THE LINDSELL TRAIN INVESTMENT TRUST PLC

Report and Financial Statements

For the year ended 31 March 2017

Company Summary

The Company

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. Accounting, company secretarial and administrative services are provided by Maitland Administration Services Limited. Further details of the terms of these appointments are provided on page 68.

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 10.

Performance and Benchmark

The performance highlights are provided on page 2.

The performance benchmark is the annual average running yield on the longest-dated UK government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0% ("the Benchmark").

Dividend

A final dividend of £15.45 per Ordinary Share (2016: £8.10) and a special dividend of £0.35 per Ordinary Share (2016: £0.80) is proposed for the year ended 31 March 2017. If these dividends are approved by Shareholders, they will be paid on 8 September 2017 to Shareholders on the register at close of business on 18 August 2017 (ex-dividend 17 August 2017).

Annual General Meeting

A notice of the Annual General Meeting, scheduled for 30 August 2017 at the Marlborough Suite, St Ermin's Hotel, 2 Caxton Street, London, SW1H 0QW, is provided on pages 69 and 70.

Capital Structure

The Company's capital structure comprises 200,000 Ordinary Shares of 0.75p each. Details are given in note 14 to the Financial Statements on page 54.

THIS DOCUMENT IS IMPORTANT and, if you are a holder of Ordinary Shares, requires your immediate attention. If you are in doubt as to what action to take, you should seek advice from your own independent personal financial advisor. If you have sold or otherwise transferred all of your Ordinary Shares in the capital of the Company you should send this document, and the Form of Proxy which accompanies it, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected.

Contents

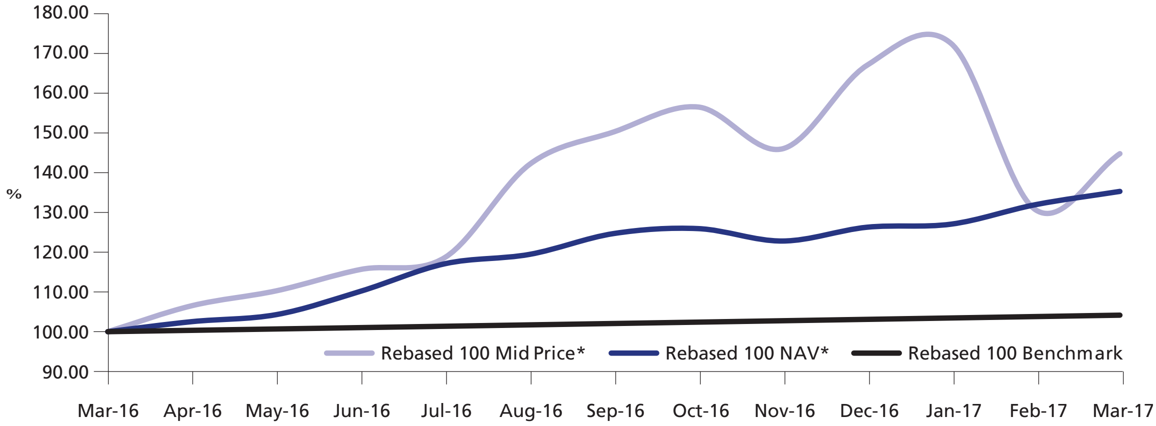
Strategic Report

The Directors present their Strategic Report for the Company for the year ended 31 March 2017. The Report contains: a review of the Company's strategy, an analysis of its performance during the financial year and its future developments 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 3 to 5 and the Investment Manager's Report on pages 8 and 9. The Company's Investment Objective and Investment Policy are set out on page 10.

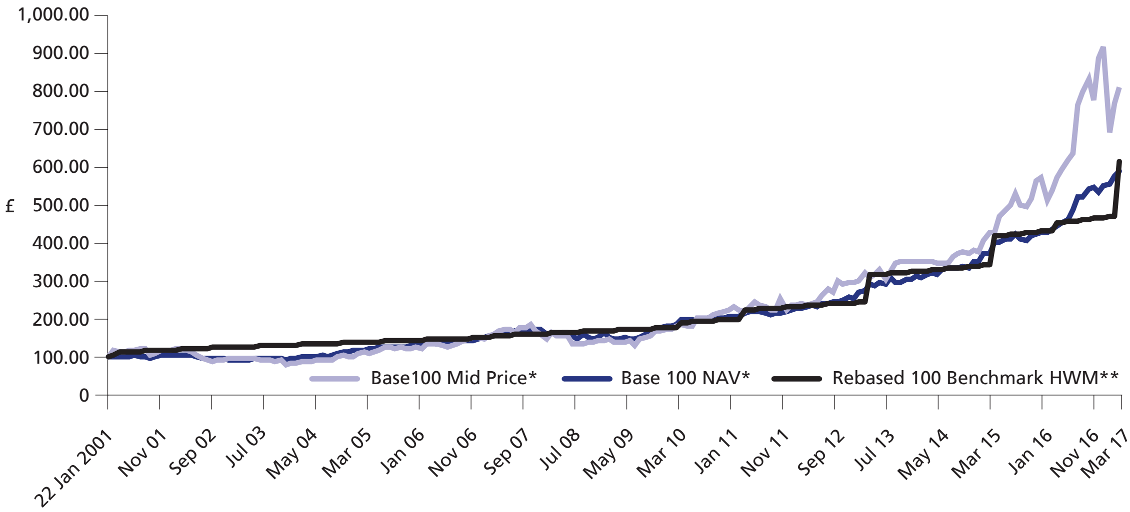
Performance

Share price performance relative to the net asset value and the benchmark for the year ended 31 March 2017 (based on total performance with reinvested net dividend)



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

Share price performance relative to the net asset value and the benchmark since inception on 22 January 2001 to 31 March 2017



**The NAV and share price are unadjusted for dividends.*
***The Benchmark adjusted for inclusion of the high watermark.*

Source: Bloomberg and LTL

Strategic Report

Highlights for the Year

Performance comparisons	Change
Middle market share price per Ordinary Share*	43.7%
Net asset value per Ordinary Share*	35.1%
Benchmark†	4.0%
MSCI World Index (Sterling)	31.9%
UK RPI Inflation (all items)	3.1%

* Calculated on a total return basis. The net asset value and the share price at 31 March 2017 have been adjusted to include a dividend of £8.10 per Ordinary Share and a special dividend of £0.80 per Ordinary Share paid on 9 September 2016.

† The annual average running yield on the longest-dated UK government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0%.

Chairman's Statement

The Company's net asset value ('NAV') total return was 35.1% over the year to March 2017. This growth exceeded both the rise in the Company's Benchmark of 4.0% and the performance of world equity markets as measured by the MSCI World Index in Sterling of 31.9%. This performance earned Lindsell Train Limited ('LTL'), the Manager, a record performance fee of £2.8m. However, this fee was slightly lower as a percentage of average net assets (2.7%), to the fee earned in 2013. Over the last five years the NAV total return has increased by at least 10% in each year and by 182% (or 23% compound per annum) over the whole period.

The quantum and the consistency of returns, while of course welcome, brings with it enhanced expectations – reflected most obviously in the Company's share price. This has traded at a heady premium to the NAV, ranging from 25% to 76% throughout the year. As regular readers of past Chairman's Statements will know, the directors have a concern that this level of premium is probably unjustified and is therefore unlikely to be sustainable. On that basis, I repeat again my warnings to any new shareholders who buy shares on elevated premium to NAV. The Company could be especially susceptible to materially declining stock market values. This applies not only to the quoted investments that it holds but also to the value of its unquoted stake in LTL. Declining prices of the equities that LTL invests in on behalf of its clients would directly impact its revenues and could in addition adversely affect prospects for retaining existing clients and adding new ones. Now that LTL represents 37% of the Company's NAV, any fall in its price could amplify the negative effect that falling markets might have on the Company's own quoted investments.

Once again, the main driving force behind this year's performance has been the continued growth of LTL. LTL's share price valuation was the biggest contributor to returns over the year, rising by 53%. Over the course of its financial year to end January 2017 LTL's funds under management ('FUM') grew by 45%, revenues by 23% and operating profits by 34%. LTL's business is reviewed in detail on pages 61 to 66. I should point out, however, that overall investment performance at LTL was, in the opinion of the Manager, somewhat disappointing in

Strategic Report

Chairman's Statement continued

2016/17 with most accounts lagging benchmark indices. Thus growth in LTL's overall business was to a large extent the result of prior years of good performance and the reputation that LTL has carved out for itself in managing portfolios concentrated on a narrow selection of what it judges to be high quality business franchises held for the long term. Thankfully, even after lagging last year, long term performance still remains competitive. However, should underperformance continue in the medium term, it would be surprising if it did not begin to impinge on LTL's growth in the future.

LTL's relative underperformance in year to January 2017 resulted to a large extent from the Manager's unwillingness to own commodity extractors/processors, industrial and leveraged financial companies. Because of the concentrated nature and focus of their portfolios LTL expect to suffer periods like this every so often. However, LTL believes that over the long term the superior characteristics of its investment selections – notably the ability of its investee companies to generate higher returns on capital over extended periods of time – will shine through.

I draw your attention to the £1,607m increase in LTL's net new FUM over the year. Not only is this the largest annual increase in its history but these inflows were also primarily destined for LTL's four 'Lindsell Train' badged open ended pooled funds – one representing each strategy as well as a Global Equity LLC for US investors. This supports LTL's deliberate strategy of limiting the number of segregated accounts (there was no increase over the 12 months), so that LTL badged pooled funds at the end of 2017 made up 62% of total FUM. While growing, LTL's business is retaining its simplicity as a business and increasing the proportion of assets in branded products which have the potential for a longer life than discrete client relationships.

The Company's investment portfolio was largely unchanged from last year with the only activity being a minor addition to the London Stock Exchange holding. It was notable that, even though Unilever was subject to a bid, the rise in its price over the year (up 25%) was still eclipsed by the performance of world equities (up 31.9%). Were it not for the contribution of LTL, the Company's NAV would have lagged the index in a similar way to other Lindsell Train funds.

Last year I drew your attention to two companies in the portfolio – Pearson and Nintendo – whose businesses were impacted by technological change and where other investors doubted future growth prospects. This year Nintendo proved to be the best performer, rising in value by 61%. In contrast Pearson was the worst, falling by 22%. The Manager reviews prospects for both companies in the report that follows.

Last year the Board and the Manager agreed to charge the annual management fee on the lower of the NAV of the Company or its market capitalisation. As it has previously been levied on the Company's market capitalisation (trading at a premium to NAV) the adjustment resulted in the annual management fee (net of rebates) falling by 1% even though the NAV of the Company was up more than a third. As we expected, this, together with a fall in the Company's other operating costs, helped to reduce the Company's ongoing charges (excluding the performance fee that was charged to capital) from 1.2% to 0.9% of average net assets. It was notable also that the Company's revenue continued to grow strongly, up 46%. In particular, dividends from LTL were up 54% (reflecting the rise in its profits) and dividends and coupons from the Company's other investments advanced a respectable 27%. The dominance of LTL as a holding in the portfolio (37%) was dwarfed by the relative contribution of its dividends to the

Company's revenues which this year was 72%. The combination of rising revenues and static costs resulted in a 67% rise in the Company's pre-tax profits and a commensurate increase in the Company's proposed dividend. The Board recommend an ordinary dividend of £15.45 per Ordinary Share and a special dividend, reflecting the contribution of performance fees to LTL's profits, of £0.35 per Ordinary Share. Total dividends of £15.80 per share compared to £8.90 per share last year are up 78%.

