

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Annual Report and Financial Statements
For the year ended 31 March 2018

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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 74.

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 12.

Performance and Benchmark

The performance highlights are provided on page 3.

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 £21.29 per Ordinary Share (2017: £15.45) and a special dividend of £0.51 per Ordinary Share (2017: £0.35) is proposed for the year ended 31 March 2018. If these dividends are approved by Shareholders, they will be paid on 7 September 2018 to Shareholders on the register at close of business on 17 August 2018 (ex-dividend 16 August 2018).

Annual General Meeting

A notice of the Annual General Meeting, scheduled for 29 August 2018 at the Marlborough Suite, St Ermin's Hotel, 2 Caxton Street, London, SW1H 0QW, is provided on pages 75 to 78.

Capital Structure

The Company's capital structure comprises 200,000 Ordinary Shares of 75 pence each. Details are given in note 14 to the Financial Statements on page 59.

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.

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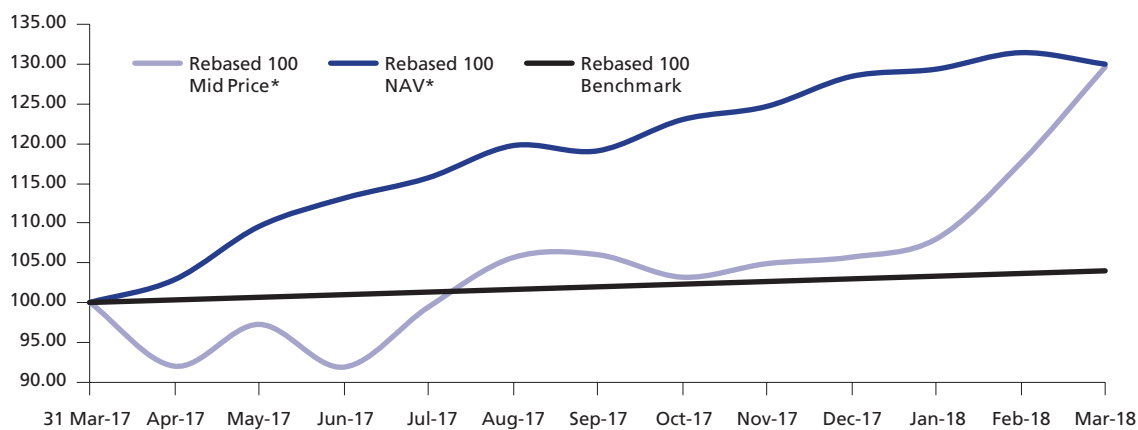
Strategic Report

The Directors present their Strategic Report for the Company for the year ended 31 March 2018. The Report contains: a review of the Company's strategy, an analysis of its performance during the financial year, comment on its future outlook and details of the principal risks and challenges that it faces.

Reviews of the financial year and commentary on the future outlook are presented in the Chairman's Statement on pages 3 to 5 and the Investment Manager's Report on pages 8 to 11. The Company's Investment Objective and Investment Policy are set out on page 12.

