtual and/or hybrid meetings will allow for greater shareholder and stakeholder engagement over the coming years in a way that is more convenient for all parties.

The Board believes this flexibility is particularly necessary at the moment given the ongoing uncertainty as regards the duration of social distancing measures and restrictions on gatherings, and the need to maintain open channels of communication between Shareholders, Directors and stakeholders. These changes to the Articles of Association will allow the Board to continue to fulfil its legal obligation to hold shareholder meetings irrespective of any legislation or government guidance preventing physical meetings taking place or limiting the number of people who may attend a physical meeting.

If the Board determines that a virtual or hybrid meeting is the most appropriate form of shareholder meeting in any circumstances, the Board will seek to ensure the meeting continues to fulfil its purpose of facilitating shareholder engagement and Board scrutiny and will observe any applicable codes of best practice.

Governance

Report of the Directors continued

If it appears to the Chairman of the general meeting that an electronic facility has become inadequate for the purposes referred to above then the Chairman may, without having to seek the consent of the meeting given that this may not be practicable in the circumstances, exercise his or her rights to manage the meeting (for example, under the Company's Articles) to pause, interrupt or adjourn the general meeting. All business conducted at that general meeting up to the time of that adjournment (or an earlier time if determined by the Chairman to be appropriate) will be valid. The usual provisions of the Articles relating to the adjournment of general meetings will apply to any such adjournment.

The revised Articles of Association also include certain non-material amendments to reflect changes in applicable law and the Company's stated policies in the period since the existing Articles were adopted.

Resolution 16 authorises the Company to hold general meetings on not less than 14 clear days notice.

The full text of the resolutions to be proposed at the AGM are contained in the Notice of Meeting beginning on page 99.

Other Statutory Information

The following information is disclosed in accordance with the Companies Act 2006:

- The rules on the appointment and replacement of directors are set out in the Company's Articles of Association (the "Articles"). Any change to the Articles would be governed by the Companies Act 2006.
- Subject to the provisions of the Companies Act 2006, to the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company.

The powers shall not be limited by any special powers given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all the powers exercisable by the Directors. The Directors' powers to issue and buy back shares, in force at the end of the year, are recorded in the Directors' Report.

There are no agreements:

i. to which the Company is a party that might affect its control following a takeover bid; and/or

ii. between the Company and its Directors concerning compensation for loss of office.

By order of the Board

Frostrow Capital LLP
Company Secretary
16 June 2021

Corporate Governance Statement

The Corporate Governance Statement forms part of the Report of the Directors.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance 2019 ("AIC Code"), addresses all the principles set out in the UK Corporate Governance Code ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

By reporting against the AIC Code, the Company meets its obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules).

The Board considers that reporting in line with the principal recommendations of the AIC Code will provide better information to Shareholders. The Financial Reporting Council has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules).

The Board confirms that it complies with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

UK Corporate Governance Code	Additional Information
• the role of the chief executive; • executive directors' remuneration; and • the need for an internal audit function. • The Chairman of the Board should not be a member of the Audit Committee.	The Board considers these provisions are not relevant to the Company, as it is an externally managed investment company. All of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

AIC Code	Additional Information
• the Board should establish a Remuneration Committee	The Board does not consider this provision relevant as the Company has no employees and there are no executive directors. Non-executive Directors' remuneration is determined by the Board in line with the Directors' Remuneration Policy.

Governance

Corporate Governance Statement continued

Board Structure

The Board recognises that its prime purpose is to direct the business so as to maximise Shareholder value within a framework of proper controls. The Board at the date of this Report currently comprises five members, four of whom are male and one who is female. All Directors are non-executive and four are independent of the Investment Manager.

The Directors normally meet as a Board on a quarterly basis. The Board lays down guidelines within which the Investment Manager implements investment policy and has a schedule of matters reserved exclusively for resolution by the Directors. All Board members have access to the advice and services of the Company Secretary, the removal or replacement of whom is a matter for the Board as a whole. The Directors are also able to take independent professional advice at the Company's expense.

The Investment Manager, Company Secretary and Administrator all operate in a supportive and cooperative manner and representatives of each attend Board meetings.

The number of meetings of the Board and Committees for the year under review is given below, together with individual Director's attendance at those meetings:

	Board (regular meetings)	Audit Committee	Management Engagement Committee	Nomination Committee
Total number of meetings	**4**	**3**	**1**	**1**
Julian Cazalet	4	3	1	1
Nicholas Allan	4	3	1	1
Vivien Gould	4	3	1	1
Richard Hughes	4	3	1	1
Rory Landman**	1	1	–	–
Michael Lindsell	4	3*	–	–

** Present as an attendee and not a member of Committee.*

*** Rory Landman retired at the last Annual General Meeting held on 3 September 2020, having served on the Board for nine years.*

Board Performance Evaluation

The Board evaluates the performance of the Board, Committees, individual Directors and third party service providers using a structured questionnaire and without recourse to an external facilitator. The Board is satisfied from the results of these that the Board, its Committees and its third party providers function effectively, both collectively and individually, and contain an appropriate balance of skills and experience for the effective management of the Company.

The Board also reviewed each director's time commitment and independence by reviewing a complete list of appointments to ensure that each director remained free from conflict and had sufficient time available to discharge each of their duties effectively. All Directors were considered to be independent in character and judgement.

- The Board considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive directors, each Director had valuable skills and experience, as detailed in their biographies on page 29.
- Based on its assessment, the Board noted individual recommendations for each Director's re-election.

Board Responsibilities

It is the responsibility of the independent members of the Board, led by the Chairman, to ensure the effectiveness of the Investment Manager and other third party service providers. The Board receives accurate, timely and clear information to assist it in its decision making, and no one Director has unfettered powers of decision.

Division of Responsibilities

The Chairman's primary role is to provide leadership to the Board, assuming responsibility for its overall effectiveness in directing the Company. The Chairman is responsible for:

- taking the chair at general meetings and Board meetings, conducting meetings effectively and ensuring all Directors are involved in discussions and decision-making
- setting the agenda for Board meetings and ensuring the Directors receive accurate, timely and clear information for decision-making
- taking a leading role in determining the Board's composition and structure
- overseeing the induction of new directors and the development of the Board as a whole
- leading the annual board evaluation process and assessing the contribution of individual Directors
- supporting and also challenging the Investment Manager (and other suppliers) where necessary
- ensuring effective communications with Shareholders and, where appropriate, stakeholders
- engaging with Shareholders to ensure that the Board has a clear understanding of shareholder views

The Senior Independent Director ("SID") serves as a sounding board for the Chairman and acts as an intermediary for the other Directors and the Shareholders. The SID is responsible for:

- working closely with the Chairman and providing support
- leading the annual assessment of the performance of the Chairman
- holding meetings with the other non-executive Directors without the Chairman being present, on such occasions as necessary
- carrying out succession planning for the Chairman's role
- working with the Chairman, other Directors and Shareholders to resolve major issues
- being available to Shareholders and other Directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication (i.e. through the Chairman or the Investment Manager).

Governance

Corporate Governance Statement continued

Company Secretary

The Directors have access to the advice and services of a specialist investment trust company secretary, who is responsible for advising the Board on all governance matters. The Company Secretary ensures governance procedures are followed and that the Company complies with applicable statutory and regulatory requirements.

Matters Reserved for the Board

The Board is responsible for setting the Company's investment objectives, strategy and benchmark. It also decides on the appointment and replacement of key suppliers including the Investment Manager, the Auditors (subject to Shareholder approval), Registrar, Custodian, Company Secretary, Administrator and Tax Services Supplier.

The Board determines what items will be put to Shareholders at general meetings, approves financial results and any communications/announcements relating to the Company. Within the authority granted by Shareholders the Board approves allotments and buy-backs of Ordinary Shares and increases/reductions of Ordinary Shares in issue and in treasury.

The Board monitors key risks and ensures that there is a structure of internal controls in place to mitigate the likelihood of risks materialising. These are explained in greater detail below. Authority has been delegated to the Investment Manager to take decisions on the purchase and sale of individual investments. However, the Board retains discretion in relation to the investment in LTL and Lindsell Train managed funds. The Board has also delegated authority to the Committees listed on pages 41 and 42 and has established Terms of Reference which are available on the Company's website and from the Registered Office of the Company.

A schedule of matters reserved for the Board is also available on the Company's website and from the Registered Office of the Company.

Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing those risks which are significant for the Company (particularly operational risks) and that this process reflects the guidance provided by the FRC. This process has been in place for the year ended 31 March 2021 and up to the date of the Annual Report and Financial Statements, and is regularly reviewed by the Board. The review covers all material financial, operational and compliance controls and risk management systems.

The Board has ultimate responsibility for the system of internal control and for reviewing its effectiveness. The key elements of the system are the appointment of an independent custodian with responsibility for safeguarding the Company's assets and clearly defined responsibilities between the Board, the Custodian and the Investment Manager, all of whom have detailed operating procedures in place. The controls operated by the Board include the authorisation of the investment strategy and regular reviews of the investment performance and financial results. The system is designed to manage rather than eliminate the risk of being unable to meet business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews the operation and effectiveness of the Company's internal controls regularly through identification and assessment of key risks and there is an annual review of how these are managed.

The Board has delegated the management of the investment portfolio to the Investment Manager, LTL, other than maintaining ultimate discretion over the holdings in LTL and Lindsell Train managed funds. LTL and the Board regularly discuss the investments in LTL and Lindsell Train funds. The day-to-day administration and the Company Secretarial requirements are contractually delegated to Frostrow Capital LLP, and the custodial services including the safeguarding of assets to Northern Trust Company (see note 17). These contracts have been entered into after full consideration by the Board of the services undertaken and are reviewed annually. The Investment Manager, Administrator and Custodian all maintain their own systems of internal and financial controls.

The Investment Manager has established a framework to provide reasonable assurance on the effectiveness of internal controls operated on behalf of its clients. The Investment Manager's compliance officer assesses and reports to the Board on that effectiveness and on the various business risks that may be encountered by the Investment Manager.

The Company Secretary and Administrator also has established internal controls and have procedures in place to monitor them.

The Audit Committee reviews, at least annually, a detailed analysis of the activities and potential risks to which the Company might be exposed and the key controls in place to minimise risk.

The Board is satisfied that its approach to managing internal control and risk conforms to the recommendations of the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014).

The Board notes that the Covid-19 pandemic has affected the operations of all its service providers but is satisfied that all have been able to adjust their business practices to accommodate the disruption and to continue to provide a satisfactory service to the Company.

As the Company's investment management, administration and custodial activities are carried out by third party service providers, the Board does not consider it necessary to have an internal audit function or whistleblowing procedures. The Audit Committee reviews annually the whistleblowing procedures of the Company's key service providers.

Board Committees

Nomination Committee

The Board has established a Nomination Committee which will meet annually, or more often, if necessary. The Company's Nomination Committee during the year comprised Julian Cazalet (Chairman), Nicholas Allan, Vivien Gould and Richard Hughes.

The Directors have many years' experience within the industry between them and a broad knowledge of individuals who would have the necessary skills to promote and develop the Company. Accordingly the Nomination Committee has not considered it necessary to engage the services of third party search consultants.

The Board's policy on diversity, including gender, is described in more detail on page 28.

The Board's policy on tenure is that Directors' appointments are reviewed through the regular board performance evaluations. There is no requirement for Directors to stand down after a fixed period of time as the Company values experience over a number of investment cycles.

Governance

Corporate Governance Statement continued

Remuneration Committee

The Company has no executive Directors and the Board as a whole fulfils the function of a Remuneration Committee.

Audit Committee

The Company's Audit Committee during the year comprised Richard Hughes (Chairman), Nicholas Allan, Julian Cazalet and Vivien Gould. Although Mr Cazalet is Chairman of the Board, the Board considers it desirable that he continues as a member of the Committee. The Audit Committee has set out a formal Report on pages 44 to 48 of the Annual Report.

Management Engagement Committee

The Company's Management Engagement Committee during the year comprised Julian Cazalet (Chairman), Nicholas Allan, Vivien Gould and Richard Hughes.

The Committee reviews LTL's performance against comparator indices and market peers and considers whether terms of the contract, fees and other remuneration payable to LTL remain appropriate on at least an annual basis.

The Committee also considers the performance, terms, fees and other remuneration payable to the Company Secretary and Administrator, the Custodian, Northern Trust Company and the Registrar, Link Group.

Shareholder Relations

Information on the Board's engagement with Shareholders and stakeholders and how it contributes to strategic decision making is discussed within the Section 172 statement found on pages 22 to 25.

The AIC Code requires directors to explain their statutory duties as stated in sections 171–177 of the Companies Act 2006. Under section 172, directors have a duty to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to the consequences of any decisions in the long-term, as well as having regard to the Company's stakeholders amongst other considerations.

The Board's report on its compliance with Section 172 of the Companies Act 2006 is contained within the Strategic Report on pages 22 to 25.

Nominee Share Code

Where the Company's shares are held via a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying Shareholders to attend the Company's Annual General Meeting and vote via proxy.

Exercise of Voting Powers

The Board has delegated authority to LTL (as Investment Manager) to cast its vote in relation to the shares owned by the Company that are held on its behalf by its Custodian.

Anti-Bribery and Corruption Policy

The Board has adopted a zero-tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit from themselves or for the Company.

The Board applies the same standards to its service providers in their activities for the Company.

A copy of the Company's Anti Bribery and Corruption Policy can be found in the Board and Policies section of the Company's website. The policy is reviewed regularly by the Audit Committee.

Prevention of the Facilitation of Tax Evasion

In response to the implementation of the Criminal Finances Act 2017, the Board adopted a zero-tolerance approach to the criminal facilitation of tax evasion. A copy of the Company's policy on preventing the facilitation of tax evasion can be found in the Board and Policies section of the Company's website. The policy is reviewed annually by the Audit Committee.

Julian Cazalet
Chairman
16 June 2021

Governance

Report of the Audit Committee

This report to Shareholders for the year ended 31 March 2021 has been prepared in accordance with guidance issued by the Financial Reporting Council and the UK Corporate Governance Code.