With the LTL dividend now representing such an overwhelming proportion of the Company's total revenue it reinforces the caution expressed in the first half of my Statement. If there was to be any reduction in LTL's dividend, which is mandated as 80% of LTL's net profits, it could cause the dividend paid by the Company to fall rather than just stagnate as occurred in previous years when LTL's profits and dividends declined.

The Company's dividend has increased since it was first paid in 2003 by 19.5% compound per annum. Investors who subscribed capital to the Company at its inception in 2000 and still hold shares today – and there are many – have the satisfaction of having made an investment then that now has a dividend yield of almost 16% of the original capital subscribed. The lion's share of this income return derives from the Company's investment in LTL and represents a very tangible return on what may have seemed at the time to be a rather large leap of faith.

Julian Cazalet
Chairman
9 June 2017

Strategic Report

Portfolio Holdings at 31 March 2017

(All Ordinary Shares unless otherwise stated)

Holding	Security	Fair value £'000	% of total assets	*Look-through basis % of total assets*†
646	Lindsell Train Limited	43,806	37.2	*37.2*
1	Lindsell Train Limited*	43	0.0	*0.0*
420,500	Diageo	9,602	8.2	*8.6*
210,000	Unilever	8,273	7.0	*7.5*
246,500	London Stock Exchange	7,817	6.6	*7.0*
41,000	Nintendo	7,602	6.5	*7.3*
6,555,661	Lindsell Train Japanese Equity Fund – B	7,543	6.4	*5.8*
1,263,393	Barr (AG)	7,315	6.2	*6.3*
323,000	RELX	5,048	4.3	*4.7*
73,000	Heineken	4,656	4.0	*4.3*
101,000	PayPal	3,475	3.0	*3.1*
96,552	Mondelez International	3,326	2.8	*3.0*
298,865	Lindsell Train Global Equity LLC	3,009	2.6	*1.1*
420,000	Finsbury Growth & Income Trust	2,909	2.5	*1.1*
300,000	Pearson	2,046	1.7	*1.9*
75,200	eBay	2,018	1.7	*1.8*
	Other	183	0.2	*0.2*
	Total Investments	118,671	100.9	*100.9*
	Net current assets	(1,028)	(0.9)	*(0.9)*
	Total assets	117,643	100.0	*100.0*

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

* Granted as an option, exercisable from 31/3/2019 until 31/3/2026.

Leverage

We detail below the equity exposure of these funds managed by LTL as at 31 March 2017:

Fund	Equity Exposure
Lindsell Train Japanese Equity Fund	96.4%
Lindsell Train Global Equity LLC	99.2%
Finsbury Growth & Income Trust	102.0%

Analysis of Investment Portfolio at 31 March 2017

Breakdown by location of listing

(look-through basis)^

Japan	13%
Europe	4%
UK*	75%
USA	8%
Emerging	0%
Other	0%
Cash and Equivalents	(1%)
	100%

Breakdown by location of underlying company revenues

(look-through basis)^

Japan	8%
Europe	10%
UK**	49%
USA**	17%
Emerging	15%
Other	2%
Cash and Equivalents	(1%)
	100%

Breakdown by sector

(look-through basis)^

Consumer Franchises	34%
Financials*	45%
Media	20%
Healthcare	2%
Other	0%
Cash and Equivalents	(1%)
	100%

* LTL accounts for 37% and is not listed.

**LTL accounts for 34% of the UK figure and 3% of the US figure.

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

Strategic Report

Investment Manager's Report year ended 31 March 2017

A candidate for the most significant event for your portfolio this year must be Kraft Heinz ('KHC') failed merger approach to Unilever in February 2017. This has important implications for our strategy and, we submit, for the outlook for global equities. Those implications strike us as being bullish.

First, the size of the proposed transaction was a wake-up call for corporations all over the world – and their investors. In our monthly reports we have repeatedly pointed to the growing scale of global Merger and Acquisition (M&A) activity. 2015 was by far the biggest year for M&A in history and 2016 the second – at just short of $5 trillion, admittedly down circa 12% on the previous year. But even we would not have regarded Unilever as a likely takeover candidate. Not just because of its, in our opinion, more than satisfactory business record, but because the ticket – well over £100 billion – seemed implausibly high. In the light of KHC's willingness to engage, you now have to ask: is any company too big to be bought? Note that so far in calendar 2017 proposed global M&A is running at $2.2trn, up over 70% year-on-year; we are sure there is more to come.

Next, we think it important to consider KHC's motivation – both public and implied. Of course there was probable profit margin uplift from the proposed combination. KHC's high 20% profit margin seems unsustainably high to us, but Unilever's in the mid teens can likely be enhanced, as indeed is confirmed in Unilever's strategy response after the proposal. But this is relatively trivial stuff. Far more germane for KHC shareholders, we suspect, was the fact that 20% or more of revenues is predominantly a continent-locked North American business. And, crucially, only 10% derive from Emerging Markets. But, as Unilever CEO Paul Polman put it memorably a couple of years ago – Emerging Markets are where all the people are. To us, KHC's opportunistic approach was likely driven as much by its desire to take advantage of the current relative unpopularity of Emerging Markets than short term quibbles about what Unilever's profit margins should be. It's Unilever's unique market positions in India, Indonesia, Brazil etc that were the real prize here. Thankfully Unilever investors have rebuffed the prospect of losing their full ownership of these strategic assets in return for a few, and possibly temporary, basis points of profit uplift. Thinking about the prospects for Emerging Markets, the weakness of the oil price in 2017, down nearly 14%, is very bullish for consumer expenditure around the world and particularly so for emerging market consumers, where lower energy costs can quickly translate into greater disposable income. We expect an acceleration in sales growth here for not just Unilever, but other global brand owners if this continues.

Another consideration is valuation. For at least five years we've been dealing with shareholder scepticism about the valuation of Unilever and similar companies. And that scepticism intensified, of course, following the late 2016/early 2017 sell-off in government bonds and rally in commodities. "Cyclical value" is now commonly expected to do better than "quality growth" – for an indefinite period. However, and contrary to this expectation, one must note that the two biggest shareholders of KHC, namely Warren Buffett, who knows more about valuation than most and 3G, arguably the most successful private equity concern of the last decade (they own over 50% of KHC combined), placed a £40 sighting shot on Unilever's equity. That's 20% above Unilever's average price over the last year. And it's pretty much double the price it was five years ago. All we can reiterate is that obviously special companies like Unilever (look at the dividend history – 8% per annum compound over the last half century!) are very rare and very valuable. Buffett himself in a recent interview has described the US long bond as "an entity on 40x earnings, with no growth". In comparison Unilever valued more like 20x earnings and growing at 5-6% looks positively given-away!

Elsewhere, the loss of value in our longstanding holding in Pearson over the period is mortifying for us. We have kept the investment – although assure shareholders that there are circumstances when we would sell without hesitating. Pearson's strategy of taking its business from analogue to digital is progressing and its new digital products are growing. These were the reasons we first made the investment many years ago. Meanwhile, the balance sheet is not of immediate concern and may well be improved by proposed disposals. We think it apparent to everyone that if Pearson could achieve its goal of becoming a successful provider of digital learning tools to global educational establishments it might both grow again and more quickly and be very much more highly valued by investors. On balance we think it right to hold on while this outcome remains possible – while monitoring the situation closely. Meanwhile, the reward in terms of share price performance that can be bestowed on companies with valuable or unique Intellectual Property (as we hope remains the case with Pearson) is manifest in the big gain in our investment in Nintendo. Here its new Switch console looks to be about to put an end to 8 consecutive years of falling revenues. Although we've waited a long time for this renaissance it is worth noting that the low for the Nintendo share price was as long ago as 2012. It is not unreasonable for investors to be prepared to look well ahead to a better future – as long as it's a credible one.

Six months ago we assumed that any eventual failure of the proposed London Stock Exchange ('LSE')/Deutsche Börse merger would have resulted in a marked decline in LSE's shares. Nonetheless we added to our holding throughout the second half of 2016, thinking that the risk/reward favoured the deal going through and in the knowledge that LSE was and remains a unique and valuable asset. Here we are, though, with the merger blocked by the European competition authorities (in what we can only describe as an act of self-harm – don't they want European financial institutions to be able to compete with emerging supra-national global liquidity providers?) and LSE's shares have actually gone better – hitting new all-time highs. At £35 today, LSE is more than 10x higher than it was at its low of the century, back in 2003. An amazing increase in value for a business founded over two centuries ago. Note that the dividend is also up more than 10-fold since 2003. We're not generally subscribers to any cult of the visionary chief executive, particularly when that vision involves a relatively rapid succession of "visionary" acquisitions. But we must acknowledge that Xavier Rolet's vision for LSE and his ability to and raise finance for and close transformative deals has – to date – added much strategic value to what was already a strategically attractive franchise. On behalf of LTIT shareholders we are grateful for his acumen and look forward to what comes next.

Barr (AG)'s announcement of a share buyback with its full year results (and another 9% dividend increase) reinforces our regard for the rationality and great competence of Barr's board. As an occasional user of Barr's iconic IRN-BRU – generally I crave one after a long day on the Scottish Hills – I expressed concern to the company that the recently announced reduction in Bru's sugar content might also reduce the utility and pleasure of the product. Management's response was – you'll just have to buy two bottles to get the same hit Nick. Cynical but brilliant.

Nick Train
Investment Manager
Lindsell Train Limited
9 June 2017

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:

- in a wide range of financial assets including equities, unquoted equities, bonds, funds, cash and other financial investments globally with no limitations on the markets and sectors in which investment may be made, although there may be bias towards Sterling assets, consistent with a Sterling-dominated investment objective. The Directors expect that the flexibility implicit in these powers will assist in the achievement of the absolute returns that the investment objective requires;
- in Lindsell Train managed fund products, subject to Board approval, up to 25% of its gross assets; and
- in LTL and to retain a holding, currently 24.27%, in order to benefit from the growth of the business of the Company's Investment Manager.

The Company does not envisage changing its objective, its investment policy, or its management for the foreseeable future. The current composition of the portfolio as at 31 March 2017, 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 6 and 7.

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 to not use gearing. This is in part a reflection of the increasing size and risk associated with the Company's unquoted investment in LTL, but also in response to the additional administrative burden required to adhere to the full scope regime of the Alternative Investment Fund Managers Directive ("AIFMD") should any gearing remain in place.

Dividends

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

Key Performance Indicators

Total return and net asset value are measured against the Benchmark and provide the key performance indicators for assessing the development and performance of the Company.