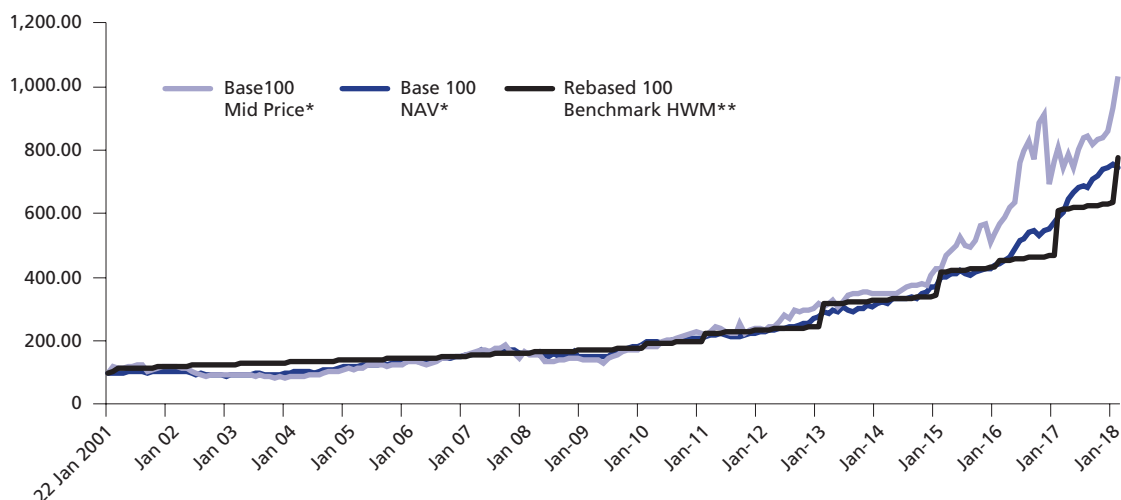
Performance

Share price performance relative to the net asset value and the benchmark* for the year ended 31 March 2018 (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 2018



*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*	29.6%
Net asset value per Ordinary Share*	30.0%
Benchmark†	4.0%
MSCI World Index (Sterling)	1.3%
UK RPI Inflation (all items)	3.3%

* Calculated on a total return basis. The net asset value and the share price at 31 March 2018 have been adjusted to include a dividend of £15.45 per Ordinary Share and a special dividend of £0.35 per Ordinary Share paid on 8 September 2017.

† 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%.

Source: Datastream, Lindsell Train Limited, Morningstar and Bloomberg

Chairman's Statement

I am pleased to report that the year to 31 March 2018 was another successful one for the Company. The net asset value ('NAV') total return was 30.0%, well outperforming both the rise in the benchmark of 4.0% and world equity markets, as measured by the MSCI World Index in Sterling, of 1.3%. The Company's shares rose by 29.6%, reflecting the rise in the NAV. The share price ended the year at £1,030. This represents a milestone for the Company as it is just over ten times its offer price (£100) at the inception of the Company 17 years ago. For shareholders who have been invested from the start – and there remain many – owning a 'ten bagger', an idiom coined by Peter Lynch who ran the Magellan fund so successfully for Fidelity in the 1990s, may have been something to aspire to, but to actually have achieved it is both rare and satisfying! The best measure of long-term returns is the annualised total return of the NAV since inception, which was 14.0% at the year end, higher than it has been in any prior year.

Once again the biggest contributor to that performance was the 54% total return from the Company's investment in Lindsell Train Limited ('LTL'). At the end of March 2018 this represented 41.7% of total net assets. On account of its size alone it will increasingly influence the prospects of the Company. The immediate future looks promising. LTL has just achieved an excellent year of performance for each of its three strategies (UK, Global and Japanese Equity), which follows on from impressive longer-term results. Its investment philosophy is simple, distinctive and continues to be scalable despite LTL now running over £14bn of assets. Its founders are in excellent health and are supported by an increasingly mature investment team, each of whom started with the company straight from university. Nevertheless it is important to recognise that, however successful LTL has been, it offers a specialised strategy focused on a narrow range of sectors, which does not promise to give investors a broad and diversified exposure to the market.

Strategic Report

Chairman's Statement continued

Like any fund management company, LTL is exposed to the vagaries of markets. After seven years of strong performance, supported by rock bottom interest rates, it is understandable to be somewhat apprehensive about the trend continuing now that interest rates are rising. It is also likely, indeed almost certain, that LTL's specialised strategy will at some stage underperform market benchmarks. It is impossible to predict when, but with every year of consecutive success most people would view the risk of a reversal becoming higher. Despite these risks and the prospects outlined above, the Company's holding in LTL is well supported by its dividend yield of 12%. The dividend is based on a fixed payout ratio of 80% and the yield is calculated by taking dividends paid in the year to 31 March 2018, divided by the average LTL valuation in the period the dividends were earned (31 July 2016 to 31 July 2017).