Composition of the Committee

The Audit Committee during the year comprised four Directors, all of whom are members of the Board. All of the members of the Committee are independent and considered to have sufficient recent and relevant experience to enable the Committee to function effectively. Julian Cazalet and Richard Hughes have current experience in relation to accounting and financial matters. The Company Secretary is Secretary to the Committee.

Role and responsibilities of the Committee

A comprehensive description of the Committee's role, its duties and responsibilities, can be found in its terms of reference, which are available on the Company's website and from the Registered Office of the Company.

The principal activities undertaken by the Audit Committee are:

- to monitor and review the effectiveness of all aspects of the Company's financial reporting
- to satisfy itself as to the integrity of the full year and half year reports to Shareholders
- to advise the Board that such reports are fair, balanced and understandable and comply with applicable laws and regulations
- to monitor the effectiveness of internal controls operated by third party service providers appointed by the Board to undertake the day-to-day activities and administration of the Company's business
- to consider significant issues (if any) which are identified by the Auditors and to determine such action (if any) as needs to be recommended to the Board in connection therewith
- to meet, at least annually, with the Auditors and review the audit plan proposed by them; including areas of risk they will look particularly at, their level of materiality and the fee proposed by them for the statutory audit work
- to make recommendations to the Board on the appointment, reappointment, replacement or removal of the Auditors
- to consider all proposals and fees for non-audit work, which may include tenders from independent third parties as well as proposals from the Auditors to undertake such work, the fees for such work and their suitability to undertake the work involved
- to monitor and satisfy itself as to the independence, objectivity, resources and qualifications of the Auditors at least annually
- to consider, at least annually, whether or not the Company should have an internal audit function.

Significant Issues Considered by the Audit Committee during the year

Audit Regulation

In the last couple of years, the UK audit sector has been subject to a number of reviews, such as those conducted by the Competition and Markets Authority ('CMA') into the Statutory Audit Market and the Kingman Review of the FRC which have resulted in a number of recommendations by the Department of Business, Enterprise, Industry and Skills ('BEIS'), on which the BEIS is currently consulting.

The Audit Committee has considered the various recommendations and how they may potentially affect the Company should they be implemented.

Meetings

The Audit Committee normally meets twice each year, but this year met three times during the financial year. Meetings are held to consider the full year and half-year results. Before each year end, the Board reviews the Auditors' proposed plans, scope of work and costs for the ensuing full year audit. Representatives of the Investment Manager and the Company Secretary and Administrator attend meetings to provide input and respond to questions. The Committee also holds meetings with the Auditors without any of the Company's third party service providers present at which any aspect of the Auditors' work may be discussed.

Internal Controls and Risk Management

Going Concern

The Audit Committee, at the request of the Board, considered the ability of the Company to adopt the Going Concern basis for the preparation of the Financial Statements. Having reviewed the Company's financial position, the Committee is satisfied that it is appropriate for the Board to prepare the Financial Statements for the year ended 31 March 2021 on a going concern basis. The Committee's review of the Company's financial position included consideration of the cash and cash equivalents' position of the Company; the diversification of the portfolio; and the analysis of portfolio liquidity. Stress testing was completed in determining the appropriateness of preparing the Financial Statements on a going concern basis, as set out below.

Viability Statement

The Committee considered, again on behalf of the Board, the longer-term viability of the Company in connection with the Board's statement (see pages 20 to 21). The Committee reviewed the Company's financial position (including its cash flows and liquidity position), the principal risks and uncertainties and the results of stress tests. The stress tests considered the impact of one or more of the key risks crystallising and then modelled the impact on the portfolio. The results demonstrated the impact on the Company's NAV, its expenses and its ability to meet its liabilities. Based on these results the Committee concluded it was reasonable for the Board to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

The Committee is responsible for ensuring that suitable controls are in place to prevent and detect fraud, error and misstatement of financial information. As the Company outsources all of its functions to third parties, neither the Committee nor the Company has any internal control structure in place but instead requires its third party service providers to report on their internal controls. These reports are received at least annually, including reports which have been independently verified by the relevant service provider's independent auditors.

The Directors have identified five main areas of risk and have set out the actions taken to evaluate and manage these risks. The Committee reviews the various actions taken and satisfies itself that they are sufficient.

Governance

Report of the Audit Committee continued

During the year the Audit Committee undertook a review of the Company's risk management methodology and details of this review can be found in the Strategic Report on page 16.

Audit process

The Committee reviews at least annually whether the Company should have an internal audit function. It has recommended to the Board that, given the size, structure and nature of the Company's activities, and that all operations are carried out by third party service providers, an internal audit function is not appropriate. The Board has endorsed the recommendation of the Committee.

PricewaterhouseCoopers LLP are the Auditors and were appointed in March 2018. The Committee is not aware of any contractual or other restrictions which would impinge on the Committee's ability to select independent auditors.

The Auditors are required to change the Partner responsible for the audit affairs of the Company at least every five years. The current Partner has been in position for four audit cycles.

The Committee satisfies itself as to the independence of the Auditors, and in particular takes into account any non-audit work undertaken by the Auditors. When considering whether to appoint the Auditors to undertake non-audit work the Committee takes into account any potential impairment of independence or impartiality, knowledge of the Company and their proposed fee. The Committee may also put non-audit work out to tender.

Tax Compliance

The Company has engaged ACA Compliance Group to assist with the Company's tax compliance matters. In particular, the preparation and submission of the Company's corporation tax computation and tax return.

Significant issues in relation to Financial Statements

When planning the statutory audit, the Committee identified the following areas of particular significance which might require particular audit emphasis:

- ownership of investments and assets included in the portfolio;
- valuation of positions in the portfolio, especially any which are illiquid or unlisted; and
- accuracy and completeness of the recognition of revenue.

Ownership of investments

The Administrator has highlighted no issues and confirmed that all additions, disposals and corporate actions were agreed to contract notes or other supporting documentation. In addition, a list of holdings was checked against an independent statement provided by the Company's custodian.

Valuation of investments

The Audit Committee considered the valuation methodology of the unlisted investment in LTL that represented 48% of net assets at the financial year end. From the 31 March 2020 valuation and into the future the Board decided to amend one of the inputs by estimating LTL's annual notional earnings with reference to LTL's most recent month end Funds Under Management ('FUM') (see Appendix 1). This more readily captures the change in earnings brought about by changes in FUM.

The other 52% of the Company's net assets are quoted investments, an unlisted fund and cash. The valuation of these investments is a material matter in the production of the Financial Statements.

The Audit Committee noted that the Covid-19 pandemic has had a malign impact on economies and stock markets worldwide and that the valuations of all its investments, both listed and unlisted, have been impacted. The Audit Committee reviewed the procedures in place for ensuring the accuracy of the values and is content that these procedures remain robust.

The results of the valuation of all investments were discussed with the Auditors. No material issues were identified.

Revenue

Dividend income is reviewed by the Administrator to ensure it is appropriately accounted for and allocated correctly to revenue or capital. The Audit Committee has also reviewed the Auditors' approach to revenue recognition prior to the commencement of the audit. The results of the audit in this area were discussed with the Auditor and there were no significant issues arising.

Independence and effectiveness of the Auditors

The Committee is satisfied with the independence, objectivity and impartiality of the Auditors. In order to fulfil the Committee's responsibility regarding the independence of the Auditors, the Committee reviewed the Auditors' arrangements concerning any conflicts of interest, the extent of any non-audit services, and the statement by the Auditors that they remain independent within the meaning of the regulations and their professional standards. No non-audit services were provided by the Auditors.

The Committee is also satisfied that the audit process was effective. In order to consider the effectiveness of the audit process, the Committee reviewed the Auditors' fulfilment of the agreed audit plan, the report arising from the audit and feedback from those involved in the audit process.

Reappointment of the Independent Auditors

The Committee is satisfied that the independence, objectivity and impartiality of the Auditors has not been compromised. Accordingly a resolution to reappoint PricewaterhouseCoopers LLP as the Auditors will be proposed at the forthcoming Annual General Meeting.

The Committee has decided not to put the Company's audit work out to tender as it is satisfied with the services it has been provided with and the audit fees paid are in line with expectations.

The Company has formal Audit Tender guidelines in place and these are reviewed annually by the Board, upon the recommendation of the Audit Committee.

Governance

Report of the Audit Committee continued

Performance Evaluation

As part of the Board Evaluation process, the Committee undertook an evaluation of its performance during April 2021.

The Committee confirmed that it had conducted its affairs in accordance with its terms of reference and were satisfied that the Committee had been effective.

Richard Hughes
Chairman of the Audit Committee
16 June 2021

Directors' Remuneration Report

This Remuneration Report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to Shareholders at the Company's forthcoming Annual General Meeting. The Directors' Remuneration Policy Report, which is separate to this report, can be found on pages 53 to 55.

The law requires the Company's Auditors to audit certain disclosures within this Report. Where disclosures have been audited, they are included as such and the Auditors' opinion is included in their report to members on pages 58 to 64.

The Board does not consider it necessary or appropriate to establish a separate Remuneration Committee as the Company has no employees, the Board is small, and there are no executive Directors. Non-executive Directors' remuneration is determined by the Board in line with the Directors' Remuneration Policy. The Board considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size together with a review of independent research. This is in line with the AIC Code.

At the most recent review held in November 2020, it was agreed that the Directors' fees with effect from 1 January 2021, would be as follows:

Chairman £36,500
Chairman of the Audit Committee £30,000
Directors £25,000, with the exception of Michael Lindsell who, because of his connection with the Investment Manager, waives his entitlement to fees.

The table below contains the annual percentage change in remuneration over the financial year prior to the current year in respect of each Director:

Fee Rates:	**31 March 2021 (£)**	31 March 2020 (£)	Increase
Chairman	**35,375**	32,750	8.0%
Chairman of the Audit Committee	**30,000**	28,000	7.1%
Directors	**24,250**	22,500	7.8%
Additional fees	**Nil**	Nil	

Governance

Directors' Remuneration Report continued

Directors' Emoluments

None of the Directors is entitled to pensions or pension related benefits, medical or life insurance, share options, long-term incentive plans, and any form of performance related pay. Also, no Director has any right to any payment by way of monetary equivalent to an entitlement or to any assets of the Company except in their capacity as Shareholders.

Expenses

Under the Articles of Association, Directors are entitled to reimbursement of reasonable expenses incurred by them in connection with attendance at Board and General Meetings, the performance of their duties, and any additional work or duties they undertake at the Company's request.

Loss of office

Directors do not have service contracts with the Company but are engaged under Letters of Appointment. These expressly exclude any entitlement to compensation upon leaving office for whatever reason.

The single total figure of remuneration for each Director for the year to 31 March 2021 is detailed below together with the prior year comparative.

Single Total Figure Table (audited information)

Name of Director	Fees paid/Total (£)* Year to 31 March: 2021	2020
Julian Cazalet	**35,375**	32,750
Nicholas Allan	**24,250**	22,500
Vivien Gould	**24,750**	27,000
Richard Hughes	**27,500**	22,500
Rory Landman	**10,275**	22,500
Michael Lindsell	**–**	–
TOTALS	**122,150**	127,250

** None of the Directors received any taxable benefits other than fees.*

As the Company does not have a Chief Executive Officer or any executive Directors, there are no percentage increases to disclose in respect of their Single Total Figure.

Voting at Annual General Meeting

A binding Ordinary Resolution approving the Directors' Remuneration Policy and a non-binding Ordinary Resolution adopting the Annual Report on Directors' Remuneration for the year ended 31 March 2020 were approved by Shareholders at the Annual General Meeting held on 3 September 2020. The votes cast by proxy were as follows:

Remuneration Policy

For – % of votes cast	*100%*
Against – % of votes cast	*0.00%*
At Chairman's discretion – % of votes cast	*0.00%*
Total votes cast	*58,862*
Number of votes withheld	*13*

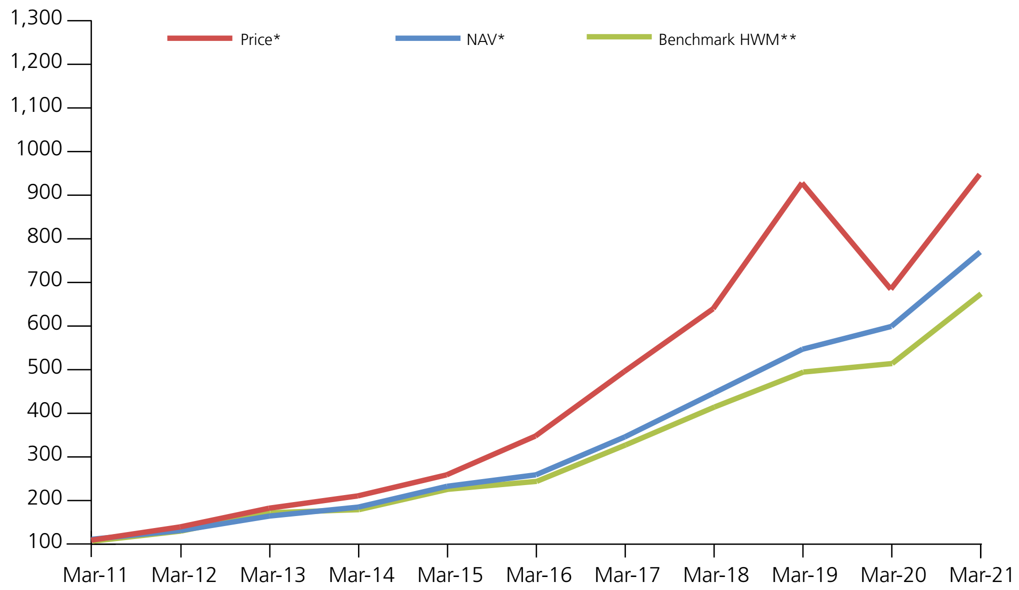
Annual Report on Directors' Remuneration

For – % of votes cast	*99.91%*
Against – % of votes cast	*0.09%*
At Chairman's discretion – % of votes cast	*0.00%*
Total votes cast	*58,814*
Number of votes withheld	*56*

Share Price Total Return

The chart below illustrates the total Shareholder return for a holding in the Company's shares as compared with the Benchmark between the relevant dates.