Principal Data

	31 March 2017	31 March 2016	% change
Shareholders' funds (£'000)	**117,643**	88,626	32.7
Basic NAV per Ordinary Share	**£588.21**	£443.13	32.7
Premium to NAV	**37.70%**	28.63%	
Closing mid-market price per Ordinary Share	**£809.98**	£570.00	42.1
Recommended final dividend per Ordinary Share	**£15.45**	£8.10	90.7
Recommended special dividend per Ordinary Share	**£0.35**	£0.80	(56.2)
Dividend yield	**1.95%**	1.56%	
Ongoing Charges	**0.90%**	1.20%	
Earnings per Ordinary Share – basic	**£153.99**	£47.41	
Revenue	**£19.50**	£11.60	
Capital	**£134.49**	£35.81	
NAV total return			35.1
Share price total return			43.7
Benchmark*			4.0

* See Company Summary on inside front cover.

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 (£)	Basic net asset value per Ordinary Share (£)	Mid-market price per Ordinary Share (£)
2013	2,078	1,483	1,250	6.25	289.80	307.50
2014	2,098	1,351	1,352	7.76	321.51	350.50
2015	2,657	1,839	1,440	7.70	402.93	426.50
2016	3,358	2,320	1,780	8.90	443.13	570.00
2017	**4,887**	**3,900**	**3,160**	**15.80**	**588.21**	**809.98**

Ongoing Charges

The ongoing charges (excluding the performance fee) for the year ended 31 March 2017 amounted to £953,000 (2016: £1,006,000) equivalent to 0.9% (2016: 1.2%), based on average undiluted net assets of £105,426,000 (2016: £83,795,000).

The charge for the performance fee for the year ended 31 March 2017 amounted to £2,820,000 based on an increase in NAV of 35.1% (2016: £362,000 based on an increase in NAV of 11.9%) equivalent to 2.7% (2016: 0.4%) of average undiluted net assets of £105,426,000 (2016: £83,795,000).

Strategic Report

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its objective, future performance, solvency or liquidity. The Board considers at each Board meeting the key risks 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.

The keys 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 55 to 59.

Market risk: Equity price risk is the largest component of market risk. The other lesser components of market risk are foreign exchange risk and interest rate risk, which are discussed in note 17 to the financial statements on pages 56 to 57. Market risk is monitored by the Board on a quarterly basis and on a continuous basis by the Investment Manager.

Investment performance: The Company is an investment trust and to generate returns for Shareholders it may invest in a range of different companies and sectors. Investors should be aware of certain factors which apply to the Company:

- The investment approach of the Company involves investing in a concentrated portfolio of securities (averaging around fifteen companies). When compared to most other investment trusts the number of investments is relatively few.
- Currently, the Company retains a 24.27% holding in LTL and has benefited over the years from the growth of the Company's Investment Manager. There is no guarantee that this growth will continue at the same pace or at all.
- The Investment Manager will invest in securities on the Company's behalf that it believes to be attractively valued. There is no guarantee that the perceived value of the underlying investments will be crystallised in any expected timeframe or at all.
- The Company's portfolio is constructed in a manner that does not seek to mirror any stock market index. Consequently there will be periods where performance will be quite unlike that of any index or the Benchmark and there is no guarantee that this divergence will be to the Company's advantage.
- Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity of shares issued by larger companies traded on the London Stock Exchange. The Company's Ordinary Shares are traded on the London Stock Exchange Main Market but it is possible that there may not always be a liquid market in them and investors may have difficulty in selling.

The Board meets formally with the Investment Manager on a quarterly basis when the investment performance and portfolio transactions are discussed and reviewed. The Company is dependent on the services of the Investment Manager for the implementation of its investment policy.

Principal Risks continued

Loss of key personnel: The Board considers that the roles undertaken by Nick Train and Michael Lindsell are central to the performance of the Company and the loss of either could have an adverse effect on both the Company and its major investment in LTL. Key-man insurance has been established by the Company to mitigate this risk (see page 19). The Board is also encouraged by the continued development of staff at LTL who are now taking on greater responsibility at a more senior level.

Protection of assets: The Company's assets are protected by the use of an independent custodian, Northern Trust. The Board monitors the custodian to ensure assets remain protected. In addition, the Investment Manager and Administrator are both asked to demonstrate their internal controls including for the safeguarding of assets. The Company does not use gearing in order to benefit from a higher threshold of €500m risk adjusted net asset value before being required to follow the full scope regime under AIFMD.

Economic Conditions: Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political events and trends and tax legislation, can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio. The Board receives regular updates on economic conditions and their potential impact on the Company.

Regulatory risk: The Company must abide by section 1158 of the Corporation Tax Act 2010 to maintain its investment trust status. The Board monitors and also seeks assurance from the Administrator that investment trust status is being maintained. The Board also reviews a schedule of regulatory risk items at quarterly meetings in order to monitor and take action to address any regulatory changes.

Viability Statement

The Board reviews the performance and progress of the Company over three year 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. The following facts support the Directors' view.

- The Company has a liquid investment portfolio invested predominantly in UK and internationally listed securities and has some short-term cash on deposit.
- The Company has decided not to use gearing.
- Revenue expenses of the Company are covered four times by investment income.

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 Board. The Directors also seek reassurance from suppliers 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.

Strategic Report

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 10. 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 investee companies to be able to influence their social or environmental footprints.

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Company's Directors and Employees

The number of Directors and employees at the financial year end was 5 (2016: 6).

	2017		2016	
	Male	**Female**	Male	Female
Directors (Non-Executive)	**4**	**1**	5	1
Directors (Executive)	**0**	**0**	0	0
Employees	**0**	**0**	0	0

Approval Statement

The Strategic Report of the Company, comprising pages 2 to 14 of this Report, has been approved by the Board:

For and on behalf of the Board

Julian Cazalet
Chairman
9 June 2017

Governance

Directors

Julian Cazalet*^†, Chairman, is currently Chairman of Herald Investment Trust plc, director of Deltex Medical Group plc and a number of charitable trusts. He was Managing Director – Corporate Finance at JPMorgan Cazenove until his retirement in December 2007. From 1989 he worked in corporate finance and advised investment trusts in addition to his work with industrial and commercial companies. A qualified Chartered Accountant, he has an M.A. in economics from Cambridge University.

Vivien Gould*^†, Audit Committee Chairman, is a non-executive director of Waverton Investment Management Limited. 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.

Rory Landman*^†, is the Senior Bursar of Trinity College, Cambridge, and was previously a senior director and the head of global emerging market equities at Baring Asset Management. He was a founding partner of the Nevsky emerging market equities team at Thames River Capital. A qualified Chartered Accountant, he has an M.A. in Law from Cambridge University.

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.

Michael Mackenzie*^†, is a specialist in private equity investments focusing primarily on the wine industry. His career in financial services started in 1978 with Kleinwort Benson Limited in London and then in Hong Kong. In 1986 he joined James Capel (Far East) Limited as a director before becoming executive director of Wardley James Capel (Far East) Limited in 1991. In 1994 he was appointed a director of Jefferies Pacific Limited, a position that he held for three years. He has an M.A. in Modern Languages from Oxford University.

All Directors are non-executive.

* Independent ^ Audit Committee member † Management Engagement Committee member

M Mackenzie was appointed on 29 November 2000. M Lindsell was appointed on 13 July 2006. R Landman was appointed on 20 July 2011. J Cazalet and V Gould were both appointed on 29 January 2015.

Governance

Former Directors

Dominic Caldecott*^†, worked at Morgan Stanley Investment Management Limited, London, from 1986 to 2006, specialising in the management of overseas equity portfolios for U.S. institutions. He was a managing director of Morgan Stanley from 1992 until 2006. Prior to Morgan Stanley he worked for GT Management in Hong Kong and Tokyo as an analyst and portfolio manager of Japanese equities. He has an M.A. in law from Oxford University.

D Caldecott retired on 1 June 2016.

Investment Manager

LTL acts as discretionary Investment Manager of the Company's assets.

Administrator and Company Secretary

Maitland Administration Services Limited is the Administrator and Company Secretary.

Report of the Directors

The Directors present their report together with the audited financial statements of the Company for the year ended 31 March 2017.

Status

The Company is a public limited company 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 Fund Manager ('AIFM').

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 10.

Results and Dividend

The revenue return for the financial year ended 31 March 2017 after taxation amounted to £3,900,000 (2016: £2,320,000). A final dividend of £15.45 per Ordinary Share (2016: £8.10) and a special dividend of £0.35 per Ordinary Share (2016: £0.80) is proposed for the year ended 31 March 2017. If these dividends are approved by Shareholders at the forthcoming Annual General Meeting they will be paid on 8 September 2017 to Shareholders on the register at close of business on 18 August 2017 (ex-dividend 17 August 2017).

Share Capital

Full details of the Company's Ordinary Share capital are provided in Appendix 2 on page 67.

Supplier Agreements

Details of the Company's supplier agreements can be found in Appendix 3 on page 68.

Governance

Report of the Directors continued

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:

	No. of Shares at 31 March 2017	*No. of Shares at 31 May 2017*	*% of issued capital*
Hargreaves Lansdown Asset Management Limited	20,547	20,214	10.1
Rathbone Investment Management Limited	16,615	16,535	8.3
Alliance Trust PLC	12,691	12,631	6.3
Mr Nicholas Train	11,929	11,929	6.0
Mr M Lindsell (including non-beneficial interests)	10,755	10,755	5.4
Finsbury Growth & Income Trust PLC	10,000	10,000	5.0
Brewin Dolphin Limited	7,720	7,509	3.8
Troy Asset Management Limited	6,500	6,500	3.3

Details of the Directors of the Company who served during the year are set out on pages 15 and 16. Particulars of their remuneration are given on pages 31 to 36. Mr D Caldecott retired on 1 June 2016. All of the Directors as at the date of this report will stand for re-election at the Company's forthcoming Annual General Meeting.

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 on page 35.

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.

Given the importance of the investment in LTL, the Company has taken out a policy to insure the lives of the founders and key managers, Michael Lindsell and Nick Train, for £6m each for a premium of £14,000 per annum (2016: £21,000). In the unfortunate event of a claim being made the funds would partly offset the likely fall in the value of the investment in LTL.

Disclosure of Interests

Save as disclosed below 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 36.35% of the issued share capital of that Company. He is actively involved in the management of the Lindsell Train Japanese Equity Fund in which he invests, and in the management of Lindsell Train Global Equity LLC, in which the Company invests. Details of the Company's investment in these funds can be found on page 6.

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

Corporate Governance

The Corporate Governance Statement, which forms part of this Report of the Directors, is set out on pages 23 to 27.

Employment, Social, Human Rights and Environmental Statements

The Strategic Report on pages 2 to 14 includes statements on social, economic, human rights and environmental issues.

Disclosure Concerning Greenhouse Gas Emissions

The Company itself has no greenhouse gas emissions to report on from its activities

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday 30 August 2017 at 2:30 p.m. and all Shareholders are encouraged to attend. In accordance with the AIC Code, the Notice of Meeting is circulated more than twenty working days before the meeting. The Meeting will be held at St Ermin's Hotel, 2 Caxton Street, London, SW1H 0QW.

The Directors recommend that Shareholders vote in favour of all Resolutions being put to the Annual General Meeting, as they themselves intend to do in respect of their own holdings representing 3.6% of total voting rights.

Governance

Report of the Directors continued

Special business at the Annual General Meeting

Directors' Remuneration Policy
Resolution 11 is proposed as an Ordinary Resolution to receive and adopt the Directors' Remuneration Policy.