The Board spends a lot of time thinking about the investment in LTL. The valuation formula is deliberately simple to allow shareholders easily to understand what influences the calculation and to let those who may have a different view on the prospects of LTL to vary the inputs and calculate their own value should they so wish. We try to be as transparent as possible about the financial performance of LTL to make any such calculation relevant and straightforward. Hence there is detailed information about LTL in Appendix 1 on pages 66 to 72. The Board does not rely on the output of the valuation formula in isolation but also monitors a range of valuation measures that act as checks. This year, ten years after the last review, the Board employed outside advisors to review the valuation methodology, which helped endorse its relevance.

Perhaps the most difficult aspect of valuing LTL is assessing its longevity. Today it is largely reliant on its original founders, Nick Train and Michael Lindsell. Absent one or both of them the partnership that lies behind the investment philosophy would be broken and clients might in that circumstance understandably withdraw their business. Thankfully Michael and Nick enjoy what they do, are devoted to the business and have committed to remaining in it for the foreseeable future. Thus the Board judges the risk of a sudden breaking of the partnership as possible but not likely.

More difficult to assess is the continuation of LTL after the active involvement of the founders. The most likely successors are the group of three talented individuals that have been hired over the last eight years. LTL report that all make increasing contributions to the business. James Bullock, who joined LTL in 2010, is now a co-portfolio manager responsible for LTL's Global portfolios. As an important demonstration of his commitment, James has built up his ownership in LTL by purchasing shares from Michael Lindsell, Nick Train and the Company over the last three years. LTL hope that all three individuals continue to develop into successful portfolio managers. Also, we believe that there is no current desire for the founders to sell the business to a third party, as to do that would require them to stay on for some years to ensure a successful transition to new owners, thereby surrendering the independence they cherish. Thus the Board recognise that there is a risk, albeit a low one, that the company could simply cease trading when the founders retire.

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It is for this reason that the Board may seem conservative in assessing the value of LTL. Shareholders of most quoted fund management companies take succession for granted but, at LTL, we cannot be sure so direct valuation comparisons are difficult. Indeed, until the Board becomes more confident that succession is secure at LTL, it will place particular emphasis on one of its valuation checks that is based on a discounted cash flow calculation extending over the next nine years only. This limited time horizon that reduces as every month passes helps capture the risk of succession more explicitly than any other valuation measure we employ.

The Board has over the years – and continues today – to encourage LTL to make more plans to ensure succession. It is important that existing staff are incentivised to perform and to make their career at the company. LTL has such a plan in place. Owning LTL shares is part of this and the Company, alongside its founders, has sold its shares in LTL to LTL employees over the years to further this alignment of interest. Continuing to hire investment professionals to bolster bench strength also helps and we expect to see more recruitment in the future. The Board is wholly supportive of LTL's incremental approach to succession while recognising that it should complement LTL's priority of maintaining an environment within LTL that is conducive to generating exceptional investment returns. Without that, LTL's future would be compromised anyway.

The Company's share price premium to its NAV has contracted from its peak in 2017 but remains elevated and ended the year at 38%. The Board recognise that some shareholders view the monetary value of the Company's share price premium over the NAV as equivalent of the Board's undervaluation of LTL. I have asserted before that the Board view the premium as unwarranted and do so again today with particular reference to my comments above about succession. Consistent with that I continue to caution new shareholders about buying shares at a premium as any reversal in markets or in LTL's performance could cause it to evaporate, leading to significant losses.

Reverting to the present, and following a successful year for the Company the Board is pleased to propose a rise in the total dividend of 38%, from £15.85 to £21.80, comprising an ordinary dividend of £21.29 and a special dividend of £0.51. The special dividend accounts for the proportion of the Company's income attributable to LTL performance fees which are unpredictable. In proposing the dividend the Company aims to retain the greatest amount of earnings that Investment Trust regulations allow. I will end by noting that dividends since they were introduced in 2003 have increased at an even greater rate than the NAV, at 21% per annum and over the last ten years by 26% per annum.