Share price performance compared to the Net Asset Value and Benchmark for ten years to 31 March 2021 (based on total return performance with net dividends reinvested)



Note: The chart is rebased to 100 from March 2011, includes dividends and is plotted yearly so this smooths out the high water mark's ("HWM") effect on the Benchmark.

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

*** The Benchmark is adjusted for inclusion of the HWM. Please note that the inclusion of the HWM means that, at the financial year end, if a performance fee has been paid, the Benchmark is adjusted to the same level as the NAV or the share price whichever is lower. If the Benchmark performs better than the NAV and/or the share price, or a performance fee has not been paid, no adjustment is made.*

Source: Bloomberg and LTL

Governance

Directors' Remuneration Report continued

Relative Importance of Spend on Pay

The table below shows the amount of the Company's income spent on Directors' remuneration in comparison with investment management and performance fees paid to LTL and dividends paid to Shareholders.

	Year to 31 March 2021 (£)	Year to 31 March 2020 (£)	Increase (decrease)
Directors' remuneration	122,150	127,250	(4.0%)
Investment management fees and other expenses	1,679,000	1,722,000	(2.5%)
Performance fees (charged to capital)	2,661,702	3,000*	N/A
Dividends to Shareholders (final and special)	10,000,000	8,800,000	+13.6%

** The 2020 payment represents an adjustment in respect of the performance fee to 31 March 2019. The performance fee accrued for the year to 31 March 2020 was £448,679, but was not taken by LTL on account of the Company's 26.5% negative share price total return over that year.*

Statement of Directors' shareholding and share interests (audited information)

Neither the Articles nor the Directors' Letters of Appointment require any Director to own shares in the Company. The interests of the Directors and their connected persons in the equity securities of the Company at 31 March 2021 and 31 March 2020 are shown in the table below:

	Ordinary Shares of 75p 31 March 2021	Ordinary Shares of 75p 31 March 2020
Julian Cazalet	50	25
Nicholas Allan	50	50
Vivien Gould	25	25
Richard Hughes	25	25
Rory Landman**	N/A	100
Michael Lindsell	7,345	7,345
Michael Lindsell (non-beneficial)*	3,600	3,600

** Michael Lindsell's non-beneficial shares relate to him acting as a trustee of a family trust.*
*** Rory Landman retired at the last Annual General Meeting held on 3 September 2020, having served on the Board for nine years.*

No changes in the above interests occurred between 31 March 2021 and the date of this Report. None of the Directors has been granted, or exercised, any options or rights to subscribe for Ordinary Shares of the Company.

Annual Report on Remuneration

A Resolution to adopt this Annual Report on Remuneration will be put to the forthcoming Annual General Meeting. The vote is advisory only and not binding on the Company, but does give Shareholders a chance to inform the Board of their views on Directors' remuneration. The Board has not proposed any significant changes to the way the remuneration policy will be implemented in the next financial year.

Statement by the Chairman of the Board

The Directors confirm that the Directors' Remuneration Policy and the Annual Report on Directors' Remuneration set out above provide a fair and reasonable summary for the financial year ended 31 March 2021 of:

a) the major decisions on Directors' remuneration;
b) any changes relating to Directors' remuneration made during the year; and
c) the context in which those changes occurred and the decisions which have been taken.

By order of the Board

Julian Cazalet
Chairman
16 June 2021

Directors' Remuneration Policy

This Directors' Remuneration Policy ("Policy") sets out details of the Company's policy on the remuneration of Directors of the Company.

The Policy is subject to a triennial binding vote. However, the Board has resolved that, for good governance purposes, the Policy vote will be put to Shareholders every year. Accordingly, a resolution to approve the Policy will be put to Shareholders at the 2021 Annual General Meeting. The Policy, subject to the vote, is set out in full below and is currently in force.

The Company has only non-executive directors and no employees. The Directors of the Company are entitled to such rates of annual fees as the Board at its discretion determines, subject to aggregate annual fees not exceeding £220,000 under the Company's Articles of Association ("Articles"). No change to this ceiling is currently envisaged. Each Director abstains from voting on the specific remuneration to be paid to them.

In addition to fees, Directors are entitled to reimbursement of reasonable expenses incurred by them in the performance of their duties. In line with the majority of investment trusts, no component of any Director's remuneration is subject to performance factors. There are no provisions in Directors' Letters of Appointment for recovery or withholding of fees or expenses. Annual fees are pro-rated where a change takes place during a financial year.

The Board reviews annually the remuneration paid by other similar investment trusts and considers research from third parties. The Board considers it important to pay sufficient compensation in order to promote the long-term success of the Company. The following table of remuneration components was approved with effect from 1 January 2021.

Directors' Fees Current and Projected

	Date of Appointment to the Board	**Fees Year Ended 31 March 2021**	**Projected Fees Year Ending 31 March 2022**
Julian Cazalet (Chairman)	29 January 2015	£35,375	£36,500
Nicholas Allan	18 September 2018	£24,250	£25,000
Vivien Gould	29 January 2015	£24,750	£25,000
Richard Hughes	18 September 2018	£27,500	£30,000
Rory Landman*	20 July 2011	£10,275	–
Michael Lindsell	13 July 2006	–	–

** Rory Landman retired at the last Annual General Meeting held on 3 September 2020, having served on the Board for nine years.*

Governance

Directors' Remuneration Policy

Table of Directors' Remuneration Components

Component	Annual Rate (£)	Purpose and operation
Basic Annual Fee: Each Director	25,000	In recognition of the time and commitment required by Directors of public companies. The basic fee is reviewed against those paid for peer companies to ensure that it reflects fair and adequate compensation for the role.
Additional Fee: Chairman of the Board	11,500	For the additional time, commitment and responsibility required on the Company's business issues; and providing leadership as Chairman of the Board.
Additional Fee: Audit Committee Chairman	5,000	For the greater time required on the financial and reporting affairs of the Company.
Additional Fee: Each Director	Variable	In the event that the Company undertakes a complex or large project, such additional fee as will fairly compensate for the additional time and commitment required by a Director.
Expenses: Each Director	Variable	Reimbursement of expenses properly incurred by Directors in attending meetings and/or otherwise in the performance of their duties to the Company.

Notes:
1. The Board only exercises its discretion to fix fees after an analysis of fees paid to directors of other companies of a similar size to that of the Company, together with a review of independent research.
2. As the Company has no employees, there are no differences in policy between the remuneration of Directors and the remuneration of employees.
3. None of the Directors is entitled to receive any remuneration which is performance-related.
4. No advice from remuneration consultants was received during the year under review.

Director's Remuneration Year Ended 31 March 2021

The table below shows the rate of annual fees payable to the Chairman, who is the highest paid Director, and all other non-executive Directors at 31 March 2021 and at 31 March 2020:

Fees	2021 (£)	2020 (£)
Chairman	**36,500**	35,000
Chairman of Audit Committee	**30,000**	28,000
Board Member	**25,000**	24,000

Recruitment Remuneration Principles
1. The remuneration package for any new Chairman or non-executive Director will be the same as the prevailing rates determined on the bases set out above. The fees and entitlement to reclaim reasonable expenses will be set out in Directors' Letters of Appointment.
2. The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director. However, it may engage the services of search & selection specialists in connection with the process of appointing new non-executive Directors.

3.The aggregate maximum fees currently payable to all Directors is £220,000 per annum.

Service Contracts
None of the Directors has a service contract with the Company. Non-executive Directors are engaged under Letters of Appointment.

Loss of Office
Directors' Letters of Appointment expressly prohibit any entitlement to payment or compensation on loss of office.

Scenarios
All remuneration of the Chairman and non-executive Directors is fixed at annual rates and there are no performance-related scenarios where remuneration will vary. It is accordingly not considered appropriate to provide different remuneration scenarios for each Director.

Statement of consideration of conditions elsewhere in the Company
The Company has no employees, nor does it have any subsidiaries or associated companies which have employees, and accordingly a process of consulting with employees on the setting of the Company's Remuneration Policy is not applicable.

Other Items
None of the Directors has any entitlement to pensions or pension related benefits, medical or life insurance schemes, share options, long-term incentive plans or any form of performance related payments. No Director is entitled to any other monetary payment or any assets of the Company except in their capacity (where applicable) as Shareholders of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company, at the Company's expense, on behalf of all Directors.

The Company has also provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

The Directors' interests in contractual arrangements with the Company are as shown in the Annual Report on Remuneration. No Director had any interest in any contracts with the Company during the year to 31 March 2021 or subsequently other than as stated in the Report of the Directors.

Consideration of Shareholder's views

Any feedback received from Shareholders is considered as part of the Board's annual review of remuneration. In respect of the year under review no feedback has been received from Shareholders in relation to remuneration.

Governance

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law 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 profit or loss of the Company for that period.

In preparing the Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors 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.

They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, which whether due to fraud or error, and have general responsibility for taking such steps as are reasonable to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors have delegated responsibility to the Administrator for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Financial Report

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the 'Board of Directors' on page 29 confirms that, to the best of their knowledge:

- the Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice), give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of information required by 4.1.8R to 4.1.11R of the FCA's Disclosure Guidance and Transparency Rules.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are described in the Chairman's Statement and in the Investment Manager's Report. The Company has adequate financial resources including readily realisable equity securities and cash and the value of its assets is greater than its liabilities. Additionally, after reviewing the Company's budget including the current financial resources and projected expenses for the next 12 months and its medium-term plans, the Directors believe that the Company's resources are adequate for continuing in business for the foreseeable future. Notwithstanding the challenges arising from the impact of Covid-19, the Investment Manager and its other service providers continue to operate, administer and calculate the net asset value of the Company in accordance with relevant accounting standards.

Accordingly, having assessed the principal risks and the other matters set out in the Longer-Term Viability Statement, the Directors believe that the Company is well placed to manage its business risks successfully and it is thus appropriate to prepare the Annual Report and Financial Statements on a going concern basis. The Company does not have a fixed life.

Approved by the Board of Directors and signed on its behalf by

Julian Cazalet
Chairman
16 June 2021

Independent auditors' report to the members of The Lindsell Train Investment Trust plc

Report on the audit of the Financial Statements

Opinion

In our opinion, The Lindsell Train Investment Trust plc's Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2021; the Income Statement, Cash Flow Statement, the Statement of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope	• The Company is a standalone Investment Trust Company and engages Lindsell Train Limited (the "Manager") to manage its assets. • We conducted our audit of the Financial Statements of the Company using information from Frostrow Capital LLP (the "Company Secretary" and "Administrator") and Maitland Institutional Services with whom the Administrator has engaged to provide certain administrative functions. • We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates. • We obtained an understanding of the control environment in place at the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator. • Valuation and existence of unlisted investment and funds. • Valuation and existence of listed investments. • Income from investments. • Consideration of impacts of Covid-19.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

Key audit matters	• Valuation and existence of unlisted investment and funds. • Valuation and existence of listed investments. • Income from investments. • Consideration of impacts of Covid-19.
Materiality	• Overall materiality: £2.3m (2020: £1.9m) based on 1% of Net Assets. • Performance materiality: £1.8m.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of unlisted investment and funds The investment portfolio at 31 March 2021 included one unlisted investment (£114 million) and one unlisted fund (£16 million). We focused on the valuation and existence of the unlisted investment as this investment represented a material balance in the Financial Statements and the valuation requires significant judgements and estimates to be made by the Manager such that changes to the methodology or key inputs can result in a material change to the valuation of the unlisted investment.	We understood and evaluated the valuation methodology applied, by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Directors in determining the fair value of the unlisted investment. Reading the Board meeting minutes where the valuation of the unlisted investment was discussed and agreed and attended relevant Audit Committee meetings where the valuation of the unlisted investment was discussed. We assessed the impact of Covid-19 on the valuation of investment. This together with our knowledge of the investee entity, FRS 102 and the AIC SORP, enabled us to discuss with and challenge the Directors as to the appropriateness of the methodology and key inputs used in the valuation. Supported by our internal valuation experts, we tested the appropriateness of the key assumptions, including discount rate and earnings multiples being used. We found that the valuation of the unlisted investment was consistent with the accounting policies and that the assumptions used to derive the valuation within the Financial Statements were appropriate based on the investee's circumstances. We tested the existence of the unlisted investment by agreeing the holding to independently obtained third party confirmations as at 31 March 2021. No material differences were identified. We tested the valuation of the unlisted fund by valuing the investments held by the fund. We agreed the existence of the unlisted fund to independent third party sources by agreeing the holdings of investments to an independently obtained third party confirmations as at 31 March 2021. No differences were identified.
Valuation and existence of listed investments The investment portfolio at 31 March 2021 comprised listed equity investments of £104 million. We focused on the valuation and existence of investments because investments represent a substantial element of the net asset value as disclosed in the Statement of Financial Position in the Financial Statements.	We tested the valuation of all the listed investments by agreeing the prices used in the valuation to independent third party sources. No significant exceptions were identified by our testing. We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to independently obtained third party confirmations as at 31 March 2021. No differences were identified.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

Key audit matter	How our audit addressed the key audit matter
Income from investments ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as capital rather than revenue due to the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the valuation of investments with respect to gains on investments and the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP').	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end (see above), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. In addition, we tested dividend receipts by agreeing the dividend rates from investments to independent third party sources. No significant exceptions were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We did not find any material special dividends that were not treated in accordance with the AIC SORP.
Consideration of impacts of Covid-19 The Covid-19 outbreak was declared a pandemic by the World Health Organisation and since the first quarter of 2020, as well as having a significant adverse humanitarian impact, it has caused significant economic uncertainty globally and disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates. This could have an impact on the valuation of investments in the Company, available liquidity and operational impacts given the Company's reliance on third parties. The Directors have prepared the Financial Statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market fall and the related uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.	We evaluated the Directors' assessment of the impact of the Covid-19 pandemic on the Company by: • Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by Covid-19. • Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the Financial Statements. • Testing the impact of Covid-19 on the valuation of investments, including the post year movement in share price and net asset value. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report. • We obtained evidence to support the key assumptions and forecasts driving the Directors' going concern assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third party service providers. • We assessed the disclosures presented in the Annual Report in relation to Covid-19 by reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the Financial Statements and the evidence we obtained in our audit. • Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

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

Overall Company materiality	£2.3m (2020: £1.9m).
How we determined it	1% of Net Asset Value.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practise for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £1,757,792 for the Company Financial Statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £117,000 (2020: £95,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including those presented by Covid-19;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the Financial Statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in NAV as a result of market performance on the ongoing ability of the Company to operate.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors , we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 March 2021 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

Auditors' 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 auditors' 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.