Share buyback authority
Resolution 12 is proposed as a Special Resolution and would, if passed, renew the authority to permit the Company to buy back through the stock market up to a maximum of 29,999 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 Net Asset Value per Ordinary Share, thereby resulting in an increased Net Asset Value per Ordinary Share.

Shares bought back may be held in treasury, which 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.

Authority to sell treasury shares
Resolution 13 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.

Statement of Directors' Responsibilities for the Annual Report

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report, and financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 and loss for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and financial statements are made available on a dedicated page on LTL's website and the National Storage Mechanism. Financial statements are published on the website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP has expressed its willingness to continue to act as the Company's independent auditor ("the Auditor"). A resolution to re-appoint Grant Thornton UK LLP as the Auditor to the Company and to authorise the Directors to determine the Auditor's remuneration will be proposed at the forthcoming Annual General Meeting.

Audit information

Each of the persons who were Directors at the date of approval of this annual report confirm, in accordance with the provisions of Section 418 of the Companies Act 2006 that:

- so far as each is aware there is no relevant audit information (as defined in the Companies Act 2006) of which the Auditor is unaware; and
- each has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

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 on pages 3 to 5 and in the Investment Manager's report on pages 8 and 9. The Company has adequate financial resources comprising mainly 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. Accordingly, the Directors believe that the Company is well placed to manage its business risks successfully and it is thus appropriate to prepare the Report and Financial Statements on a going concern basis. The Company does not have a fixed life.

Governance

Report of the Directors continued

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

Directors' Confirmation Statement

The Directors listed on page 15, as the persons responsible within the Company, hereby confirm to the best of their knowledge:

a) that the financial statements within the Annual Report of which this statement forms a part have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland") and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

b) the Strategic Report includes a fair view of the development and performance of the business and position of the Company, together with the principal risks and uncertainties which the Company faces.

By order of the Board

Maitland Administration Services Limited
Secretary
9 June 2017

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

The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to Shareholders.

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.

The UK Corporate Governance Code	**Additional Information**
• the role of the chief executive; • executive directors' remuneration; and • the need for an internal audit function.	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 Principle	**Additional Information**
2, 3, 5, 7, 9, 10, 12, 13, 14, 15, 17, 18, 19, 20, 21	The Company complies with these principles in full.
1 – Senior Independent Director.	The Board does not consider it necessary to appoint a Senior Independent Director as all the Directors endeavour to make themselves available to Shareholders, including at general meetings of the Company.
4 – The Board should have a policy on tenure, which is described in the Annual Report.	The Board does not have a formal policy requiring Directors to stand down after a fixed period. It considers that a long association with the Company and experience of a number of investment cycles is valuable and does not compromise a Director's independence. Mr Mackenzie and Mr Lindsell have both served on the Board for more than nine years. As Mr Mackenzie demonstrates impartiality when participating in matters being considered by the Board, the Board deems him to be independent. Mr Lindsell is not considered independent as a result of his role with the Investment Manager and stands for reelection annually.

Governance

Corporate Governance Statement continued

AIC Code Principle	Additional Information
16 – The Board should agree policies with the manager covering key operational issues.	The Investment Management Agreement between the Company and the Investment Manager sets out the authority delegated by the Company. Prior Board approval must be sought for any matters not covered under this Agreement. Voting Policy – In the absence of any direct instruction from the Board the Directors have authorised one Director, Mr Lindsell, to vote shares of investee companies (excluding Lindsell Train managed fund investments and shares in LTL) at his discretion. He is required to consult with the Chairman before voting on special business or any issues of a contentious nature.

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:

Number of meetings	Board (regular meetings) (4)	Audit Committee (2)	Management Engagement Committee (1)
Dominic Caldecott	1(1)	1(1)	0(0)
Julian Cazalet	4	2	1
Vivien Gould	4	2	1
Rory Landman	4	2	1
Michael Lindsell	4	n/a	n/a
Michael Mackenzie	4	2	1

Note: as Dominic Caldecott retired on 1 June 2016, he was only invited to the number of meetings shown in brackets.

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.

Board Responsibilities

There is a clear division of responsibility between the Board, led by the Chairman to ensure the effectiveness of the Investment Manager and 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.

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 Auditor (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 authority in relation to the investment in LTL and LTL funds. The Board has also delegated authority to the Committees listed on page 27 and has established Terms of Reference which are available on the Company's page on LTL'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 page on LTL's website and from the Registered Office of the Company.

Governance

Corporate Governance Statement continued

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 2017 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 (excluding the investments in LTL and LTL funds) to the Investment Manager, LTL. LTL and the Board regularly discuss the investments in LTL and LTL funds. The day to day administration and the Company Secretarial requirements are contractually delegated to Maitland Administration Services Limited, 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 put procedures in place.

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).

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 Investment Manager and the Administrator.

The Nomination Committee

The Board as a whole fulfils the function of a Nomination Committee, but decisions on the appointment of new Directors are taken by independent Directors only. 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 does not consider it necessary to engage the services of third party search consultants unless the Directors are unable to identify suitably skilled individuals.

The Board's policy on diversity, including gender, is to take this factor into account during the recruitment process. However, the Board is committed to appointing the most appropriate candidates, regardless of gender or other forms of diversity. Therefore, no target has been set against which to report.

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.

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 Vivien Gould (Chairman), Julian Cazalet, Dominic Caldecott, Rory Landman and Michael Mackenzie. 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 28 to 30 of the Annual Report.

Management Engagement Committee

The Company's Management Engagement Committee during the year comprised Julian Cazalet (Chairman), Vivien Gould, Rory Landman and Michael Mackenzie. The Committee considers the performance, terms, fees and other remuneration payable to LTL, Maitland Administration Services Limited and other service providers.

Shareholder Relations

The Company, through the Investment Manager (in accordance with its stated policy on stewardship), has regular contact with its institutional Shareholders. The Board supports the principle that the Annual General Meeting should be used to communicate with private investors. It has implemented the provisions of the Code in this report for the forthcoming Annual General Meeting and recommends that Shareholders attend the meeting, where the Directors present will be able to answer any questions they may have in relation to the Company and its activities.

Rather than read out proxy voting figures at General Meetings of the Company, the Board has instead elected to provide attending Shareholders with a printed summary of proxy voting. The proxy voting figures are also made available on the web pages of the Company after the meeting.

Shareholders may contact the Board through either the Investment Manager or the office of the Company Secretary, contact details for whom are given on page 70.

Governance

Report of the Audit Committee

This report to Shareholders for the year ended 31 March 2017 has been prepared in accordance with guidance issued by the Financial Reporting Council and the UK Corporate Governance Code issued by it in September 2014.

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 Rory Landman have current experience in relation to accounting and financial matters. The Company Secretary is Secretary to the Committee.

Role of the Committee

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 Members;
- 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 Auditor 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 Auditor 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 Auditor;
- to consider all proposals and fees for non-audit work, which may include tenders from independent third parties as well as proposals from the Auditor 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 Auditor at least annually;
- to consider, at least annually, whether or not the Company should have an internal audit function.

Meetings

The Audit Committee normally meets twice each year. Meetings are held to consider the full year and half year results, and shortly before each year end to review the Auditor's proposed plans, scope of work and costs for the ensuing full year audit. Representatives of the Investment Manager and the Administrator attend meetings to provide input and respond to questions. The Committee also holds meetings with the Auditor without any of the Company's third party service providers present at which any aspect of the Auditor's work may be discussed.

The Audit Committee operates under written Terms of Reference, copies of which are available on the Company's page on LTL's website and from the Registered Office of the Company.

Internal Controls

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.

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.

Grant Thornton UK LLP is the Auditor and has held office since July 2007, when it subsumed RSM Robson Rhodes LLP who had been the Auditor since inception in December 2000. The Committee is not aware of any contractual or other restrictions which would impinge on the Committee's ability to select the Auditor.

The Partner responsible for the audit affairs of the Company is subject to change at least every five years. The current Partner, Christopher Smith, has served for a period of four years.

The Committee satisfies itself as to the independence of the Auditor, and in particular takes into account any non-audit work undertaken by the Auditor. When considering whether to appoint the Auditor 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 Cordium to assist with the Company's tax compliance matters.

Significant issues in relation to Financial Statements

When planning the statutory audit, the Auditor and 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 unquoted; and
- accuracy and completeness of the recognition of revenue.

Governance

Report of the Audit Committee continued

Ownership of investments

The Audit Committee reviewed the Administrator's approach to determining the existence and completeness 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 unquoted investment in LTL representing 37% of net assets. During the financial year no change was required to the valuation methodology and hence the valuation approach remains consistent with prior years.

The other 63% of the Company's net assets are quoted investments and cash. The valuation of these investments is a material matter in the production of the Financial Statements. 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 audit in this area were discussed with the external auditor and there were no issues arising.

Revenue

The Audit Committee reviewed the external auditor's approach to the audit prior to the commencement of the audit. The results of the audit in this area were discussed with the external auditor and there were no significant issues arising in relation to the recognition of revenue.

Independence and Effectiveness of the Auditor

The Committee is satisfied with the independence, objectivity and impartiality of the Auditor. In order to fulfil the Committee's responsibility regarding the independence of the Auditor, we reviewed the Auditor arrangements concerning any conflicts of interest, the extent of any non-audit services, and the statement by the Auditor that they remain independent within the meaning of the regulations and their professional standards.

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

Reappointment of the Auditor

The Committee has not put the Company's audit work out to tender as it is satisfied with the services provided and considers the audit fees paid to be acceptable. Accordingly, the Committee has recommended that a resolution to reappoint Grant Thornton UK LLP as the Auditor be proposed at the forthcoming Annual General Meeting.

Vivien Gould
Chairman – Audit Committee
9 June 2017

Directors' Remuneration Report

This Remuneration Report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It describes the Company's Directors' Remuneration Policy ("Policy"), and how the Policy was implemented for the year to 31 March 2017.

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 (below).

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 2017 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. 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 2 September 2014.

Governance

Directors' Remuneration Report continued

Table of Directors' Remuneration Components

Component	Annual Rate (£)	Purpose and operation
Basic Annual Fee: Each Director	20,000	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	10,000	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	4,000	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 in setting rates of fees after an analysis of fees paid to directors of other companies of a similar size to that of the Company.
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 are entitled to receive any remuneration which is performance-related.

The table below shows the rates of annual fees payable to the highest paid Director, the Chairman, and all other non-executive Directors for the year to 31 March 2017 and the year to 31 March 2016:

Fees	2017 (£)	2016 (£)
Chairman	30,000	30,000
Board Member	20,000	20,000
For additional responsibilities:		
Chairman of Audit Committee	24,000	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 Company does not intend appointing any executive Directors in the foreseeable future.
4. 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-executives Directors' is fixed at annual rates and there are no 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 below. No Director had any interest in any contracts with the Company during the year to 31 March 2017 or subsequently other than as stated in the Directors' Report.

Annual Report on Remuneration

A Resolution to adopt this Annual Report on Remuneration will be put to the forthcoming Annual General Meeting. The vote however 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 proposed no significant changes to the way the remuneration policy will be implemented in the next financial year.

The rates of fees paid to Directors were reviewed during the year and were maintained at the same level as agreed in the previous financial year. The directors' fees were equivalent to following annual rates: Julian Cazalet (Chairman of the Board) £30,000; Vivien Gould (Chairman of the Audit Committee) £24,000; and other directors £20,000 each with the exception of Michael Lindsell who, because of his connection with the Investment Manager, waived his entitlement to fees.