Julian Cazalet
Chairman
12 June 2018

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Strategic Report

Portfolio Holdings at 31 March 2018 (All ordinary shares unless otherwise stated)

Holding	Security	Fair value £'000	% of total assets	Look-through basis % of total assets [†]
645	Lindsell Train Limited	62,303	41.70	41.70
1	Lindsell Train Limited*	43	0.03	0.03
41,000	Nintendo	12,886	8.63	9.20
246,500	London Stock Exchange	10,171	6.81	7.14
420,500	Diageo	10,143	6.79	7.14
210,000	Unilever	8,307	5.56	5.94
1,263,393	A.G. Barr	8,300	5.56	5.60
3,951,927	Lindsell Train Japanese Equity Fund – B	5,601	3.75	3.41
101,000	PayPal	5,460	3.65	3.81
73,000	Heineken	5,366	3.59	3.90
323,000	RELX	4,732	3.17	3.46
296,928	Lindsell Train Global Equity LLC	3,687	2.45	1.06
420,000	Finsbury Growth & Income Trust	3,142	2.10	0.98
96,552	Mondelez International	2,870	1.92	2.12
300,000	Pearson	2,247	1.50	1.66
74,500	eBay	2,133	1.43	1.49
18,879	Laurent-Perrier	1,559	1.04	1.04
	Total investments	148,950	99.68	99.68
	Net current assets	466	0.32	0.32
	Total assets	149,416	100.00	100.00

[†] 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 2018:

Fund	Equity Exposure
Lindsell Train Japanese Equity Fund	95.9%
Lindsell Train Global Equity LLC	99.4%
Finsbury Growth & Income Trust	102.1%

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Analysis of Investment Portfolio at 31 March 2018

Breakdown by location of listing

(look-through basis)^

Japan	13%
Europe	5%
UK*	74%
USA	8%
Emerging	0%
Cash and Equivalents	0%
	<hr/>
	100%
	<hr/>

Breakdown by location of underlying company revenues

(look-through basis)^

Japan	5%
Europe	11%
UK**	52%
USA**	18%
Emerging	14%
Cash and Equivalents	0%
	<hr/>
	100%
	<hr/>

Breakdown by sector

(look-through basis)^

Consumer Franchises	29%
Financials*	49%
Media	21%
Healthcare	1%
Cash and Equivalents	0%
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	100%
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* LTL accounts for 42% and is not listed.

**LTL accounts for 39% 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 2018

I list below some of the key brands and franchises that comprise the earnings power of The Lindsell Train Investment Trust plc ('LTIT') portfolio. These are the assets that give me a warm glow when I think about my own investment in the Company.

Consumer

- Dove, Hellmans, Knorr, Magnum, Rexona
- Johnnie Walker, Smirnoff, Captain Morgan, Baileys, Tanqueray, Guinness, Crown Royal
- Heineken, Kingfisher, Sol, Strongbow, Tiger
- Cadbury, Halls, Milka, Nabisco, Oreos, Ritz, Toblerone
- IRN-BRU, KA, Rubicon, Strathmore
- Laurent-Perrier, Salon, Delamotte

Media/Software

- Nintendo, Mario, Pikachu, Zelda
- Elsevier, New Scientist, The Lancet, Lexis-Nexis
- MyLab and Mastering (Pearson's online homework, tutorial and assessment products)
- eBay
- PayPal

Market Proxy

- LSE, FTSE, LCH, Russell
- Lindsell Train Limited

Lindsell Train Fund Products and Mandates

- LT Global Equity LLC
- LT Japanese Equity Fund
- Finsbury Growth & Income Trust

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Here is a brief commentary about each of the holdings.

Lindsell Train managed funds. These holdings have not only generated excellent returns for LTIT – with, notably, Global and Japan up 38% and 31% respectively last year, but LTIT's seed investment in them from inception provided a valuable platform for us to build long-term track records and hence to grow the assets and value of Lindsell Train Limited ('LTL'). Of course there was scope for this to cut both ways – if performance of the funds had been poor there would have been a double disadvantage to your Company. We at LTL will always be grateful for LTIT's early support of our fund products and are thrilled that the risk has paid off.

A.G. Barr. The shares are at an all-time high at the time of writing, up 10% over the last year, although little more than 2% higher than where they got in 2015. What happened in between was Brexit and the Sugar Tax, which hit the shares in 2016. The most recent dividend increase, the March 2018 final, was up 9% and the company continues to deliver industry-beating revenue growth, admittedly of c.4%, while generating a lot of cash. The shares are not as cheap as they were back in 2001/2, when we first made the investment, but the company is likely to carry on creating economic value for its owners for decades to come. As with many of our holdings the central investment case we make for AG Barr is that its likely durability, much further into the future than the average investor ever thinks about, with associated strong and inflation-proofed cash flows, combine to make the asset fundamentally undervalued.