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.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Chapter 4 of Part 24 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the Financial Statements. Audit procedures performed by the engagement team included:

- discussions with the Directors, the Investment Manager and the Administrator including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur;
- reviewing board and other meeting minutes;
- reviewed estimates and judgements made by management in their significant accounting estimates, in particular those relating to the unlisted investment; and
- identifying and testing journal entries posted throughout the year and in particular manual year end journal entries posted during the preparation of the Financial Statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 1 March 2018 to audit the Financial Statements for the year ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 March 2018 to 31 March 2021.

Christopher Meyrick *(Senior Statutory Auditor)*

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

16 June 2021

Financial Statements

Income Statement for the year ended 31 March 2021

		2021			2020		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	11	**–**	**45,219**	**45,219**	–	7,457	7,457
Exchange gains/(losses) on currency		**–**	**27**	**27**	–	(6)	(6)
Income	2	**13,782**	**–**	**13,782**	12,395	–	12,395
Investment management fees	3	**(1,178)**	**(2,662)**	**(3,840)**	(1,298)	(3)	(1,301)
Other expenses	4	**(501)**	**–**	**(501)**	(424)	(1)	(425)
Net return before finance costs and tax		**12,103**	**42,584**	**54,687**	10,673	7,447	18,120
Interest payable and similar charges	7	**–**	**–**	**–**	–	–	–
Return before tax		**12,103**	**42,584**	**54,687**	10,673	7,447	18,120
Tax	8	**(101)**	**–**	**(101)**	(75)	–	(75)
Return after tax for the financial year		**12,002**	**42,584**	**54,586**	10,598	7,447	18,045
Return per Ordinary Share	10	**£60.01**	**£212.92**	**£272.93**	£52.99	£37.24	£90.23

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

The total columns of this statement represent the profit and loss account of the Company. The revenue and capital return 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 gains for the year disclosed above represent the Company's total comprehensive income.

No operations were acquired or discontinued during the year.

The notes on pages 69 to 85 form part of these Financial Statements.

Financial Statements continued

Statement of Changes in Equity for the year ended 31 March 2021

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2021					
At 1 April 2020	**150**	**19,850**	**155,482**	**15,848**	**191,330**
Return after tax for the financial year	**–**	**–**	**42,584**	**12,002**	**54,586**
Dividends paid (see note 9)	**–**	**–**	**–**	**(8,800)**	**(8,800)**
At 31 March 2021	**150**	**19,850**	**198,066**	**19,050**	**237,116**

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2020					
At 1 April 2019	150	19,850	148,035	11,150	179,185
Return after tax for the financial year	–	–	7,447	10,598	18,045
Dividends paid (see note 9)	–	–	–	(5,900)	(5,900)
At 31 March 2020	150	19,850	155,482	15,848	191,330

The notes on pages 69 to 85 form part of these Financial Statements.

Statement of Financial Position at 31 March 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments held at fair value through profit or loss	11		233,893		185,678
Current assets					
Other receivables	12	561		415	
Cash at bank and in hand		5,541		5,390	
		6,102		5,805	
Creditors: amounts falling due within one year					
Other payables	13	(2,879)		(153)	
Net current assets			3,223		5,652
Net assets			237,116		191,330
Capital and reserves					
Called up share capital	14		150		150
Special reserve	15		19,850		19,850
			20,000		20,000
Capital reserve	15		198,066		155,482
Revenue reserve			19,050		15,848
Total Shareholders' funds			237,116		191,330
Net Asset Value per Ordinary Share	16		£1,185.58		£956.65

The Financial Statements on pages 65 to 85 were approved by the Board on 16 June 2021 and were signed on its behalf by:

Julian Cazalet
Chairman
The Lindsell Train Investment Trust plc
Registered in England & Wales, No: 4119429

The notes on pages 69 to 85 form part of these Financial Statements.

Financial Statements continued

Cash Flow Statement for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Operating Activities			
Net return before finance costs and tax		**54,687**	18,120
Gains on investments held at fair value		**(45,219)**	(7,457)
(Gains)/losses on exchange movements		**(27)**	6
Decrease/(increase) in other receivables		**12**	(33)
Increase in accrued income		**(163)**	(88)
Increase/(decrease) in other payables		**2,726**	(2,430)
Purchase of investments held at fair value		**(12,540)**	(581)
Sale of investments held at fair value		**9,544**	53
Net cash inflow from operating activities before interest and taxation		**9,020**	7,590
Interest paid		**–**	–
Taxation on investment income		**(96)**	(76)
Net cash inflow from operating activities		**8,924**	7,514
Financing activities			
Equity dividends paid	9	**(8,800)**	(5,900)
Net cash outflow from financing activities		**(8,800)**	(5,900)
Increase in cash and cash equivalents		**124**	1,614
Cash and cash equivalents at beginning of year		**5,390**	3,782
Gains/(losses) on exchange movements		**27**	(6)
Cash and cash equivalents at end of year		**5,541**	5,390

The notes on pages 69 to 85 form part of these Financial Statements.

Notes to the Financial Statements

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

(a) Basis of accounting

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 Company law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' 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 October 2019 and updated in April 2021 with consequential amendments).

After considering a schedule of the Company's current financial resources and liabilities for the next twelve months, and as a 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.

(b) Reporting currency

The Financial Statements are presented in Sterling which is the functional currency of the Company because it is the currency of the primary economic environment in which the Company operates.

(c) Dividends

Under Section 32 of FRS 102, final dividends should not be accrued in the Financial Statements unless they have been approved by Shareholders before the Balance Sheet date.

Dividends payable to Shareholders are recognised in the Statement of Changes in Equity when they have been approved by Shareholders and have become a liability of the Company. Interim dividends are only recognised in the Financial Statements in the period in which they are paid.

(d) Valuation of fixed asset investments

The Company's investments are classified as held at fair value through profit or loss in accordance with Section 11 and 12 of FRS 102 and are managed and evaluated on a fair value basis in accordance with its investment strategy.

When a purchase or sale is made under a contract, the terms of which require delivery within the time frame of the relevant market, the investments concerned are recognised or derecognised on the trade date.

Investments are held through profit or loss and accordingly are valued at fair value, deemed to be bid or last market prices depending on the convention of the exchange on which they are listed. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, investments are held through profit or loss on initial recognition at fair value. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Board.

Lindsell Train fund products are valued daily using prices supplied by the administrator of these funds.

The unlisted investment in Lindsell Train Limited is valued by the Directors at fair value using a valuation methodology adopted by the Board. The formula is monitored by the Board to ensure its ongoing appropriateness. In 2018 and 2020 the Board sought external advice to verify its approach. Please refer to note 1(j) for further information.

Financial Statements

Notes to the Financial Statements continued

Accounting policies continued

The investment in LTL (representing 24.21% of the Investment Manager) is held as part of the investment portfolio. Accordingly, the shares are accounted for and disclosed in the same way as other investments in the portfolio. The valuation of the investment (see note 17) is calculated at the end of each month on the basis of fair value as determined by the Directors of the Company. The valuation process is based upon a methodology that takes into account, inter alia, the value of the funds under LTL's management and an estimate of its annual earnings.

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.

(e) Income

Dividends are credited to the revenue column of the Income Statement on an ex-dividend basis. Where an ex-dividend date is not available, dividends are recognised when the Company's right to receive payment is established. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective interest rate on the debt security. Bank and deposit interest is accounted for on an accruals basis.

(f) Expenses

All expenses are accounted for on an accruals basis. Finance costs are accounted for on an accruals basis using the effective interest rate method. Expenses are charged through the revenue column of the Income Statement except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement;
- expenses are charged to the realised capital reserve, via the capital column of the Income Statement, where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and
- performance fees payable to the Investment Manager are charged 100% to capital.

(g) Taxation

Deferred taxation is provided on all differences which have originated but not reversed by the balance sheet date, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be recovered.

In line with recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented in the capital column of the Statement of Comprehensive Income is the marginal basis under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue column of the Income Statement then no tax relief is transferred to the capital column.

Accounting policies continued

(h) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates as at the date of the transaction. Assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital or revenue column of the Income Statement depending on whether the gain or loss is of a capital or revenue nature respectively.

(i) Capital reserve

The following are taken to this reserve:

– Gains and losses on the disposal of investments;
– Exchange differences of a capital nature;
– Expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies; and
– Investment holding gains being the increase and decrease in the valuation of investments held at the year end.

Revenue reserve

The revenue reserve reflects all income and expenditure which are recognised in the revenue column of the income statement.

Special reserve

The special reserve arose following Court approval in September 2002 to transfer £19,850,000 from the share premium account. This reserve can be used to finance the redemption and/or purchase of shares in issue.

In accordance with the Company's Articles of Association, the capital reserve and special reserve may not be distributed by way of a dividend but may be utilised for the purposes of share buybacks. The Company may only distribute by way of dividend accumulated revenue profits within the revenue reserve.

(j) Significant judgments and estimates

The key significant estimate to report is the valuation of the investment in LTL where material judgments are made. Please refer to notes 1(d) and 17 for details of how this holding is valued.

Other than this, in the course of preparing the Financial Statements, no material judgments have been made in the process of applying the Company's accounting policies, except those that involve estimations.

(k) Registered address and nature of business

The Company is an investment company defined in Section 833 of the Companies Act 2006. Its registered office address is provided on page 104.

2 Income

	2021 £'000	2020 £'000
Income from investments		
Overseas dividends	**933**	650
UK dividends		
– Lindsell Train Limited	**11,719**	10,442
– Other UK dividends	**1,130**	1,303
	13,782	12,395
Total income comprises:		
Dividends	**13,782**	12,395
	13,782	12,395

Financial Statements

Notes to the Financial Statements continued

3 Investment Management fees

	2021 £'000	2020 £'000
Investment management fee	1,262	1,351
Investment Manager's performance fee – charged to capital	2,662	3
Rebate of investment management fee (see below)	(84)	(53)
Total Management fees	**3,840**	1,301

In accordance with an Investment Management Agreement dated 21 December 2000 (last revised in March 2016) between the Company and LTL, LTL has been providing investment management services to the Company. For their services, LTL receive an annual fee of 0.6% (reduced from 0.65% from 1 July 2019), calculated on the lower of the Adjusted Market Capitalisation and the Adjusted Net Asset Value of the Company, calculated using weekly data and payable in arrears in respect of each calendar month. The amount charged during the year is shown above, and £112,111 (2020: £102,862) of the fee for the year was outstanding as at the balance sheet date.

A performance fee is payable at the rate of 10 per cent of the amount by which the growth in the lower of (i) the Adjusted Market Capitalisation per Ordinary Share of the Company and (ii) the Adjusted Net Asset Value per Ordinary Share of the Company in each performance period exceeds the annual average running yield on the longest-dated UK government fixed rate bond, currently Treasury 1.625% 2071, calculated using weekly data, plus a premium of 0.5% over the period, subject to a minimum yield of 4%, and to a high watermark. The Company has twelve month performance periods, ending on 31 March in each year. The performance fee is payable in arrears in respect of each performance period.

The performance fee payable to the Investment Manager for the year to the 31 March 2021 was £2,661,702 (2020 £3,000). Contractually the fee for this year should have amounted to £5,323,404, but LTL offered to waive (as distinct from defer) half its fee. See the Chairman's Statement beginning on page 4 for further details. The 2020 payment represents an adjustment in respect of the fee to the 31 March 2019. The performance fee accrued for the year to 31 March 2020 was £448,679, but was not taken by LTL on account of the Company's 26.5% negative share price total return over that year.

For the avoidance of double charging management fees, the Investment Manager has agreed to rebate any periodic management fee that it receives from the Company by the amount of fees receivable by it from Lindsell Train fund products and other fund products where LTL is the Investment Manager in respect of the Company's investments in those funds. The amounts rebated on the Investment Management fee are shown above, of which £4,247 (2020: £35,176) relates to the Company's investment in the Lindsell Train Japanese Equity Fund, £62,796 (2020: £ nil) relates to the Company's investment in Lindsell Train North American Equity Fund and £16,985 (2020: £18,050) relates to the Company's investment in the Finsbury Growth & Income Trust PLC.

4 Other expenses

	2021 £'000	2020 £'000
Directors' emoluments (see note 5)	**122**	127
Administration fee – Maitland	**47**	80
Administration & Company Secretarial fee – Frostrow	**86**	–
AIFM monitoring fee	**12**	20
Auditors' remuneration for:		
– audit of the Financial Statements of the Company*	**34**	25
Tax Compliance fee	**5**	3
Safe custody fees	**20**	19
Printing fees	**37**	11
Registrars' fees	**39**	42
Listing fees	**17**	16
Legal fees	**18**	15
Employer's National Insurance	**7**	9
Directors' liability insurance	**7**	7
Key man insurance	**19**	22
Sundry	**31**	28
	501	424
Capital charges	**–**	1
	501	425

* Excluding VAT

During the year, effective 1 November 2020 Frostrow Capital LLP was appointed Administrator and Company Secretary to the Company. This role was formerly held by Maitland Administration Services Limited. Details of Frostrow's fee arrangements can be found on page 98.

5 Directors' emoluments

These are reflected in the table below:

	2021 £'000	2020 £'000
Directors' fees	**122**	127

Since 1 January 2021, the Chairman of the Board, Chairman of the Audit Committee, and other Directors receive set fees at rates of £36,500, £30,000 and £25,000 respectively per annum, and have no entitlement to any performance fees. Directors' fees amounting to £25,000 (2020: £22,500) have been waived by Michael Lindsell in view of his connection with the Investment Manager.