Governance

Directors' Remuneration Report continued

Directors' emoluments

The single total figure of remuneration for each Director for the year to 31 March 2017 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:	**2017**	2016
Donald Adamson#	**–**	12,731
Michael Mackenzie	**20,000**	21,682
Dominic Caldecott#	**3,410**	20,000
Julian Cazalet	**30,000**	25,795
Vivien Gould	**24,000**	22,318
Rory Landman	**20,000**	20,000
Michael Lindsell	**–**	–
TOTALS	**97,410**	122,526

 # Donald Adamson retired on 2 September 2015 and Dominic Caldecott retired on 1 June 2016.
** There were no taxable benefits.*

None of the Directors are 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.

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.

Sums paid to Third Parties (audited information) – There were no sums paid to third parties during the year ended 31 March 2017 (2016: £12,731 to Research & Consulting Associates Limited in respect of the services provided by Donald Adamson).

Directors' & Officers' insurance is maintained by the Company, at the Company's expense, on behalf of all Directors, in accordance with Article 173 of the Company's Articles of Association.

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

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.

Pensions related benefits – Although Article 109 of the Company's Articles of Association permits the Company to provide pensions and/or similar benefits for Directors and employees of the Company, no schemes or arrangements have been established and no Director is entitled to any pension or similar benefits.

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.

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 2017 and 31 March 2016 are shown in the table below:

	Ordinary Shares of 75p 31 March 2017	**Ordinary Shares of 75p 31 March 2016**
D Caldecott#	**n/a**	8,250
J Cazalet	**–**	–
V Gould	**–**	–
R Landman	**100**	402
M Lindsell	**7,155**	7,155
M Lindsell (non-beneficial)	**3,600**	3,600
M Mackenzie (non-beneficial)	**150**	150

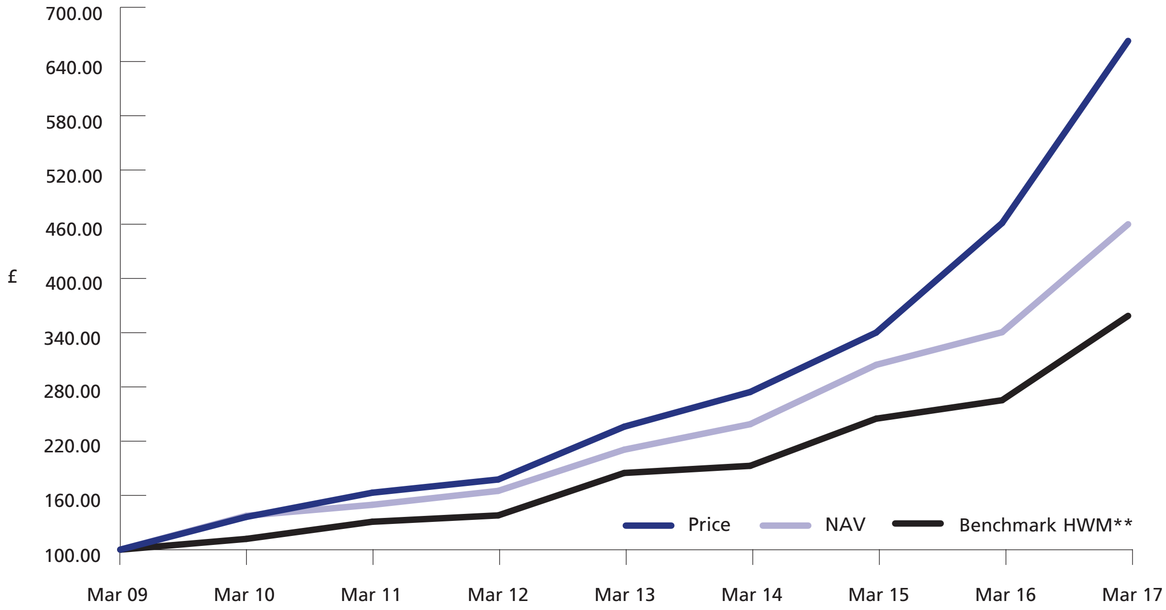
 # Dominic Caldecott retired on 1 June 2016.

No other changes in the above interests occurred between 31 March 2016 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.

Share Price Total Return

The chart below illustrates the total Shareholder return for a holding in the Company's shares as compared to the Benchmark between the relevant dates. The Board has adopted this as the measure for both the Company's performance and that of the Investment Manager for the year.

Share price performance relative to the net asset value and benchmark for eight years to 31 March 2017 (based on total return performance with net dividends reinvested)



**Figures are rebased to show the performance per £100 invested.*
***Benchmark adjusted for inclusion of the high watermark.*

Governance

Directors' Remuneration Report continued

Relative Importance of Spend on Pay

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

	2017 £	2016 £	Difference %
Directors' remuneration	97,410	122,526	(20.50%)
Investment management fees and other expenses	855,445	885,912	(3.44%)
Performance fees (charged to capital)	2,819,626	362,239	678.39%
Dividends to Shareholders (final and special)	3,160,000	1,780,000	77.53%

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 2016 were approved by Shareholders at the Annual General Meeting held on 31 August 2016. The votes cast by proxy were as follows:

Remuneration Policy	
For – % of votes cast	*99.67%*
Against – % of votes cast	*0.03%*
At Chairman's discretion – % of votes cast	*0.30%*
Total votes cast	*66,381*
Number of votes withheld	*0*
Annual Report on Directors' Remuneration	
For –% of votes cast	*99.70%*
Against – % of votes cast	*0.00*
At Chairman's discretion – % of votes cast	*0.30%*
Total votes cast	*66,381*
Number of votes withheld	*0*

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 2017 of:

a) the major decisions on Directors' remuneration;

b) any substantial 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
9 June 2017

Governance

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

Our opinion on the financial statements is unmodified
In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its return for the year then ended;
- have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Who we are reporting to
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited
The Lindsell Train Investment Trust plc's financial statements for the year ended 31 March 2017 comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Overview of our audit approach
- Overall materiality: £1,176,000, which represents 1% of the Company's net assets; and
- Key audit risks were identified as ownership and valuation of quoted investments, valuation of the investment in Lindsell Train Limited and completeness and occurrence of investment income.

Our assessment of risk
In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
Ownership and valuation of quoted investments The Company's business is investing in a range of financial assets including quoted equities with no limitations on the markets and sectors in which investment may be made, to maximise long-term total returns. Accordingly, the quoted investments portfolio is a significant, material balance in the financial statements. We therefore identified the ownership and valuation of quoted investments as risks that require particular audit attention.	Our audit work on ownership included, but was not restricted to: • understanding management's processes and controls in place to recognise and safeguard quoted investments; • confirming the investments held at the year end directly with the independent custodian; and • testing a selection of investment additions and disposals per the Company's records to supporting documentation. Our audit work on valuation included, but was not restricted to: • understanding management's processes to recognise and measure quoted investments; • assessing whether the Company's accounting policy for valuation of quoted investments is in accrodance with FRS 102, and considering whether the investment was valued in accordance with the stated accounting policy; • comparing quoted investments valuation to an independent source of market prices; and • in order to confirm investments are actively traded, obtaining trading volumes of listed investments held at year end. The Company's accounting policy on the valuation of fixed assets investments is shown in note 1(d) and related disclosures are included in note 11. The Audit Committee identified the ownership and valuation of investments as a significant issue in its report on pages 29-30, where the Committee also described the action that it has taken to address this issue.

Governance

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

Audit risk	How we responded to the risk
Valuation of investment in Lindsell Train Limited Within the investment portfolio of £118.7m (2016: £88.2m), the Company has an interest in an unquoted investment, Lindsell Train Limited, the Company's Investment Manager, in order to benefit from the growth of the business. The year end valuation of this investment was £43.8m (2016: £28.7m) which made up 37% (2016: 33%) of the total investment portfolio of the Company. The valuation of this investment includes significant assumptions and judgements, and therefore we identified the valuation of the Company's interest in Lindsell Train Limited as a significant risk that required special audit attention.	Our audit work on valuation included, but was not restricted to: • understanding management's process to measure unquoted investments through discussions with management; • assessing whether the Company's accounting policy for valuation of unquoted investments is in accrodance with FRS 102, and considering whether the investment was valued in accordance with the stated accounting policy; • discussing the valuation basis with management of the Company; • agreeing underlying data to market sources; • reperforming calculations made by management of the Company in arriving at the value; • testing the reasonableness of the assumptions and judgements made by management in the valuation model, including the multiple of funds under management and the cost of capital, as compared to similar companies in the industry; and • comparing valuation estimates by management of the Company to acceptable ranges derived using our valuation experts. The Company's accounting policy on the valuation of fixed assets investments is shown in note 1(d) and related disclosures are included in note 11. The Audit Committee identified the valuation of investments as a significant issue in its report on pages 29-30, where the Committee also described the action that it has taken to address this issue.
Completeness and occurrence of investment income Investment income is the Company's major source of revenue and a significant material item in the Income Statement. Accordingly we identified the completeness and occurrence of investment income from the investment portfolio as a risk that requires particular audit attention.	Our audit work included, but was not restricted to: • assessing whether the Company's accounting treatment policy for recognising and measuring investment income is in accordance with FRS 102 and the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'; • understanding the Company's processes for recognising revenue in accordance with the stated accounting policy; • testing the application of this accounting policy for a sample of income transactions; • for a sample of investments held in the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the income statement; • agreeing accrued income to post year end receipts; • reviewing the schedule of dividends held during the year and checking the categorisation of special dividends as either revenue or capital receipts; and • for Lindsell Train Limited, which is an unquoted investment, obtaining direct confirmation of the income the Company was entitled to receive during the year and tracing the receipt of the income to the bank statements. The Company's accounting policy on income, including its recognition, is shown in note 1(e) and components of income are included in note 2. The Audit Committee identified the accuracy and completeness of recognition of revenue as a significant issue in its report on pages 29-30, where the Committee also described the action that it has taken to address this issue.

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £1,176,000, which represents 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, primarily the investments, is considered to be the key driver of the Company's total return performance.

Materiality for the current year is higher than the level that we determined for the year ended 31 March 2016 to reflect the increase in the Company's net assets, although the benchmark percentage applied is the same.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We also determine a lower level of specific materiality for the revenue return column of the Income Statement, directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £59,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Company's business and is risk based, and in particular included:

- Obtaining an understanding of, and evaluating, internal controls of the Company and relevant third-party service providers. This included obtaining and reading internal controls reports prepared by third-party auditors in respect of the independent Custodian and the independent Administrator; and
- Substantive testing on significant transactions, account balances and disclosures, the extent of which was based on various factor such as our overall assessment of the control environment, the design effectiveness of controls over individual systems and management of specific risks.