Diageo. The shares have finally broken out of what had been a long consolidation, with the stock up a quarter over the last year. Improved trends in premium spirit consumption in the US and, especially, Asia are the reason. Top spirits brands rarely change hands but, when they do, a valuation of 10x sales is not unheard of. You pay 5x sales to own Diageo, with a 2.5% dividend yield, growing ahead of inflation, to help pass the time. As Neil Collins, one of the directors of Finsbury Growth & Income Trust, has written in the FT recently: "there is little sign of the world turning teetotal". And we see every sign that consumers enjoy and aspire to enjoy Diageo's products. It's fantastic for us that periodically other investors take it in their heads to sell the stock because of their worries about monetary policy – we can then buy more.

eBay. The shares were up 27% in 2017 and are up over 8-fold since 2008/9. It is true eBay has not turned out to be one of the FANGS – it is not going to take over the world. Amazon's market capitalisation is now over 20x greater than eBay's. But eBay is still a formidable online property in its own right. The site has 171 million active buyers and the scale of that community explains why there are still over 1 billion live listings at any one time. And the company is highly profitable, with operating margins over 20% and free cash of \$2.5bn last year. But the biggest reward to LTIT from its eBay investment has been PayPal (see below).

Heineken. The recent final dividend was up 13%, maintaining its wonderful history of creating value for the Heineken family and stock market investors too. Dividends have nearly quintupled since 1995, while the low of the share price that year was under €9, compared to €84 at the time of writing. To be candid, the shares could easily take a nap after a 25% gain in 2017 and consumer staples are out of favour. But we don't want to sell. Recent acquisitions in Latin America open up new sources of long-term sales growth.

Laurent-Perrier. The shares have done too well since we started to accumulate – putting on over 50% in short order. We stepped back as the competition for stock heated up. Looking back at the history of the share price it has been marked by intermittent spikes and longish periods of drift. We'll hope to buy more once things settle down.

Strategic Report

Investment Manager's Report year ended 31 March 2018 – continued

London Stock Exchange. This holding perplexes me. It goes up and up – 15% in calendar 2018 already – as trading gets better and better. Doubtless a bear market will catch us all in our complacency and I'll wonder why the stock is down 50%. I know, I know. But the logic of global exchange consolidation is so compelling.

Mondelez International. Confectionary and biscuits are “good” food brands – affordable treats that have successfully resisted own-label copycats. What's more, over 70% of Mondelez' sales are outside the US, meaning it is less exposed to the malign pressures on processed food brands there. Roughly 40% of sales derive from Emerging Markets. Our appreciation of all this has encouraged us to add more to LTL's holdings of the company over the last 18 months at lower and lower prices. I persist in regarding this as good news – that we are buying more of a good thing at better values – but it is disconcerting to see the shares drift in this way. Investors have got really quite bearish about food. The company hopes to generate \$2.8bn of free cash in 2018. I would value that at a 3% discount rate, for a warranted equity value of MDLZ of \$93bn – compared to the current \$55bn market value.

Nintendo. An 80% share price return in 2017, as investors acknowledged the success of Nintendo's Switch gaming device. If Nintendo were truly head-to-head with Sony and Microsoft it would have been knocked out long ago. But Nintendo isn't directly competing with that pair and certainly not for their target audience of young men. The newest game for Switch – Labo – requires players to construct toys out of cardboard, toys that then interact with the software. It is designed explicitly for kids and for parents and kids to play with together. It is a brilliant concept, that Sony and Microsoft would never have dared bring to market, at risk of losing their reputation for cool. And it encapsulates the reason why Nintendo remains a key holding for LTIT. We know the shares bounce around, but despite the volatility they have nearly trebled since 2000, while, for instance, NASDAQ and the S&P 500 are up only 80% and the Nikkei up less than 20%.