There were no pension contributions paid or payable.

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Notes to the Financial Statements continued

6 Disclosure of interests

As at 31 March 2021 the Company held 12,500,000 shares in Lindsell Train North American Equity Fund at a cost of £12,539,988.

LTL is also the Portfolio Manager of Finsbury Growth & Income Trust PLC in which the Company has an investment of 420,000 shares at a cost of £758,721 (see page 10).

LTL's appointment as Investment Manager to the Company is subject to termination by either party on twelve months' notice.

7 Interest payable and similar charges

	2021 £'000	2020 £'000
On foreign currency cash balances	–	–
	–	–

8 Taxation

The tax charge on the profit on ordinary activities for the year was as follows:

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
UK corporation tax	–	–	–	–	–	–
Overseas tax	105	–	105	82	–	82
Overseas tax recoverable	(4)	–	(4)	(7)	–	(7)
Tax charge per accounts	101	–	101	75	–	75

The taxation charge for the year is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Net return before tax	54,687	18,120
Theoretical tax at UK corporation tax rate of 19% (2020: 19%)	10,390	3,443
Effects of:		
– UK dividends which are not taxable	(2,441)	(2,232)
– Overseas dividends which are not taxable	(177)	(124)
– Capital gains not subject to corporation tax	(8,597)	(1,416)
– Current year excess expenses	319	327
– Unutilised capital expenses	506	1
– Overseas tax suffered	105	82
– Overseas tax recoverable	(4)	(6)
Total tax charge	101	75

As an investment trust the Company, whilst it maintains exemption under Sections 1158/1159 Corporation Tax Act 2010, is not subject to UK taxation on capital gains. In the opinion of the Directors, the Company has complied with the requirements of Section 1159 Corporation Tax Act 2010.

8 Taxation continued

Factors that may affect future tax charges

As at 31 March 2021, the Company had unutilised management expenses of £26,263,000 (2020: £21,922,000). These expenses could only be utilised if the Company were to generate taxable profits in the future. As a result, the Company has not recognised a deferred tax asset of £4,990,000 (2020: £4,165,000) arising from management expenses exceeding taxable income.

9 Dividends paid and payable

	2020 £'000	2019 £'000
Final dividend paid for the year ended 31 March 2020 of £41.39 per Ordinary Share (2019: £27.87 per Ordinary Share)	8,278	5,574
Special dividend paid for the year ended 31 March 2020 of £2.61 per Ordinary Share (2019: £1.63 per Ordinary Share)	522	326
Total Dividends	8,800	5,900

The total dividend payable in respect of the financial year is set out below. This complies with the requirements of Section 1158 Corporation Tax Act 2010.

	2021 **£'000**	2020 £'000
Final dividend payable for the year ended 31 March 2021 of £47.07 per Ordinary Share (2020: £41.39 per Ordinary Share)	**9,414**	8,278
Special dividend payable for the year ended 31 March 2021 of £2.93 per Ordinary Share (2020: £2.61 per Ordinary Share)	**586**	522
Total Dividends	**10,000**	8,800

10 Return per Ordinary Share

	2021	2020
Return per Ordinary Share		
Total return	**£54,586,000**	£18,045,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Total return per Ordinary Share	**£272.93**	£90.23

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Notes to the Financial Statements continued

10 Return per Ordinary Share continued

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

	2021	2020
Revenue return per Ordinary Share		
Revenue return	£12,002,000	£10,598,000
Weighted average number of Ordinary Shares in issue during the year	200,000	200,000
Revenue return per Ordinary Share	£60.01	£52.99
Capital return per Ordinary Share		
Capital return	£42,584,000	£7,447,000
Weighted average number of Ordinary Shares in issue during the year	200,000	200,000
Capital return per Ordinary Share	£212.92	£37.24

11 Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Investments listed on a recognised investment exchange	103,969	96,200
Unlisted Investment and Funds	129,924	89,478
Valuation at year end	233,893	185,678
Opening book cost	33,997	33,418
Opening investment holding gains	151,681	144,275
Opening Fair Value	185,678	177,693
Analysis of transactions made during the year		
Purchases at cost	12,540	581
Sales proceeds received	(9,544)	(53)
Gains on investments	45,219	7,457
Closing Fair Value	233,893	185,678
Closing book cost	43,805	33,997
Closing investment holding gains	190,088	151,681
Closing Fair Value	233,893	185,678

The Company received proceeds of £9,544,000 (2020: £53,000) from investments sold in the year. The book cost of these investments when they were purchased was £2,731,000 (2020: £2,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Investment transaction costs on purchases and sales of investments during the year to 31 March 2021 amounted to £0 and £1,758 respectively (2020: £232 and £3 respectively).

During the year the investment holding gain attributable to the Company's holding in LTL amounted to £24,760,000 (2020: £7,162,144).

11 Investments held at fair value through profit or loss continued

Significant holdings

Included in the above are the following investments in which the Company has an interest exceeding 10% of the nominal value of the shares of that class in the investee company as at 31 March 2021.

Investments	**Country of registration or incorporation**	**Class of capital**	**% of class held**
Lindsell Train Limited*	England	Ordinary Shares of £100	24.21%

*As at 31 January 2021, the latest year end for LTL, its audited aggregate capital and reserves amounted to £80,125,000, (2020: £66,735,000) and the profit for that year amounted to £62,311,000 (2020: £59,646,000). The total amount of dividends paid during the year was £48,367,000, equating to dividends of £1,817.00 per share. The earnings per share were £2,339. The cost of the Company's investment in LTL was £64,500.

LTL is the only related undertaking of the Company. LTL's registered office address is 66 Buckingham Gate, London SW1E 6AU.

LTL has been accounted for as an investment in accordance with the accounting policy in note 1(d).

The Company has arrangements in place with the Investment Manager to avoid double charging of fees and expenses on investments made in other Lindsell Train fund products (see note 3).

12 Other receivables

	2021 £'000	2020 £'000
VAT recoverable	**14**	31
Prepayments and accrued income	**547**	384
	561	415

13 Other payables

	2021 £'000	2020 £'000
Accruals and deferred income	**217**	150
Performance fee	**2,662**	3
	2,879	153

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Notes to the Financial Statements continued

14 Called up share capital

	2021		2020	
	No. of shares 000's	£'000	No. of shares 000's	£'000
Authorised:				
Ordinary Shares of 75p each	**200**	**150**	200	150
Allotted, called up and fully paid:				
Ordinary Shares of 75p each	**200**	**150**	200	150

There has been no change in the capital structure during the year to 31 March 2021.

15 Capital reserve

The capital reserve includes investment holding gains of £190,088,000 (2020: £151,681,000).

Revenue reserve

The revenue reserve reflects all income and expenditure which are recognised in the revenue column of the income statement.

Special reserve

The special reserve arose following Court approval in September 2002 to transfer £19,850,000 from the share premium account. This reserve can be used to finance the redemption and/or purchase of shares in issue.

In accordance with the Company's Articles of Association the capital reserve and special reserve may not be distributed by way of a dividend but may be utilised for the purposes of share buybacks. The Company may only distribute by way of dividend accumulated revenue profits within the revenue reserve.

The Institute of Chartered Accountants in England and Wales has issued guidance stating that profits arising out of a change in fair value of assets, recognised in accordance with Accounting Standards, may be distributed provided the relevant assets can be readily convertible into cash. Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash. In accordance with the Company's Articles of Association the capital reserve and special reserve may not be distributed by way of dividend but may be utilised for the purposes of share buybacks and the Company may only distribute by way of dividend accumulated revenue profits.

16 Net Asset Value per Ordinary Share

The Net Asset Value per Ordinary Share and the Net Asset Value at the year end calculated in accordance with the Articles of Association of the Company were as follows:

Net Asset Value per share attributable		Net Asset Value attributable	
2021	2020	**2021**	2020
£	£	**£'000**	£'000
1,185.58	956.65	**237,116**	191,330

The movements during the year of the assets attributable to each Ordinary Share are disclosed in the Statement of Changes in Equity on page 66.

The Net Asset Value per Ordinary Share is based on net assets of £237,116,000 (2020: £191,330,000) and on 200,000 Ordinary Shares (2020: 200,000), being the number of Ordinary Shares in issue at the year end.

17 Financial instruments and capital disclosures

Risk management policies and procedures

The investment objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital. In pursuit of this objective, the Company may be exposed to various forms of risk, as described below.

The Board sets out its principal risks on pages 16 to 20 and its investment policy including its policy on gearing (bank borrowing), diversification and dividends on page 14.

The Board and its Investment Manager consider and review the number of risks inherent with managing the Company's assets which are detailed below.

Market risk

The fair values or future cash flows of the Company's financial instruments may fluctuate due to changes in market risk. Market risk encompasses mainly equity price risk but also foreign exchange risk and interest rate risk which are discussed below.

At 31 March 2021, the fair value of the Company's assets exposed to market price risk was £233,893,000 (2020: £185,678,000). If the fair value of the Company's investments at the Statement of Financial Position date increased or decreased by 10%, whilst all other variables remained constant, the capital return and net assets attributable to Shareholders as at 31 March 2021 would have increased or decreased by £23,389,000 or 116.95p per share (2020: £18,568,000 or 92.84p per share).

Market risk is reviewed by the Board on a quarterly basis and monitored on a continuous basis by the Investment Manager.

The Covid-19 pandemic could reduce the value of the Company's investments, and impact on the Company's revenues in the future.

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Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

Foreign currency exposure as at 31 March 2021

	US$ £'000	Euro £'000	JPY £'000	Total £'000
Short-term debtors	29	4	341	374
Foreign currency exposure on net monetary items	29	4	341	374
Investments held at fair value through profit or loss that are equities	39,192	7,641	16,620	63,453
Foreign currency exposure	39,221	7,645	16,961	63,827

Foreign currency exposure as at 31 March 2020

	US$ £'000	Euro £'000	JPY £'000	Total £'000
Short-term debtors	32	8	171	211
Foreign currency exposure on net monetary items	32	8	171	211
Investments held at fair value through profit or loss that are equities	16,113	7,347	17,742	41,202
Foreign currency exposure	16,145	7,355	17,913	41,413

Over the year against all of the Company's principal investing currencies, Sterling strengthened against the US Dollar by 11.27% (2020: weakened by 4.84%), strengthened against the Euro by 3.88% (2020: weakened by 2.62%) and strengthened against the Japanese Yen by 13.89% (2020: weakened by 7.19%).

A 5% decline or rise of Sterling against foreign currency denominated (i.e. non Sterling) assets held at the year end would have increased/decreased the Net Asset Value by £3,187,000 or 1.36% of Net Asset Value (2020: £2,071,000 or 1.08% of Net Asset Value). The impact on the profit and loss account is difficult to estimate, since the profit and loss is the net result of all the transactions in the portfolio throughout the year.

Interest rate risk
There is no material exposure to interest rate risk.

17 Financial instruments and capital disclosures continued

Liquidity risk

Liquidity risk is not considered significant under normal market conditions in relation to the Company's investments which are listed on recognised stock exchanges and are, for the most part, readily realisable securities which can be easily sold to meet funding commitments if necessary. The Company's unlisted investment in LTL is not readily realisable.

As of March 2021, 45% (2020: 46%) of the investment portfolio (94% of the listed portfolio) could be liquidated within five business days , based on 20% of 90 days' average daily trading volume obtained from Bloomberg. The Company would be able to sell all of its listed holdings within five business days, with the exception of two securities representing 3.5% of NAV.

Credit risk

Cash at bank and other debtors of the Company at the year end as shown on the Balance Sheet was £6,102,000 (2020: £5,805,000).

Counterparty risk

Northern Trust Company (the "Bank") is the appointed custodian of the Company. It provides securities clearing, safe-keeping, foreign exchange, advance credits and overdrafts, and cash deposit services. The Bank has a credit rating for long-term deposits/debt of Aa2 from Moody's and AA- from Standard & Poor's.

As cash placed at the Bank is deposited in its capacity as a banker not a trustee in line with usual banking practice, such cash is not held in accordance with the Financial Conduct Authority's client money rules.

Fair values of financial assets and financial liabilities

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	**Level 2**	**Level 3**	**Total**
At 31 March 2021	**£'000**	**£'000**	**£'000**	**£'000**
Investments	**103,969**	**15,686**	**114,238**	**233,893**
	103,969	**15,686**	**114,238**	**233,893**

	Level 1	Level 2	Level 3	Total
At 31 March 2020	£'000	£'000	£'000	£'000
Investments	96,199	–	89,479	185,678
	96,199	–	89,479	185,678

Note: Within the above tables, the entirety of level 1 comprises all the Company's ordinary equity investments, level 2 represents the investment in LF Lindsell Train North American Equity Fund and level 3 represents the investment in LTL.

The valuation techniques used by the Company are explained on pages 82 to 84.

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

LTL valuation methodology

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 and again in March 2020 by professional advisors and amended by the Board in 2020. The valuation is reviewed at the end of each month by the Company's Directors and the methodology is reviewed by the Board at its quarterly meetings.

The formula is a simple average of two different components:

- 1.5% of LTL's most recent funds under management ("FUM"); and
- LTL's net earnings (adjusted for a notional increase in staff costs to 45% of revenues excluding performance fees) calculated with reference to LTL's most recent end month's FUM, divided by the annual average running yield on the longest dated UK government fixed rate bond, currently UK Treasury 1.625% 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 matrix below shows the sensitivity of the valuation of each LTL share, which as at 31 March 2021 was £17,711 per share, to changes to key assumptions in the LTL valuation methodology. The horizontal axis shows the impact when the percentage of LTL's FUM (currently 1.5%) is changed. The vertical axis shows the impact when the discount rate (currently 8.5%) is changed.