Other reporting required by regulations

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

Governance

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the directors' statements in relation to going concern and longer-term viability, set out on page 21 and 13 respectively; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable; or
- the Annual Report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

We have nothing to report in respect of the above.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation in the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they 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, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Responsibilities for the financial statements and the audit

What the directors are responsible for:

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
9 June 2017

Financial Statements

Income Statement for the year ended 31 March 2017

	Notes	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Gains on investments held at fair value through profit or loss	11	–	29,669	29,669	–	7,520	7,520
Exchange gains on currency		–	48	48	–	5	5
Income	2	4,887	–	4,887	3,358	–	3,358
Investment management fees	3	(598)	(2,820)	(3,418)	(603)	(362)	(965)
Other expenses	4	(354)	–	(354)	(403)	(2)	(405)
Net return before finance costs and tax		3,935	26,897	30,832	2,352	7,161	9,513
Interest payable and similar charges	7	–	–	–	–	–	–
Return before tax		3,935	26,897	30,832	2,352	7,161	9,513
Tax	8	(35)	–	(35)	(32)	-	(32)
Return after tax for the financial year		3,900	26,897	30,797	2,320	7,161	9,481
Return per Ordinary Share	10	£19.50	£134.49	£153.99	£11.60	£35.81	£47.41

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

The total columns of this statement represent the profit and loss accounts of the Company. The revenue and capital 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 represents the company's total comprehensive income.

No operations were acquired or discontinued during the year.

The notes on pages 45 to 60 form part of these financial statements.

Financial Statements continued

Statement of Changes in Equity

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2017					
At 31 March 2016	**150**	**19,850**	**64,531**	**4,095**	**88,626**
Return after tax for the financial year	**-**	**-**	**26,897**	**3,900**	**30,797**
Dividends paid (see note 9)	**-**	**-**	**-**	**(1,780)**	**(1,780)**
At 31 March 2017	**150**	**19,850**	**91,428**	**6,215**	**117,643**

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2016					
At 31 March 2015	150	19,850	57,370	3,215	80,585
Return after tax for the financial year	–	–	7,161	2,320	9,481
Dividends paid (see note 9)	–	–	–	(1,440)	(1,440)
At 31 March 2016	150	19,850	64,531	4,095	88,626

The notes on pages 45 to 60 form part of these financial statements.

Statement of Financial Position at 31 March 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Investments held at fair value through profit or loss	11		**118,671**		88,219
Current assets					
Other receivables	12	**267**		174	
Cash at bank		**1,677**		852	
		1,944		1,026	
Creditors: amounts falling due within one year					
Other payables	13	**(2,972)**		(619)	
Net current (liabilities)/assets			**(1,028)**		407
Net assets			**117,643**		88,626
Capital and reserves					
Called up share capital	14		**150**		150
Special reserve			**19,850**		19,850
			20,000		20,000
Capital reserve	15		**91,428**		64,531
Revenue reserve			**6,215**		4,095
Equity Shareholders' funds	16		**117,643**		88,626
Net asset value per Ordinary Share	16		**£588.21**		£443.13

The financial statements on pages 41 to 60 were approved by the Board on 9 June 2017 and were signed on its behalf by:

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

The notes on pages 45 to 60 form part of these financial statements.

Financial Statements continued

Cash Flow Statement for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Operating Activities			
Net return before finance costs and tax		**30,832**	9,513
Gains on investments held at fair value		**(29,669)**	(7,520)
Gains on exchange movements		**(48)**	(5)
(Increase)/decrease in other receivables		**(26)**	10
(Increase)/decrease in accrued income		**(77)**	18
Increase/(decrease) in other payables		**2,457**	(1,137)
Purchase of investments held at fair value		**(960)**	(7,150)
Sale of investments held at fair value		**76**	7,198
Net cash inflow from operating activities before interest and taxation		**2,585**	927
Interest paid		**–**	–
Taxation on investment income		**(28)**	(16)
Net cash inflow from operating activities		**2,557**	911
Financing activities			
Equity dividends paid	9	**(1,780)**	(1,440)
Net cash outflow from financing activities		**(1,780)**	(1,440)
Increase/(decrease) in cash and cash equivalents		**777**	(529)
Cash and cash equivalents at beginning of year		**852**	1,376
Gains on exchange movements		**48**	5
Cash and cash equivalents at end of year		**1,677**	852

The notes on pages 45 to 60 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 November 2014 and updated in January 2017 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 monthly using prices supplied by the administrator of these funds.

Unquoted investments are valued by the Directors at fair value using market valuation techniques.

Financial Statements

Notes to the Financial Statements continued

The investment in LTL (representing 24.27% 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 formula that takes into account, inter alia, the value of the funds under LTL's management and the moving average of its monthly earnings.

Amendments to FRS 102 – Fair value hierarchy disclosures, amends paragraphs 34.22 and 34.42 of FRS 102, revising the disclosure requirements for financial instruments held at fair value and aligning the disclosures with those required by EU-adopted IFRS. The Company has chosen to adopt early these amendments to FRS 102. There are no accounting policy or disclosure changes as a result of this adoption.

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.

(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.

(j) Significant judgements and estimates

The key significant judgement or estimate to report is the valuation of the LTL investment. Please refer to notes 1(d) and 17 for details of how this is valued.

(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 73.

2 Income

	2017 £'000	2016 £'000
Income from investments		
Overseas dividends	295	165
UK dividends		
– Lindsell Train Limited	3,531	2,292
– Other UK dividends	1,061	855
UK fixed interest income	–	46
	4,887	3,358
Total income comprises:		
Dividends	4,887	3,312
Interest	–	46
	4,887	3,358

3 Investment Manager fees

	2017 £'000	2016 £'000
Investment management fee	670	664
Investment Manager's performance fee – charged to capital	2,820	362
Rebate of investment management fee (see below)	(72)	(61)
Total management fee	3,418	965

Financial Statements

Notes to the Financial Statements continued

3 Investment Manager fees continued

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 0.65%, 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 in note 3, and £57,149 (2016: £55,140) 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 3.5% 2068, 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 for the year to 31 March 2017 amounts to £2,820,000 (2016: £362,000).

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 £40,903 (2016: £30,424) relates to the Company's investment in the Lindsell Train Japanese Equity Fund, £19,800 (2016: £20,290) relates to the Company's investment in the Lindsell Train Global LLC and £11,106 (2016: £10,017) relates to the Company's investment in the Finsbury Growth & Income Trust PLC.

4 Other expenses

	2017 £'000	2016 £'000
Directors' emoluments (see note 5)	**97**	123
Administration fee	**80**	80
AIFM fee	**22**	20
Auditor's remuneration for:		
– audit of the financial statements of the Company*	**20**	25
Auditor's remuneration for the provision of tax services:		
– taxation compliance*	**–**	13
Tax Compliance fee	**3**	–
Safe custody fees	**20**	20
Printing fees	**17**	16
Registrars' fees	**33**	19
Listing fees	**13**	18
Legal fees	**2**	11
Employer's National Insurance	**5**	8
Directors' liability insurance	**4**	7
Key man insurance	**14**	21
Sundry	**24**	22
	354	403
Capital charges	**–**	2
	354	405

* Excluding VAT

In accordance with an administration agreement dated 21 December 2000 between the Company and Maitland Administration Services Limited ("Maitland"), Maitland has been appointed to provide administration and company secretarial services to the Company for which Maitland receives an annual fee of £80,000.

5 Directors' emoluments

There were no Director's emoluments assigned to a consultancy during the financial year (2016: one director amounting to £12,731). These are reflected in the table below:

	2017 £'000	2016 £'000
Directors' fees	**97**	123

Since 2 September 2014, the Chairman of the Board, Chairman of the Audit Committee, and other Directors receive fixed fees at rates of £30,000, £24,000 and £20,000 respectively per annum, and have no entitlement to any performance fees. Directors' fees amounting to £20,000 have been waived by Mr Michael Lindsell in view of his connection with the Investment Manager.

There were no pension contributions paid or payable.

Financial Statements

Notes to the Financial Statements continued

6 Disclosure of interests

As at 31 March 2017 the Company had investments in the following Lindsell Train managed funds: 6,555,661 shares in Lindsell Train Japanese Equity Fund at a cost of £2,755,993; 298,865 shares in Lindsell Train Global Equity LLC at a cost of £1,835,141; 420,000 shares in Finsbury Growth & Income Trust PLC at a cost of £758,721.

LTL is also the Investment Manager of Finsbury Growth & Income Trust PLC in which the Company has an investment (see page 6).

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

	2017 £'000	2016 £'000
On overdrafts	–	–
	–	–

8 Taxation

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

	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
UK corporation tax	–	–	–	–	–	–
Overseas tax	27	–	27	20	–	20
Overseas tax recoverable	8	–	8	12	–	12
Tax charge per accounts	35	–	35	32	–	32

The current taxation charge for the year is the same as the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Net return before tax	30,832	9,513
Theoretical tax at UK corporation tax rate of 20% (2016: 20%)	6,166	1,903
Effects of:		
– UK dividends which are not taxable	(918)	(629)
– Overseas dividends which are not taxable	(59)	(33)
– Capital gains not subject to corporation tax	(5,943)	(1,505)
– Current year excess expenses	190	192
– Unutilised capital expenses	564	72
– Overseas tax suffered	27	20
– Overseas tax recoverable	8	12
Actual current tax charge	35	32

As an investment trust the Company, whilst it obtains 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.

Factors that may affect future tax charges

The Company has not recognised a deferred tax asset of £2,212,000 (2016: £1,533,000) arising from management expenses exceeding taxable income. These expenses could only be utilised if the Company were to generate taxable profits in the future.

9 Dividends paid and payable

	2016 £'000	2015 £'000
Final dividend for the year ended 31 March 2016 of 810p per Ordinary Share (2015: 642p per Ordinary Share)	1,620	1,284
Special dividend paid for the year ended 31 March 2016 of 80p per Ordinary Share (2015: 78p per Ordinary Share)	160	156
Total Dividends	1,780	1,440

The total dividend forming the basis of Sections 1158 Corporation Tax Act 2010 payable in respect of the financial year is set out below:

	2017	2016
Final dividend for the year ended 31 March 2017 of 1,545p per Ordinary Share (2016: 810p per Ordinary Share)	**3,090**	1,620
Special dividend paid for the year ended 31 March 2017 of 35p per Ordinary Share (2016: 80p per Ordinary Share)	**70**	160
Total Dividends	**3,160**	1,780

10 Total return per Ordinary Share

	2017	2016
Total return per Ordinary Share		
Total return	**£30,797,000**	£9,481,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Total return per Ordinary Share	**£153.99**	£47.41

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

	2017	2016
Revenue return per Ordinary Share		
Revenue return	**£3,900,000**	£2,320,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Revenue return per Ordinary Share	**£19.50**	£11.60
Capital return per Ordinary Share		
Capital return	**£26,897,000**	£7,161,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Capital return per Ordinary Share	**£134.49**	£35.81

Financial Statements

Notes to the Financial Statements continued

11 Investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Investments listed on a recognised investment exchange	**71,813**	57,112
Unlisted investments	**46,858**	31,107
Valuation at year end	**118,671**	88,219
Opening book cost	**30,448**	26,706
Opening investment holding gains	**57,771**	53,902
Opening valuation	**88,219**	80,608
Movements in the year:		
Purchases at cost	**856**	7,292
Sales – proceeds	**(73)**	(7,201)
– gains on sales	**54**	3,651
Increase in investment holding gains for the year	**29,615**	3,869
Closing valuation	**118,671**	88,219
Closing book cost	**31,285**	30,448
Closing investment holding gains	**87,386**	57,771
	118,671	88,219
Realised gains on sales	**54**	3,651
Increase in investment holding gains for the year	**29,615**	3,869
	29,669	7,520

Investment transaction costs on purchases and sales of investments during the year to 31 March 2017 amounted to £3,972 and £8 respectively (2016: £40,411 and £279 respectively).