LTL Valuation Matrix at 31 March 2021
LTL valuation per share using differing valuation assumptions

Discount rate	Funds under Management Multiple				
	0.50%	**1.00%**	**1.50%**	**2.00%**	**2.50%**
7.00%	£15,826	£17,975	**£20,125**	£22,274	£24,424
7.50%	£14,914	£17,064	**£19,213**	£21,363	£23,512
8.00%	£14,116	£16,266	**£18,415**	£20,565	£22,714
8.50%	**£13,412**	**£15,562**	**£17,711**	**£19,861**	**£22,010**
9.00%	£12,787	£14,936	**£17,086**	£19,235	£21,385
9.50%	£12,227	£14,376	**£16,526**	£18,675	£20,825
10.00%	£11,723	£13,872	**£16,022**	£18,171	£20,321
10.50%	£11,267	£13,417	**£15,566**	£17,716	£19,865
11.00%	£10,853	£13,002	**£15,152**	£17,301	£19,451
11.50%	£10,474	£12,624	**£14,773**	£16,923	£19,072
12.00%	£10,127	£12,277	**£14,426**	£16,576	£18,725

17 Financial instruments and capital disclosures continued

Another valuation matrix shows the sensitivity of the per share valuation of LTL to changes in the weighting of the two components of the LTL valuation calculation. It shows both the resultant valuation as a percentage of FUM and in terms of the earnings yield at different weightings.

LTL valuation using different weightings of the two components of the LTL valuation calculation at 31 March 2021

	Valuation based on FUM					
Valuation based on earnings	100%	75%	50%	25%	0%	% of FUM
0%	12,897					1.5%
25%		15,304				1.8%
50%			17,711			2.1%
75%				20,119		2.3%
100%					22,526	2.6%
Earnings Yield	14.8%	12.5%	10.8%	9.5%	8.5%	

LTL valuation using different weightings of the two components of the LTL valuation calculation at 31 March 2020

	Valuation based on FUM					
Valuation based on earnings	100%	75%	50%	25%	0%	% of FUM
0%	£10,275					1.5%
25%		£12,074				1.8%
50%			£13,873			2.0%
75%				£15,671		2.3%
100%					£17,470	2.6%
Earnings Yield	14.5%	12.3%	10.7%	9.5%	8.5%	

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

The following scenarios show the sensitivity of the Company's NAV to changes in the valuation of LTL arising from a change of 10% or 20% in LTL's FUM.

	31 March 2021*		31 March 2020*	
	LTL Valuation £'000	LTIT NAV £'000	LTL Valuation £'000	LTIT NAV £'000
	114,238	237,116	89,479	191,330
	LTL Change in valuation (estimated)	LTIT Change in NAV (estimated)	LTL Change in valuation (estimated)	LTIT Change in NAV (estimated)
10% change in LTL's FUM	+/-10.4%	+/-5.0%	+/-10.6%	+/-5.0%
20% change in LTL's FUM	+/-20.8%	+/-10.0%	+/-21.3%	+/-9.9%

* The estimates assume that the LTL valuation is based on the same methodology used to calculate the 31 March 2021 and 31 March 2020 valuations.

Note:
Both estimates assume that the issued share capital of the Company remains 200,000 shares and the shareholding in LTL remains unchanged.

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 March 2021 and 31 March 2020. A reconciliation of fair value measurements in Level 3 is set out below.

Level 3 Financial assets at fair value through profit or loss at 31 March

	2021 £'000	2020 £'000
Opening fair value	89,479	82,360
Purchases at cost	–	–
Sales proceeds	–	(43)
Total gains or losses included in gains on investments in the Income Statement		
– on sold assets	–	43
– on assets held at the end of the year	24,760	7,119
Closing fair value	114,238	89,479

Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital through an appropriate balance of equity capital and debt. The Directors have discretion to permit borrowings up to 50% of the Net Asset Value. However, the Directors have decided it is in the best interests of the Company not to use gearing.

17 Financial instruments and capital disclosures continued

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis.

The Company's objectives, policies and processes for managing capital are unchanged from last year.

The Company is subject to externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by UK company law.

These requirements are unchanged since last year and the Company has complied with them at all times.

The Company intends to renew its authority to repurchase shares at a discount to Net Asset Value in order to enhance value for Shareholders at the next Annual General Meeting.

18 Guarantees, financial commitments and contingent liabilities

There were no financial commitments or contingent liabilities outstanding at the year end (2020: None)

19 Ongoing charges (APM)

	2021		2020	
	£'000	**%**	£'000	%
Total operating expenses	**1,679**	**0.75**	1,722	0.83

Total operating expenses include £84,000 (2020: £53,000) in respect of a management fee waiver (see note 3). They exclude the Manager's performance fee of £2,662,000 (2020: £3,000).

The above total expense ratios are based on the average Shareholders' funds of £225,120,000 (2020: £207,946,000) calculated at the end of each month during the year.

It should be noted that administrative expenses borne by the Lindsell Train funds are excluded from the above.

See page 106 in the glossary for further details.

20 Related Party transactions

Lindsell Train Limited acts as the Investment Manager of the Company. LTL is considered a related party as it has a Director in common with the Company, as well as the Company owning a significant share of LTL. The amounts paid to the Investment Manager are disclosed in note 3 and further details of the relationship between the Company and the Investment Manager are set out in note 6 and note 11. Disclosure of the Directors' interests in the Ordinary Shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 49 to 52.

Appendices

DISCLAIMER

The information contained in these Appendices has not been audited by the Auditors and does not constitute any form of financial statement. The appendices are for information purposes and should not be regarded as any offer or solicitation of an offer to buy or sell shares in the Company.

Appendix 1

Annual Review of Lindsell Train Limited ('LTL') at 31 January 2021

The Manager of The Lindsell Train Investment Trust

Background

LTL was established in 2000 by Michael Lindsell and Nick Train and was founded on the shared investment philosophy that developed while they worked together during the 1990s. The company's aim is to foster a work environment in which the investment team can manage capital consistent with this philosophy, which entails managing concentrated portfolios, invested strategically in durable franchises. Essential to success is maintaining a relatively simple business structure encompassing an alignment of interests between on one side LTL's clients and on the other its founders and employees.

People

LTL's board of directors consists of the two founders Michael Lindsell and Nick Train, the Chief Operating Officer Michael Lim, the Head of Marketing and Client Services Keith Wilson, Director of Marketing Jane Orr and James Alexandroff and Julian Bartlett, the non-executive directors. James was a co-founder of a specialist investment boutique, Arisaig Partners, and is a longstanding Shareholder in LTIT and Julian is a former partner of Grant Thornton LLP. LTL's executive staff number 19, a temporary decrease from 20 a year ago although additional recruitment is already underway in 2021. All staff are based in the UK aside from LTL's North American Marketing and Client Services representative, who works out of Boston.

LTL's board recognises that key employees should share in the ownership of the company whilst furthering the alignment of interests between them, LTIT and the founders. This is achieved by acquiring shares from LTL's major stakeholders and through a recently introduced dedicated profit share scheme.

Business

LTL's strategy is to build excellent long-term performance records for its funds in a way that is consistent with its investment principles and that meet the aims of its clients. Long-term performance is detailed below.

Success in achieving satisfactory investment performance should allow the company to expand its FUM in its three key product areas: UK, Global and Japanese equities. Its fourth strategy, North American Equities, was launched last year but will not be promoted to external investors until it has built up a meaningful track record. LTL aspires to manage multiple billions of pounds in each product area, whilst recognising that there will be a size per product above which their ability to achieve clients' performance objectives may be compromised. LTL thinks this growth is possible without significantly expanding the investment team, which stood at six at 31 January 2021.

To achieve this growth in a manageable way LTL looks to direct new business flows into LT badged pooled funds and to limit the number of separately managed accounts. The open-ended pooled funds represented 72% of FUM at end of January, unchanged from the year before. Additionally, LTL managed 17 separate client relationships, unchanged from a year ago. The largest pooled fund (the Lindsell Train Global Equity Fund) represented 36% of total FUM and the largest segregated portfolio accounted for 8%.

In the year to 31 January 2021 LTL's total FUM grew 6% from £21.5bn to £22.8bn, of which £152m represented net new inflows, broken down by strategy as Global (+£234m), Japan (+£185m), UK (a net outflow of £286m) and North America (its initial funding of £20m). Relative performance began to deteriorate in all strategies over the second half of the year although long-term excess returns remain competitive, as shown in the table below.

To 31.1.2021	Excess Return	Inception date	Benchmark
UK Equity Fund (GBP)	+6.1% p.a.	July 2006	FTSE All Share
Global Equity Fund (GBP)	+4.9% p.a.	March 2011	MSCI World
Japanese Equity Fund (Yen)	+2.6% p.a.	January 2004	TOPIX

Returns based on NAV. LF Lindsell Train UK Equity Fund Acc share class; Lindsell Train Global Equity Fund B share class; Lindsell Train Japanese Equity Fund A Yen share class.

The Marketing and Client Services team are in contact with institutional clients both directly and through investment consultants, primarily in the UK and the USA. Last year LTL succeeded in increasing its clients and FUM from North America mainly through increasing inflows into Lindsell Train Global Equity LLC. FUM derived from North America now makes up over 11% of total FUM. LTL's funds are also widely represented on the major UK retail and IFA platforms.

Financials

In the year to 31 January 2021 LTL's total revenues grew 4%. Annual management fees make up the lion's share, at 94%, with less predictable performance fees the rest. LTL's biggest cost item, direct staff remuneration, is capped at 25% of fees (other than those earned from The Lindsell Train Investment Trust plc), as governed by LTL's Shareholders' agreement. Employer national insurance costs are excluded from the restriction. Total staff remuneration, including employer national insurance, amounted to 29% of total revenues, down from 31% last year. Fixed overheads were up from £3.3m to £4.2m owing primarily to the rising costs associated with increased contributions to the Financial Services Compensation Scheme. Operating profits were up 4%, registering a margin on sales of 66%.

LTL intends to distribute to Shareholders dividends equivalent to 80% of its retained profits in respect of each accounting year-end, subject to retaining sufficient working and fixed or regulatory capital to enable it to continue its business in a prudent manner. Total dividends paid in the year to 31 January 2021 were £1,817 per share, up from £1,619 per share in the previous year.

At the end of January 2021 LTL's balance sheet was made up of Shareholders' funds of £80.1m backed by £79.9m of net current assets including £73.9m of cash.

Appendix 1 continued

The Future

LTL believes it has plenty of headroom to grow its FUM, with a continued focus on its stable of pooled funds. LTL's investment approach is applied uniformly across all its products and remains differentiated and appealing to a wide range of clients. A crucial part of that appeal is the ability for LTL to demonstrate investment results that meet clients' objectives. Over most of LTL's history this has been achieved but towards the end of the year under review relative performance deteriorated and has worsened since. Most clients will tolerate short periods of underperformance, especially in a strategy that is so concentrated and committed to its constituent companies, but longer bouts of underperformance could lead to reduced inflows or redemptions. Despite these concerns LTL is currently growing its FUM – most particularly derived from US investors through subscriptions to Lindsell Train Global Equity LLC, which has grown to a size of £1.35bn (up from £306m a year earlier).

With the support of a stable and dedicated team and a strong long-term performance track record, LTL remains positive about its future. But it is fully aware that there are risks ahead which could have a material impact on the value of LTL and its dividend paying potential. These risks include increasing pressure on the active management industry; a material reversion of recent strength in global developed equity markets; and, as mentioned above, the possibility of a sustained bout of underperformance from LTL's strategies. Perhaps the greatest risk in relation to LTL's reputation however remains the demise of either of the founders. They are currently aged 62 and 61, in good health and remain strongly committed to LTL. They are supported by increasingly mature and experienced investment professionals, currently numbering four, all of whom are taking on more responsibility and contributing more to investment decisions as their careers progress with the company.

Data to 31 January 2021 unless stated otherwise. The period from 31 January to 31 March 2021 has been reviewed by the Board and there are no significant matters to highlight other than those detailed in this Report.

Funds Under Management

FUM by Strategy	Jan 2021 £m	Jan 2020 £m
UK	9,121	9,486
Global	12,637	11,160
Japan	1,020	804
North America	24	-
Total	22,802	21,450

Largest Client Accounts

	Jan 2021 % of FUM	Jan 2020 % of FUM
Largest Pooled Fund Asset	36%	38%
Largest Segregated Account	8%	9%

Lindsell Train Fund Performance

Annualised data to 31 January 2021		1 Year %	3 Years %	5 Years %	10 Years %
GBP	UK Equity Fund (Accumulation)	(1.0)	6.3	10.1	12.4
	FTSE All Share (total return)	(7.6)	(0.5)	5.6	5.5
GBP	Global Equity Fund (B share)	9.9	13.0	18.1	na
	MSCI World (total return)	10.8	(9.6)	14.1	na
JPY	Japanese Equity Fund (A share)	3.0	3.3	10.5	12.3
	TOPIX (total return)	10.0	1.9	7.2	9.5

Source: Morningstar Direct

Appendix 1 continued

Financials

Profit & Loss	**Unaudited Jan 2021 £'000**	Audited Jan 2020 £'000	% Change
Fee Revenue			
Investment Management Fee	**109,369**	107,143	2%
Performance Fee	**6,576**	4,717	39%
Bank interest	**121**	415	
	116,066	112,275	
Staff Remuneration*	**(34,362)**	(35,232)	(2%)
Fixed Overheads	**(4,246)**	(3,321)	28%
FX Currency Translation loss	**(1,578)**	(67)	
Investment Gain	**1,000**	-	
Operating Profit	**76,880**	73,655	4%
Taxation	**(14,569)**	(14,009)	
Net Profit	**62,311**	59,646	4%
Dividends	**(48,367)**	(43,162)	
Retained Profit	**13,944**	16,484	
Capital & Reserves			
Called up Share Capital	**267**	267	
Treasury Shares	**(550)**	-	
Profit and Loss Account	**80,408**	66,468	
Shareholders Funds	**80,125**	66,735	
Balance Sheet			
Fixed Assets	**195**	61	
Investments	**6,000**	-	
Current Assets (inc cash at bank)	**83,587**	81,130	
Liabilities	**(9,657)**	(14,456)	
Net Assets	**80,125**	66,735	

* 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.