During the year the investment holding gain attributable to the Company's holding in LTL amounted to £15,094,000 (2016: £6,122,000).

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 2017.

Investments	**Country of registration or incorporation**	**Class of capital**	**% of class held**
Lindsell Train Limited*	England	Ordinary Shares of £100	24.27%
Lindsell Train Japanese Equity Fund†	Ireland	Class B Redeemable Participating Share	14.63%

*As at 31 January 2017, the latest year end for LTL, the audited aggregate capital and reserves amounted to £24,824,467 (2016: £17,686,784) and the profit for that year ended amounted to £21,667,383 (2016: £16,176,723). The total amount of dividends paid during the year was £14,529,700, equating to a dividend of £5,450 per share. The earnings per share was £8,127.30. The cost of the investment in LTL was £64,800.

† The unaudited aggregate net assets of Lindsell Train Japanese Equity Class B Redeemable Participating Shares as at 31 March 2017 were ¥7,182,905,360.

These companies have been accounted for as investments 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).

Financial Statements

Notes to the Financial Statements continued

12 Other receivables

	2017 £'000	2016 £'000
Amounts due from brokers	–	3
VAT recoverable	25	14
Prepayments and accrued income	242	157
	267	174

13 Other payables

	2017 £'000	2016 £'000
Amounts due to brokers	38	142
Accruals and deferred income	2,934	477
	2,972	619

14 Called up share capital

	2017		2016	
	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 2017.

15 Capital reserve

The capital reserve includes investment holding gains of £87,386,000 (2016: £57,771,000).

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 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	
2017	2016	**2017**	2016
£	£	**£'000**	£'000
588.21	443.13	**117,643**	88,626

The movements during the year of the assets attributable to each Ordinary Share were as follows:

	Ordinary Shares £'000
Total net assets attributable at beginning of year	**88,626**
Total recognised gains for the year	**30,797**
Dividends paid during the year	**(1,780)**
Total net assets attributable at end of year	**117,643**

The net asset value per Ordinary Share is based on net assets of £117,643,000 (2016: £88,626,000) and on 200,000 Ordinary Shares (2016: 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 12 and 13 and its investment policy including its policy on gearing (bank borrowing), diversification and dividends on page 10.

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

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

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.

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

Foreign currency exposure as at 31 March 2017

	Sterling £'000	**US$ £'000**	**Euro £'000**	**JPY £'000**	**Total £'000**
Investments held at fair value through profit or loss that are monetary items	**–**	**–**	**–**	**–**	**–**
Short-term debtors	**139**	**12**	**15**	**101**	**267**
Cash at bank	**1,546**	**11**	**120**	**–**	**1,677**
Short-term creditors	**(2,934)**	**–**	**(38)**	**–**	**(2,972)**
Foreign currency exposure on net monetary items	**(1,249)**	**23**	**97**	**101**	**(1,028)**
Investments held at fair value through profit or loss that are equities	**86,859**	**11,827**	**4,839**	**15,146**	**118,671**
Total net foreign currency exposure	**85,610**	**11,850**	**4,936**	**15,247**	**117,643**

Foreign currency exposure as at 31 March 2016

	Sterling £'000	US$ £'000	Euro £'000	JPY £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	–	–	–	–	–
Short-term debtors	108	29	10	27	174
Cash at bank	376	434	8	34	852
Short-term creditors	(619)	–	–	–	(619)
Foreign currency exposure on net monetary items	(135)	463	18	61	407
Investments held at fair value through profit or loss that are equities	65,630	9,012	3,969	9,608	88,219
Total net foreign currency exposure	65,495	9,475	3,987	9,669	88,626

17 Financial instruments and capital disclosures continued

Over the year against all of the Company's principal investing currencies, Sterling weakened against the US Dollar by 13.00% (2016: weakened by 3.18%), weakened against the Euro by 7.31% (2016: weakened by 8.75%) and weakened against the Japanese Yen by 13.75% (2016: weakened by 9.26%).

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 £1,602,000 or 1.36% of Net Asset Value (2016: £1,156,000 or 1.30% 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.

Other price risk

If the fair value of the Company's investments (see portfolio holdings on page 6) at the year end increased/decreased by 10%, then it could have the effect of £11,867,000 or £59.34 per Ordinary Share (2016: £8,822,000 or £44.11 per Ordinary Share) on the capital return.

Liquidity risk

Liquidity risk is not significant in normal market conditions as a significant proportion of the Company's investments are listed on recognised stock exchanges and are for the most part in readily realisable securities which can be easily sold to meet funding commitments if necessary.

Credit risk

Cash at bank and other debtors of the Company at the year end as shown on the Balance Sheet was £1,944,000 (2016: £1,026,000).

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.

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

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 2017	**£'000**	**£'000**	**£'000**	**£'000**
Equity investments	**71,813**	**3,009**	**43,849**	**118,671**
	71,813	**3,009**	**43,849**	**118,671**

	Level 1	Level 2	Level 3	Total
At 31 March 2016	£'000	£'000	£'000	£'000
Equity investments	57,112	2,352	28,755	88,219
	57,112	2,352	28,755	88,219

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

The valuation techniques used by the Company are explained in the accounting policies note on pages 45 to 46.

The valuation of the investment in LTL derives from a formula created after taking advice from an expert in the sector. The formula uses a simple average of two different components:

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

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

17 Financial instruments and capital disclosures continued

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 March 2017 and 31 March 2016. A reconcilation 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

	2017 **£'000**	2016 £'000
Opening fair value	**28,755**	22,591
Purchases at cost	**–**	–
Sales proceeds	**(65)**	(129)
Total gains or losses included in gains on investments in the Income Statement		
– on sold assets	**65**	129
– on assets held at the end of the year	**15,094**	6,164
Closing fair value	**43,849**	28,755

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 to not use gearing.

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.

Financial Statements

Notes to the Financial Statements continued

18 Guarantees, financial commitments and contingent liabilities

There were no financial commitments or contingent liabilities outstanding at the year end (2016: None)

19 Ongoing charges	2017		2016	
	£'000	%	£'000	%
Total operating expenses	952	0.90	1,006	1.20

Total operating expenses include £72,000 (2016: £61,000) in respect of a management fee waiver (see note 3). They exclude the Manager's performance fee of £2,820,000 charged to capital in 2017 (2016: £362,000).

The above total expense ratios are based on the average Shareholders' Funds of £105,426,000 (2016: £83,795,000) 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.

20 Related Party transactions

Lindsell Train Limited acts as the Investment Manager of the Company. 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. Full details of Directors' interests are set out in the Report of the Directors on page 35.

Appendices

DISCLAIMER

The information contained in these Appendices has not been audited by the Auditor 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')

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 Servicing Jane Orr and James Alexandroff, the only non-executive director. James was a co-founder of a specialist investment boutique, Arisaig Partners, and is a shareholder in the Lindsell Train Investment Trust. LTL's executive staff number 16, unchanged from a year ago. All staff are based in the UK aside from our North American Marketing and Client Servicing representative, who works out of Boston.

The Board recognises that key employees should share in the ownership of the company in order to provide adequate incentives for them as well as to further the alignment of interests to which we aspire. The founders and the Lindsell Train Investment Trust may sell shares periodically to incentivise staff. *The current ownership of LTL is detailed below*.

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 their clients. *Long term performance is detailed below*.

Success in achieving satisfactory investment performance should allow the company to expand its funds under management ('FUM') in its three product areas: UK, Global and Japanese equities. LTL aspires to manage multiple billions of pounds in each product whilst recognising that there will be a size per product above which their ability to achieve clients' performance objectives may be compromised. LTL think this growth is possible without significantly expanding the investment staff (currently numbering five).

Appendix 1 continued

To achieve this growth in a manageable way LTL look 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 62% of FUM at the end of March, up from 53% the year before. Additionally, Lindsell Train manages 16 separate client relationships, the same number as last year. The largest pooled fund (the UK Equity fund) represented 36% of total FUM and the largest segregated portfolio accounted for 11%.

In the year to January 2017 LTL's total FUM grew 45% from £6.2bn to £9.0bn, with total net new inflows amounting to £1,607m. This reflected net new inflows to the UK (£1,027m), Global (£537m) and Japan (£42m) strategies. Relative performance deteriorated in all strategies late last year resulting in performance in 2016/17 that was behind the index in the UK and Global but just ahead in Japan. Longer term performance remains satisfactory for all strategies. The marketing and client servicing team solicit institutional clients directly or through investment consultants, primarily in the UK but increasingly in the USA now that there is a marketing presence there. 7% of FUM were derived from US clients. The funds are also widely represented on the major UK retail and IFA platforms.

Financials

In the year to 2017 LTL's total revenues grew 23%, made up of a 43% rise in investment management fees and a 75% fall in performance fees. LTL's biggest cost item, direct staff remuneration, is capped at 25% of fees (other than those earned from the Lindsell Train Investment Trust), as governed by LTL's shareholder's agreement. Employer national insurance costs are excluded from the restriction. Total staff remuneration, including employer national insurance, amounted to 30% of total revenues. Fixed overheads were up from £1.3m to £1.5m owing to operational upgrades and rising costs associated with the increased burden of regulation. Operating profits were up 34% registering a margin on sales of 68%.

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 January 2017 were £5,450 per share, up from £3,520 per share in 2016.

At the end of January 2017 LTL's balance sheet was made up of shareholder's funds of £24.8m backed by £24.7m of net current assets including £23.5m of cash.

Valuing LTL

LTL's shares are valued at the end of each month by LTIT's directors using a formula adopted by the LTIT Board in October 2007, after taking professional advice. It uses a simple average of two different components:

- 1.5% of LTL's most recent FUM (excluding any LTL fund's held by LTIT); and

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

The latest calculation is detailed in Lindsell Train's Supplementary Information.

The Future

LTL has no plans to hire new staff currently and there are no significant capital investment requirements expected in the current financial year.

Compliance with MIFID 2 regulations, due to be enacted from January 2018, could impose significant additional costs on the business.

With the support of a stable and dedicated team of investment managers and a strong performance track record, LTL hopes to continue to grow its AUM. But there are risks that could impinge on that growth. The greatest is the demise of either of the founders. Currently, they are in their mid-fifties, in good health and remain strongly committed to LTL. It is encouraging to see LTL's other investment staff maturing around them and taking on more responsibility. The other key risks would be a significant fall in markets and/or a bout of sustained underperformance from LTL's strategies, which could lead to a fall in AUM. Any of these eventualities could have a material impact on the value of LTL and its dividend paying potential.