Five Year History

	Jan 2021	Jan 2020	Jan 2019	Jan 2018	Jan 2017
Operating Profit Margin	66%	66%	66%	62%	68%
Earnings per share (£)*	2,339	2,237	1,688	1,149	813
Dividends per share (£)*	1,817	1,619	1,099	784	545
Total staff costs as % of revenue	30%	31%	32%	34%	30%
Opening FUM (£m)	21,450	16,260	13,179	8,975	6,189
Changes in FUM (£m)	1,352	5,190	3,081	4,204	2,786
– of market movement	1,200	2,781	808	2,074	1,179
– of fund flows	152	2,409	2,273	2,130	1,607
Closing FUM (£m)	22,802	21,450	16,260	13,179	8,975
LT Open ended funds as % of total	73%	73%	72%	67%	61%
Client Relationships					
Pooled Funds	4	4	4	4	4
Separate Accounts	17	17	17	15	16

Ownership*

	Jan 2021	Jan 2020
Michael Lindsell & spouse	9,650	9,650
Nick Train & spouse	9,650	9,650
The Lindsell Train Investment Trust plc	6,450	6,450
Other Directors & employees	875	910
	26,625	26,660
Treasury	35	–
Total Shares	26,660	26,660

Board of Directors

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

Employees

	Jan 2021	Jan 2020
Investment Team (inc. 3 Portfolio Managers)	6	6
Client Servicing & Marketing	6	6
Operations & Administration	7	8
Non-Executive Directors	2	1
Total number of employees	21	21

* On 1 February 2019 LTL undertook a share split with each share subdivided into 10 shares of £10 each. The per share figures are retrospectively changed from January 2016 to January 2019 based on 26,660 shares for ease of comparison.

Appendix 1 continued

LTIT Directors' Valuation of LTL

	Mar 2021 £'000	Mar 2020 £'000
Funds under Management ex LTIT	**22,908,969**	18,232,082
Valuation of LTL based on 1.5% of FUM (A)	**343,634**	273,481
Revenue ex performance fees	**121,871***	97,542**
Notional Staff costs (45%)	**(54,842)**	(43,894)
Interest Income	**8***	221**
Operating Costs	**(4,052)***	(5,076)**
Notional tax	**(11,967)**	(9,271)
Notional post tax earnings	**51,018**	39,522
Benchmark +	**4.0%**	4.0%
Equity Risk Premium	**4.5%**	4.5%
Total yield + premium (discount rate)	**8.5%**	8.5%
Valuation of LTL based on earnings (B)	**600,205**	464,961
Valuation of LTL (A+B)/2 (C)	**471,920**	369,221
Number of shares in issue (D) #	**26,645**	26,615
Valuation per share in LTL (C/D)	**£17,711**	£13,783

* Revenues based on 31 March 2021 LTL FUM multiplied by LTL's average fee rate for the six months to 28 February 2021 and interest income and operating costs based on the average of three months to 28 February 2021.

** Revenues based on 31 March 2020 LTL FUM multiplied by LTL's average fee rate for the year to 31 January 2020 and interest income and operating costs based on February 2020 data annualised.

+ As described in the Company summary on the inside front cover.

The increase in the shares in issue is accounted for by sales of Treasury shares to LTL employees.

LTL's valuation is based on a formula first developed at the inception of the Company, amended by an independent professional advisor in 2007 and further reviewed by professional external advisors in 2018 and 2020 and amended by the Board in 2020.

At its core are two methodologies widely used in the industry – a value based on a percentage of LTL's FUM and one on its earnings. The LTIT Board view these methods of valuation to have equal validity and thus equally weight their contribution to the overall calculation.

In calculating the valuation based on LTL's FUM the LTIT Board currently values LTL at 1.5% of FUM. LTL monitors merger and acquisition transactions in the fund management industry and of the 153 transactions since 2009 the median transaction value has been 1.7% of FUM. The median average value of transactions during 2020 was 1.5% of FUM. These values compare with the ongoing median average value of Global quoted fund managers (ex. Alternative Asset Managers) of 1.5% of FUM at 31 March 2021.

In calculating the earnings based valuation performance fees are excluded owing to their unpredictability.

LTL earnings are calculated by reference to LTL's most recent end month FUM.

Salary and bonus expenses at LTL are restricted by a salary and bonus cap*. Currently the founders of LTL earn rewards for their endeavours from salaries and bonuses together with dividends from their shareholdings. The LTIT Board believe that if it became necessary to replace the founders with individuals with a lesser ownership interest in the company, it may be necessary to increase the salary and bonus cap to compensate them sufficiently. LTL's actual salary and bonus costs have averaged 37% of revenues since 2001 but the LTIT Board judges it necessary to instead apply a notional salary cost at 45% of revenues in calculating earnings. Currently a quoted peer group of fund managers exhibit an average salary cost to revenue ratio of 38% but the salary to revenue ratio of peers with FUM equivalent to LTL is higher at 44%. The LTIT Board believes a notional salary to revenue ratio of 45% makes sufficient allowance for the eventuality described above.

Notional post-tax earnings are discounted by a discount rate made up of two parts: the Company's benchmark – the annual average yield on the longest dated UK Government bond yield, which is a proxy for the risk free rate, with a minimum of 4%, plus an equity risk premium of 4.5%. As the current redemption yield on the longest dated UK Government bond is at c.1.1%, well below the minimum, you could argue that there is an implicit additional risk premium of 2.9%. This part of the calculation will fluctuate but only when long-term interest rates rise above 3.5%. The 4.5% equity risk premium could change at the LTIT Board's discretion if there was more (or less) certainty that the company could continue beyond the active participation of the founders. While there remains doubt the LTIT Board believe it is prudent to use a higher premium (4.5%). The warranted discount rate amounting to 8.5% is the sum of the risk premium and the benchmark.

The formula is calculated monthly referencing the end month FUM of LTL and LTL's annualised revenues ex performance fees based on the prior three month data.

* 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.

Appendix 2

Share Capital

At 31 March 2021 and 31 March 2020, and up to the date of this report, the Company had an authorised and issued share capital comprising 200,000 Ordinary Shares of 75p nominal value each. At 31 March 2021 the Ordinary Share price was £1,420 (31 March 2020: £1,060).

Income entitlement

The Company's revenue earnings are distributed to holders of Ordinary Shares by way of such dividends (if any) as may from time to time be declared by the Directors and approved by the Shareholders.

Capital entitlement

On a winding up of the Company, after settling all liabilities of the Company, holders of Ordinary Shares are entitled to a distribution of any surplus assets in proportion to the respective amounts paid up or credited as paid up on their shares.

Voting entitlement

As permitted by applicable law, some of these rights are varied in respect of the upcoming Annual General Meeting of the Company due to the present circumstances regarding the Covid-19 pandemic. Subject to any rights or restrictions attached to any shares, on a show of hands, every member who is present in person has one vote and every proxy present who has been duly appointed has one vote. However, if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) he or she has one vote for and one vote against the resolution. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation. On a poll, every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which they are the holder or in respect of which their appointment as proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members. A member is entitled to appoint another person as his proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company.

The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Delivery of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it. A proxy need not be a member. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them.

Transfers

There are no restrictions on transfers of Ordinary Shares except: a) dealings by Directors, Persons Discharging Managerial Responsibilities and their connected persons which may constitute insider dealing or are otherwise prohibited by the rules of the UKLA; b) transfers to more than four joint holders; c) transfers to US persons other than as specifically permitted by the Directors; d) if, in the Directors' opinion, the assets of the Company might become "plan assets" for the purposes of US ERISA 1974; and e) transfers which in the opinion of the Directors would cause material legal, regulatory, financial or tax disadvantage to the Company.

Appendix 3

Agreements with Service Providers

Investment Management Agreement

The Investment Manager, LTL, is engaged under the terms of an amended and restated management agreement dated 10 November 2020 (the "**IMA**"). Details of the IMA are given in note 6 to the Financial Statements. The IMA is terminable on twelve months' notice by either party.

The IMA, which has been in place since 21 December 2001, as amended from time to time, was amended during the period to which the Financial Statements relate, on 10 November 2020. The principal amendment was to the calculation of the Investment Management Fee and had the effect of reducing the fees to which LTL was entitled and more accurately reflecting the practice of LTL in charging the Investment Management Fee. Details of the Investment Management Fee and this change are set out below. The IMA was also amended to codify the stated practice of LTL not to charge the Investment Management Fee on holdings by the Company in other funds managed by LTL. The other amendments were non-substantive and intended to update the contract and more accurately reflect the services provided by LTL to the Company.

The IMA was further amended after the period to which the Financial Statements relate, on 3 June 2021. Those amendments related to the Performance Fee, details of which are set out below, and a clarification amendment to the Management Fee provisions.

Lindsell Train Limited ('LTL'), the Company's investment manager, is considered a related party of the Company under the Listing Rules and the amendments to the investment management agreement therefore constituted a smaller related party transaction pursuant to Listing Rule 11.1.10 R. As required by the Listing Rules, the Board announced the details of the amendments on 3 June 2021.

Investment Management Fee

Since 1 April 2016, the Investment Management Fee had been calculated by reference to the lower of the Adjusted Market Capitalisation or the Adjusted NAV of the Company, whereby the Market Capitalisation or NAV (as applicable) had been adjusted by adding back the amount of all dividends declared in the relevant period. The IMA was amended on 10 November 2020 to remove these adjustments to (and thereby reducing) the Market Capitalisation and Net Asset Value of the Company for the purpose of calculating the Investment Management Fee.

The Investment Management Fee is payable at the annual rate of 0.60 per cent. of the lower of

(a) the Market Capitalisation of the Company; and

(b) the Net Asset Value of the Company, calculated daily,

Performance Fee

As stated above, the Performance Fee provisions of the IMA were amended on 3 June 2021.

The principal change was to reflect the new benchmark adopted by the Company, the MSCI World Index total return in Sterling, with effect from 1 April 2021. As explained on page 6 of the Chairman's Statement in this Annual Report, the Board and LTL consider that the MSCI World Index total return in Sterling is a more appropriate benchmark for the Company given the nature of the Company's portfolio, which is predominantly invested in equities and is likely to remain so for the foreseeable future. Reflecting this change, the Board believes that it is also the appropriate benchmark to use for the purpose of calculating the Performance Fee. The Board is satisfied that, on a historic analysis and based upon forward-looking projections prepared by LTL and considered by the Board and its advisers, the Performance Fee payable by the Company would have been (in respect of the historic analysis) and is generally expected to be (in respect of the projections) lower than if the Performance Fee were calculated by reference to the Company's former benchmark, although there is no guarantee that this will be the case.

There was also an amendment to the calculation of the performance hurdle whereby the hurdle (whether the Market Capitalisation or Net Asset Value of the Company in respect of which a Performance Fee was previously paid) is adjusted by excluding any dividends that were otherwise taken into account for the purpose of calculating that previous Performance Fee as well as deducting the amount of the Performance Fee paid as a result of that calculation. Whilst expected to have the effect of marginally increasing the level of Performance Fees payable by the Company, the Board is satisfied that this change is fair for Shareholders and in line with standard market practice, and that the effect on the level of fees is likely to be more than offset by the downward effect expected by the change in benchmark.

In each Performance Period the Performance Fee is payable at the rate of 10 per cent. of the difference between (a) the lower of (i) the Adjusted Market Capitalisation per Ordinary Share of the Company and (ii) the Adjusted Net Asset Value per Ordinary Share of the Company, and (b) the Performance Hurdle, if this difference is positive and provided that the lower of (i) and (ii) also exceeds a high water mark such that there must be positive absolute performance in the relevant year.

The Performance Hurdle is calculated by reference to:

(i) the Adjusted Market Capitalisation per Ordinary Share of the Company (using the average share price during the last calendar month of a Performance Period); or

(ii) the Adjusted Net Asset per Ordinary Share of the Company,

depending on which was the lower amount when used in the calculation of the most recently paid Performance Fee, adjusted to exclude any dividends that were included for the purpose of that previous calculation and to deduct the amount of the Performance Fee paid as a result of that calculation. That amount is then increased by the percentage performance of the benchmark (on a total return basis) in the relevant period.

A Performance Fee will only be paid if the change over the Performance Period is both above the benchmark and is a positive figure. Relative performance will be carried forward in years where the Investment Manager is not eligible for a Performance Fee based on these two criteria. The Performance Fee remains subject to a maximum amount that, when aggregated with the Investment Management Fee paid over a year, shall not be equal to or greater than 5 percent. of the lower of the Net Asset Value and the market Capitalisation of the Company, save that any excess Performance Fee may be carried forward to when a future payment is due.

During the year the Directors reviewed the performance of the Investment Manager and consider that the continued engagement of LTL under the existing terms is in the best interests of the Company and Shareholders. Michael Lindsell did not participate in the review as he is an employee and shareholder of the Investment Manager.

Appendix 3 continued

In addition to the day to day management of investments, the Investment Manager advises the Board on liquidity and borrowings and liaises with major Shareholders. The Investment Manager has a stated policy on stewardship and engagement with investee companies, which the Board has reviewed and endorses, and provides verbal reports to the Board where any concerns or issues have been raised.

Administration, company secretarial and management services agreement
Accounting, company secretarial and administrative services are provided by Frostrow Capital LLP ("Frostrow") pursuant to an agreement dated 30 October 2020. With effect from 1 November 2020, Frostrow is entitled to receive from the Company an annual fee of 0.11 per cent. of the Company's Net Asset Value up to £150 million plus 0.05 per cent. of that part of the Company's Net Asset Value in excess of £150 million. The agreement is terminable by either party on not less than six months' notice.

Details of the fees paid to Frostrow are given in note 4 to the Financial Statements. The services provided by Frostrow since their appointment were also been reviewed during the year and the Board considered it to be in the best interests of the Company to continue Frostrow's appointment under the existing terms.

Other third party service providers
In addition to the Investment Manager and Administrator, the Company has engaged Link Group Services to maintain the share register of the Company and Northern Trust Company, London Office as the Company's custodian. The agreements for these services were entered into after careful consideration of their terms and their cost-effectiveness for the Company.