Funds Under Management

By Strategy	**Jan 2017 £m**	Jan 2016 £m
UK Equity	**5,282**	3,710
Global	**3,548**	2,400
Japan Equity	**145**	78
Total	**8,975**	6,188

Largest Client Accounts

	Jan 2017 % of FUM	Jan 2016 % of FUM
Largest Pooled Fund	**36%**	30%
Largest Segregated Account	**11%**	12%

Lindsell Train Fund Performance

Annualised data to 31 January 2017		1 Year %	3 Years %	5 Years %	10 Years %
GBP	UK Equity Fund (Accumulation)	15.0	11.1	16.7	11.5
	FTSE All Share (total return)	20.1	7.0	9.5	5.6
GBP	Global Equity Fund (B share)	26.0	19.3	19.1	
	MSCI World (total return)	32.0	15.8	15.0	
JPY	Japanese Equity Fund (A share)	11.8	13.3	19.2	2.7
	TOPIX (total return)	8.6	9.8	17.5	0.2

Source: Morningstar Direct

Appendix 1 continued

Financials

	Jan 2017	Jan 2016
Profit & Loss	£	£
Fee Revenues:		
Investment Management fees	38,484,271	26,950,340
Performance Fees	1,315,738	5,306,165
Bank Interest	20,408	26,299
	39,820,417	32,282,804
Staff Remuneration*	(12,131,558)	(11,028,028)
Fixed Overheads	(1,483,837)	(1,325,324)
FX Currency Translation Gain	886,913	340,771
Operating Profit	27,091,935	20,270,223
Taxation	(5,424,552)	(4,093,502)
Net Profit	21,667,383	16,176,721
Dividends	(14,529,700)	(9,384,320)
Retained profit	7,137,683	6,792,401
Capital & Reserves		
Called up Share Capital	266,600	266,600
Profit & Loss Account	24,557,867	17,420,184
Shareholders' Funds	24,824,467	17,686,784
Balance Sheet		
Fixed Assets	91,774	155,112
Current Assets (inc cash at bank)	30,589,345	22,445,316
Liabilities	(5,856,652)	(4,913,644)
Net Assets	24,824,467	17,686,784

* 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 2017	Jan 2016	Jan 2015	Jan 2014	Jan 2013
Operating Margin	**68%**	63%	64%	59%	61%
Earnings per Share	**8,127**	6,068	3,649	2,934	1,686
Dividends per share	**5,450**	3,520	2,400	2,640	550
Total Staff Costs as % of Revenue	**30%**	34%	32%	38%	32%
Opening FUM (in million)	**6,189**	5,022	3,392	2,396	1,644
Changes in FUM (in million)	**2,786**	1,167	1,630	996	752
– of market movement	**1,179**	312	707	550	456
– of net new fund inflows	**1,607**	855	923	446	296
Closing FUM (in million)	**8,975**	6,189	5,022	3,392	2,396
Open ended funds as % of total	**61%**	53%	43%	35%	33%
Client Relationships					
Pooled Funds	**4**	4	4	3	3
Separate accounts	**16**	16	16	15	13

Ownership

	Jan 2017	Jan 2016
Michael Lindsell & spouse	**969**	969
Nick Train & spouse	**969**	969
Lindsell Train Investment Trust plc	**648**	651
Other Directors/employee	**80**	77
Total shares	**2,666**	2,666

Board of Directors

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

Employees

	Jan 2017	Jan 2016
Investment Team (inc. 3 Portfolio Managers)	**5**	5
Client Servicing & Marketing	**4**	4
Operations & Administration	**7**	7
Non-Executive director	**1**	1
Total number of employees	**17**	17

Appendix 1 continued

Company Valuation

	Jan 2017	Jan 2016
	£	£
FUM excluding LTIT holdings	**8,934,694,080**	6,217,438,904
Value based on 1.5% of FUM (A)	**134,020,411**	93,261,584
Annualised revenue ex performance fee*	**43,396,017**	29,040,682
Notional Staff Costs (45%)	**(19,528,208)**	(13,068,307)
Annualised interest income	**5,689**	34,179
Annual operating costs	**(1,175,169)**	(1,809,515)
Notional Tax	**(4,539,666)**	(3,123,349)
Notional post tax earnings	**18,158,663**	11,073,690
Benchmark+	**4.0%**	4.0%
Equity Risk Premium	**4.5%**	4.5%
Total yield + premium	**8.5%**	8.5%
Value of Company (Earnings base) (B)	**213,631,325**	130,278,711
Shares in issue (C)	**2,666**	2,666
Average Value per share ((A+B)/2)/C	**65,201**	41,924

* Annualised figures are prior three months' data.
+ As described in the Company Summary on the inside front cover.

Appendix 2

Share Capital

At 31 March 2017 and 31 March 2016, 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 2017 the Ordinary Share price was £809.98 (31 March 2016: £570.00).

Income entitlement
The Company's revenue earnings are distributed to holders of Ordinary Shares by way of 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
Holders of Ordinary Shares are entitled to one vote on a show of hands, and on a poll to one vote for each Ordinary Share held. Notices of Meetings and Proxy Forms set out the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote on matters upon which they have an interest, there are no restrictions on the voting rights of Ordinary Shareholders.

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

Supplier Agreements

Investment Management Agreement

The Investment Manager, LTL, is engaged under the terms of a contract dated 13 August 2014, details of which are given in note 6 to the financial statements, terminable on twelve months' notice by either party. Since 1 April 2016, the Investment Management Fee has been calculated by reference to the lower of the Adjusted Market Capitalisation or the Adjusted NAV of the Company. 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.

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 and Secretarial Agreement

Accounting, company secretarial and administrative services are provided by Maitland Administration Services Limited ("Maitland") pursuant to an agreement dated 21 December 2000. The agreement is terminable by either party on not less than three months' notice. Details of the fees paid to Maitland are given in note 4 to the financial statements. The services provided by Maitland were also reviewed during the year and the Board considered it to be in the best interests of the Company to continue Maitland's appointment under the existing terms.

Other third party service providers

In addition to the Investment Manager and Administrator the Company has engaged Capita Registrars 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 only 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 sixteenth 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 30 August 2017 at 2.30 pm for the following purposes:

Ordinary business

1. To receive the Financial Statements and Reports of the Directors and the Auditor for the year ended 31 March 2017;

2. To approve the Annual Report on Remuneration for the year ended 31 March 2017;

3. To approve the payment of a final dividend for the year ended 31 March 2017 of £15.45p per Ordinary Share;

4. To approve the payment of a special dividend for the year ended 31 March 2017 of £0.35p per Ordinary Share;

5. To re-elect Mr Julian Cazalet as a Director of the Company;

6. To re-elect Ms Vivien Gould as a Director of the Company;

7. To re-elect Mr Rory Landman as a Director of the Company;

8. To re-elect Mr Michael Lindsell as a Director of the Company;

9. To re-elect Mr Michael Mackenzie as a Director of the Company;

10. To re-appoint Grant Thornton UK LLP as Auditor to the Company and authorise the Directors to determine the Auditor's remuneration.

Special Business

To consider and, if thought fit, pass resolution 11 as an Ordinary Resolution:

11. To receive and adopt the Directors' Remuneration Policy.

Shareholder Information

Notice of Annual General Meeting continued

To consider and, if thought fit, pass resolutions 12 and 13 as Special Resolutions:

12. 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 29,999;

    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) 5% 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;

    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.

13. 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 fifteen 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.

Dated this 9 day of June 2017

By order of the Board
Maitland Administration Services Limited
Secretary

Notes

(i) This Report and Financial Statements is sent to holders of Ordinary Shares, all of whom are entitled to attend, speak and vote at the above Annual General Meeting ("AGM").

(ii) Members entitled to attend and vote at the AGM are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and speak and vote on their behalf. Where multiple proxies are appointed they must be appointed to exercise the rights in relation to different Ordinary Shares. Proxies need not be members of the Company.

(iii) A form of proxy is sent to members with the Report & Financial Statements. To be valid the form of proxy and any power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power of attorney or authority) must be sent to the Company's registrar – Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF – so as to arrive no later than 2.30 pm on 25 August 2017. Where multiple proxies are being appointed the form of proxy should be copied and a separate one completed for each proxy identifying, that the form of proxy is a multiple form and the different Ordinary Shares that each proxy represents. Completion and return of form(s) of proxy will not preclude a member from attending, speaking and voting in person at the AGM.

(iv) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting 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.

(v) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent Capita Registrars (ID: RA10) by 2.30 pm on 25 August 2017. In this respect the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message in the manner prescribed by CREST.

(vi) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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 such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by the particular time the CREST member requires.

(vii) 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.

(viii) A person who is not a member of the Company and receives this notice of meeting as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 ("Act") does not have a right to appoint proxies. However, if a nominated person has an agreement with the member who nominated them, the nominated person may have a right to be appointed as a proxy or a right to instruct the member as to the exercise of voting rights at the AGM.

(ix) Shareholders entered on the Register of Members of the Company at the close of business on 25 August 2017, or the close of business on the day two days prior to the time of an adjourned meeting, shall be entitled to attend and vote at the AGM. Any changes to the Register of Members after such dates shall be disregarded in determining the rights of any Shareholders to attend and vote at the AGM.

(x) Under Section 319(A) of the Act, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the AGM unless answering the question would interfere unduly with the preparation for the meeting, would involve the disclosure of confidential information, an answer has already been given on a website, or is undesirable in the interests of the Company or the good order of the AGM.

(xi) Members may not use any electronic address provided in this notice or any related document(s) to communicate with the Company for any purpose other than as specifically stated.

Shareholder Information

Notice of Annual General Meeting continued

(xii) As at 7 June 2017, the latest practicable date prior to the publication of this notice, the Company's issued share capital comprised 200,000 Ordinary Shares of 75p each, of which none are held in treasury. Each Ordinary Share carries a right to one vote at general meetings of the Company and accordingly the total number of voting rights in the Company as at 7 June 2017 is 200,000.

(xiii) Information regarding the AGM, including the information required by Section 311A of the Act, can be found on the Company's web-pages by following the appropriate links at www.lindselltrain.com.

(xiv) No Director has a service agreement with the Company. Directors' letters of appointment will be available for inspection at the AGM venue from 15 minutes before the time for the meeting until the conclusion of the meeting.

(xv) Member(s) have a right in accordance with Section 338 of the Act to require the Company to give to members of the Company entitled to receive the above notice of meeting, notice of any resolution which they may properly move at the meeting. Under Section 338A of the Act member(s) may request the Company to include in the business to be dealt with at the meeting any matter, other than a proposed resolution, which may be properly included in that business.

(xvi) Members may require the Company, under Section 527 of the Act, to publish on a website a statement setting out any matter relating to the audit of the Company's Financial Statements being laid before the meeting, including the Auditor's report and the conduct of the audit at the Company's expense. Where the Company is required to place such a statement on a website it must forward the statement to the Auditor not later than the time it makes the statement available on that website, and include the statement in the business to be dealt with at the meeting.

Company Information

Directors
Julian Cazalet (Chairman)
Dominic Caldecott (retired 1 June 2016)
Vivien Gould
Rory Landman
Michael Lindsell
Michael Mackenzie

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

Solicitor
Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

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

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

Registrar
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
Calls cost 12p per minute plus network extras (from outside the UK: +44 208 639 3399)

Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

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

Shareholder relations

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

Individual Savings Account ("ISA")

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

Registered in England, No: 4119429

Company Secretary and Registered Office
Maitland Administration Services Limited
Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW
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Fax: 01245 398951
www.maitlandgroup.com

The Lindsell Train Investment Trust plc
Registered in England, No: 4119429