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the nineteenth Annual General Meeting of The Lindsell Train Investment Trust plc will be held at the Marlborough Suite, St Ermin's Hotel, 2 Caxton Street, London, SW1H 0QW on Thursday, 9 September 2021 at 2.30 pm for the following purposes:

Ordinary business

1. To receive the Financial Statements and Reports of the Directors and the Auditors for the year ended 31 March 2021.
2. To approve the Directors' Remuneration Report for the year ended 31 March 2021.
3. To approve the payment of a final dividend for the year ended 31 March 2021 of £47.07 per Ordinary Share.
4. To approve the payment of a special dividend for the year ended 31 March 2021 of £2.93 per Ordinary Share.
5. To re-elect Mr Julian Cazalet as a Director of the Company.
6. To re-elect Mr Nicholas Allan as a Director of the Company.
7. To re-elect Ms Vivien Gould as a Director of the Company.
8. To re-elect Mr Richard Hughes as a Director of the Company.
9. To re-elect Mr Michael Lindsell as a Director of the Company.
10. To re-appoint PricewaterhouseCoopers LLP as Auditor to the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which Financial Statements are laid before the Company.
11. To authorise the Audit Committee to determine the remuneration of the Auditor of the Company.
12. To receive and approve the Directors' Remuneration Policy.

Special Business

To consider, and if thought fit, pass the following resolutions which are proposed as special resolutions.

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of 75p each ("Ordinary Shares") in the capital of the Company provided that:
    a. the maximum number of Ordinary Shares hereby authorised to be purchased shall be 29,980;
    b. the minimum price which may be paid for an Ordinary Share shall be 75p;
    c. the maximum price (excluding expenses) which may be paid for an Ordinary Share shall be the higher of (a) 105% above the average of the mid-market values for the Ordinary Shares in the Stock Exchange Daily Official List for the five business days immediately preceding the date of the purchase and (b) the higher of the last independent trade and highest independent bid on the London Stock Exchange as stipulated in Article 5(1) of

Shareholder Information

Notice of Annual General Meeting continued

Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments);

d. any purchase of Ordinary Shares will be made in the market for cash at prices below the then prevailing Net Asset Value per Ordinary Share;

e. any Ordinary Shares so purchased shall be cancelled unless the Directors otherwise determine that they shall be held in treasury and treated as treasury shares; and

f. unless renewed, such authority hereby conferred shall expire at the end of the next following Annual General Meeting of the Company to be held after the passing of this resolution or, if earlier, the date fifteen months from the passing of the resolution, save that the Company may, prior to such expiry, enter into contract(s) to purchase shares which will or may be completed or executed wholly or partly after such expiry.

14. THAT the Directors be and are hereby generally and unconditionally authorised in accordance with Section 573 of the Companies Act 2006 ("Act") to sell and/or transfer Ordinary Shares held by the Company in treasury for cash as if Section 561 of the Act did not apply to such sale or transfer, provided that the authority hereby granted shall expire at the earlier of the conclusion of the next following Annual General Meeting of the Company or the date 15 months after the passing of this resolution, save that the Directors may before such expiry enter into offer(s) or agreement(s) which may or shall require Ordinary Shares held in treasury to be sold or transferred after such expiry and the Directors shall be entitled to sell or transfer Ordinary Shares pursuant to such offer(s) or agreement(s) as if the authority hereby granted had not so expired.

15. THAT the amended articles of association as set out in the document produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, all existing Articles of Association.

16. THAT the Directors be authorised to call general meetings (other than the Annual General Meeting of the Company) on not less than 14 clear days' notice, such authority to expire on the conclusion of the next Annual General Meeting of the Company or if earlier, on the expiry 15 months from the date of the passing of the resolution.

By order of the Board
Frostrow Capital LLP
Secretary
16 June 2021

Registered Office:
25 Southampton Buildings
London WC2A 1AL

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

3. Hard copy forms of proxy have not been included with this notice. Members can vote by: logging onto www.signalshares.com and following instructions; requesting a hard copy form of proxy directly from the registrars, Link Group, by emailing enquiries@linkgroup.co.uk; or, in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. To be valid any appointment of a proxy must be completed, signed and received at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL no later than 2.30 p.m. on Tuesday, 7 September 2021.

4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.

5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a Shareholder attending the meeting and voting in person if he/she wishes to do so.

6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders of the Company.

8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered on the register of members of the Company (the "Register of Members") at close of business on Tuesday, 7 September 2021 (or, in the event of any adjournment, on the date which is two business days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.

9. As at 16 June 2021 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 200,000 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 16 June 2021 are 200,000.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting, excluding non-business days. For this purpose, the time

Shareholder Information

of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).

15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

16. Members who have appointed a proxy using a hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Link Group on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments then, subject to paragraph 4, the proxy appointment will remain valid.

19. Given the risks posed by the spread of Covid-19 and in accordance with Government guidance, the Company may impose restrictions on Shareholders wishing to attend the AGM. Such restrictions may include limiting the number of Shareholders permitted to attend the AGM in person. Other restrictions may be imposed as the chairman of the meeting may specify in order to ensure the safety of those attending the AGM.

Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report and Financial Statements
The first item of business is for the Annual Report and Financial Statements for the year ended 31 March 2021 to be presented to the AGM. As announced, the Annual Report has been available on the Company's website since 17 June 2021 and was posted to Shareholders on or around 24 June 2021.

Resolution 2 – Directors' Remuneration Report
The Directors' Remuneration Report is set out in full on pages 49 to 52 of the Annual Report.

Resolution 3 and 4 – Dividends
To approve the payment of a final dividend and special dividend for the year ended 31 March 2021 as set out in the Notice of Meeting on page 99 of the Annual Report.

Resolutions 5 to 9 – Re-election of Directors
Resolutions 5 to 9 deal with the re-election of each Director.

The biographies of the Directors offering themselves for re-election are set out on page 29 of the Annual Report.

Resolutions 10 to 11 – Re-appointment of Auditors
Resolution 10 relates to the re-appointment of PricewaterhouseCoopers LLP as the Company's independent auditor to hold office until the next Annual General Meeting of the Company and Resolution 11 authorises the Audit Committee to set their remuneration. Following the implementation of the Competition and Markets Authority order on Statutory Audit Services only the Audit Committee may negotiate and agree the terms of the auditors' service agreement.

Resolution 12 – Directors Remuneration Policy
The Directors' Remuneration Policy is set out in full on pages 53 to 55 of the Annual Report.

Resolution 13 – Authority to Repurchase Shares
Special Resolution 13 would, if passed, renew the authority to permit the Company to buy back through the stock market up to a maximum of 29,980 Ordinary Shares of 75p each (equivalent to 14.99% of the Ordinary Shares in issue at the date of this report). Purchases will only be made through the market for cash at prices below the prevailing NAV per Ordinary Share, thereby resulting in an increased NAV per Ordinary Share. Shares bought back may be held in treasury and are then eligible for subsequent resale or cancellation. No voting rights or entitlement to distribution (either dividend or on a winding up) applies to shares held in treasury.

This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 14 – Treasury
Authorises the Directors to sell back into the market shares held in treasury. Treasury shares would not be resold at a price below that at which they had been bought back nor below NAV.

Resolution 15 – Articles of Association
Special Resolution 15 seeks to amend the Company's Articles of Association. Full details of the proposed amendments can be found in the Directors' Report on pages 35 to 36 of the Annual Report.

Resolution 16 – General Meetings
Special Resolution 16 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) on not less than 14 clear days' notice.

The Company will only use this shorter notice period where it is merited by the purpose of the meeting and will endeavour to give not less than 14 working days' notice if possible, in line with the recommendations of the UK Corporate Governance code.

Recommendation
The Board considers that the resolutions relating to the above items are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends to the Shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting as Directors intend to do in respect of their own beneficial holdings totalling 7,495 shares.

Company Information

Directors
Julian Cazalet (Chairman)
Nicholas Allan
Vivien Gould (Senior Independent Director)
Richard Hughes (Chairman of the Audit Committee)
Michael Lindsell

Company Secretary, Administrator and Registered Office
Frostrow Capital LLP
25 Southampton Buildings
London
WC2A 1AL
Tel: 020 3008 4910
www.frostrow.com
email: info@frostrow.com
(Authorised and Regulated by the Financial Conduct Authority)

Investment Manager
Lindsell Train Limited
3rd Floor
66 Buckingham Gate
London
SW1E 6AU
Tel: 020 7808 1210
(Authorised and Regulated by the Financial Conduct Authority)

Solicitor
Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Broker
J.P. Morgan Cazenove Ltd
25 Bank Street
Canary Wharf
London
E14 5JP

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

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

Registrar
If you have any queries in relation to your shareholding please contact:
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
email: enquiries@linkgroup.co.uk.
telephone +44 (0)371 664 0300.
Website: www.linkgroup.eu
+ Calls are charged at the standard geographic rate and will vary by provider.
Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
Shareholder Portal
You can register online to view your holdings using the Share Portal, a service offered by Link Group at www.signalshares.com.
The Share Portal is an online service enabling you to quickly and easily access and maintain your shareholding online – reducing the need for paperwork and providing 24 hour access to your shareholding details.

Identification codes

SEDOL: 3197794
ISIN: GB0031977944
BLOOMBERG: LTI LN
Legal Entity Identifier: 213800VMBJH2TCFDZU08

Shareholder relations

The price of the Company's Ordinary Shares is listed 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.

Registered in England, No: 4119429

Disability Act

Copies of this Annual Report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Group, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator; or - for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.

WARNING TO SHAREHOLDERS – BEWARE OF SHARE FRAUD

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

– Check the Financial Services Register from fca.org.uk to see if the person or firm contacting you is authorised by the FCA
– Call the Financial Conduct Authority ("FCA") on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date
– Search the list of unauthorised firms to avoid at fca.org.uk/scams
– Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
– Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

Glossary of Terms and Alternative Performance Measures (APM)

AIC
Association of Investment Companies.

Alternative Investment Fund Managers Directive (AIFMD)
The Alternative Investment Fund Managers Directive (the "Directive") is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts).

Alternative Performance Measure (APM)
An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flow that is not prescribed by the relevant accounting standards. The APMs are the discount and premium, dividend yield, share price and NAV total return and ongoing charges as defined below.

Benchmark for the year ended 31 March 2021
The annual average running yield on the longest-dated UK government fixed rate bond currently UK Treasury 1.625% 2071, calculated using weekly data, plus a premium of 0.5%, subject to a minium yield of 4.0%.

Discount and premium (APM)
If the share price of an investment trust is higher than the Net Asset Value (NAV) per share, the shares are trading at a premium to NAV. In this circumstance the price that an investor pays or receives for a share would be more than the value attributable to it by reference to the underlying assets. The premium is the difference between the share price (based on mid-market share prices) and the NAV, expressed as a percentage of the NAV.

A discount occurs when the share price is below the NAV. Investors would therefore be paying less than the value attributable to the shares by reference to the underlying assets.

A premium or discount is generally the consequence of supply and demand for the shares on the stock market.

The discount or premium is calculated by dividing the difference between the share price and the NAV by the NAV.

Dividend yield (APM)
A financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is represented as a percentage and can be calculated by dividing the value of dividends paid in a given year per share held by the share price.

The figures disclosed on page 15 have been calculated as shown below:

	2021	2020
Total Dividends paid per ordinary share (a)	**£50.00**	£44.00
Closing price per Ordinary Share on 31 March (b)	**£1,420.00**	£1,060.00
Dividend Yield (a) ÷ (b)	**3.52%**	4.15%

Net Asset Value (NAV) per Ordinary Share
The NAV per Ordinary Share is Shareholders' funds expressed as an amount per individual share. Equity Shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all current and long-term liabilities and any provision for liabilities and charges.

The NAV per Ordinary Share of the Company is published weekly.

The figures disclosed on page 15 have been calculated as shown below:

	2021	2020
	'000	'000
Net Asset Value (a)	**£237,116**	£191,330
Ordinary Shares in issue (b)	**200**	200
Net Asset Value per Ordinary Share (a) ÷ (b)	**£1,185.58**	£956.65

Ongoing charges (APM)

Ongoing charges are expenses of a type that are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as an investment trust, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge but not the performance fee. The calculation methodology is set out by the Association of Investment Companies.

The figures disclosed on page 15 have been calculated as shown below:

	2021	2020
	£'000	£'000
Total operating expenses (a)	**1,679**	1,722
Average Net Asset Value (b)	**225,120**	207,946
Ongoing Charges (a) ÷ (b)	**0.75%**	0.83%

Revenue return per Share

The revenue return per share is the revenue return profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Share price and NAV total return (APM)

This is the return on the share price and NAV taking into account both the rise and fall of share prices and valuations and the dividends paid to Shareholders.

Any dividends received by a Shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

The share price and NAV total return is calculated as the return to Shareholders after reinvesting the net dividend in additional shares on the date that the share price goes ex-dividend.

The figures disclosed on page 15 have been calculated at shown below:

		Year Ending 31 March 2021	
		LTIT NAV	**LTIT Price**
NAV/Price at 31 March 2021	a	**£1,185.58**	**£1,420.00**
Dividend Adjustment Factor*	b	1.041.00	1.0372.00
Adjusted closing NAV/Price	c = a x b	1,234.19	1,472.82
NAV/Price at 31 March 2020	d	£956.65	£1,060.00
Total return	[(c/d)-1]*100	**+29.0%**	**+38.9%**

* The dividend adjustment factor is calculated on the assumption that the dividends of £44.00 paid by the Company during the year were reinvested into shares or assets of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Glossary of Terms and Alternative Performance Measures continued

LTL total return performance

The total return performance for LTL is calculated as the return after receiving but not reinvesting dividends received over the year.

The figure disclosed on page 4 has been calculated as shown below:

		LTL valuation
Valuation at 31 March 2020	a	£13,873
Valuation at 31 March 2021	b	**£17,711**
Dividends paid during the year	c	£1,817
Total return	{[(b-a)+c]/a}*100	**40.8%**

Treasury Shares

Shares previously issued by a company that have been bought back from Shareholders to be held by the company for potential sale or cancellation at a later date. Such shares are not capable of being voted and carry no rights to dividends.

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The Lindsell Train Investment Trust plc
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