PayPal. The shares were spun out of eBay in late 2015 and have just about doubled since then, taking its market value to double that of its former parent. The return to LTIT shareholders was 76% last year. PayPal now has 237m active accounts, up 15% over the year, with usage also growing strongly which has resulted in total payment volumes of \$132bn, up 27% on the year. You are now asked to pay 40x for that growth, which actually still strikes us as reasonable value and we have been adding to LTL's holdings in the company on share price dips.

Pearson. Up 45% from last year's panic low – we added near there for the Lindsell Train Global Equity Fund. And there are some promising signs, after more years of struggle for the business than we care to remember. We were delighted to see Fidelity become a new investor in the company and agree wholeheartedly with Fidelity's proposition that over time investors will cease to think about Pearson as a “text-book company” but rather as a “technology company”. That has been our rationale for holding on to the position. If it ever comes true Pearson will sell on 3x sales, not 1.5x as today.

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RELX. I can't improve on Morgan Stanley's bull case for RELX: "There is a growing appreciation of the fusion of Big Data and high speed computing power to inform and drive decision-making in the professional industries RELX serves – raising barriers to entry and the value of its services." We expect RELX revenues and the stock market rating to rise materially from here.

Unilever. For the last 5 years LTL presentations have included a Unilever-derived statistic to explain why we own the stock. Namely, that every day 2 billion people use one of its products. No longer. At the recent CAGNY conference (which Alexander Windsor-Clive attended) Unilever announced that in 2018 it's now 2.5 billion people every day. So, over the last half decade the company has switched on another 500 million consumers. And there's plenty more to go for. In the end, this growth in the number of customers is the key strategic justification for our holding. We also note KKR has paid 2.7x annual sales for the least attractive part of ULVR's portfolio – namely its shrinking margarine business. Maybe KKR has made a mistake, but it interests us that we can pay 2.3x sales for the remainder of ULVR, which has far more attractive prospects.

Nick Train
Investment Manager
Lindsell Train Limited
12 June 2018

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 24.23%, 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 2018, 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 not to use gearing. This is in part a reflection of the increasing size and risk associated with the Company's unquoted investment in LTL, but also in response to the additional administrative burden required to adhere to the full scope regime of the Alternative Investment Fund Managers Directive ("AIFMD").

Dividends

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

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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 2018	31 March 2017	% change
Shareholders' funds (£'000)	149,416	117,643	27.01
Basic NAV per Ordinary Share	£747.08	£588.21	27.01
Premium to NAV	37.87%	37.70%	
Closing mid-market price per Ordinary Share	£1,030.00	£809.98	27.16
Recommended final dividend per Ordinary Share	£21.29	£15.45	
Recommended special dividend per Ordinary Share	£0.51	£0.35	
Dividend yield	2.12%	1.95%	
Ongoing Charges	0.85%	0.90%	
Earnings per Ordinary Share – basic	£174.67	£153.99	13.43
Revenue	£26.42	£19.50	35.49
Capital	£148.25	£134.49	10.23
NAV total return			30.0
Share price total return			29.6
Benchmark*			4.0

* See Company Summary on inside front cover.

Please see Glossary on page 80 for an explanation of terms used.

Five Year Historical Record

To 31 March	Gross income £'000	Net revenue available for Ordinary Shares £'000	Dividends on Ordinary Shares Cost £'000	Rate £	Basic net asset value per Ordinary Share £	Mid-market price per Ordinary Share £
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
2018	6,505	5,283	4,360	21.80	747.08	1,030.00

Ongoing Charges

The ongoing charges (excluding the performance fee) for the year ended 31 March 2018 amounted to £1,188,000 (2017: £953,000) equivalent to 0.85% (2017: 0.90%), based on average undiluted net assets of £139,524,000 (2017: £105,426,000).

The charge for the performance fee for the year ended 31 March 2018 amounted to £2,827,000 based on an increase in NAV of 30.0% (2017: £2,820,000 based on an increase in NAV of 35.1%) equivalent to 2.0% (2017: 2.7%) of average net assets of £139,524,000 (2017: £105,426,000).

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 61 to 64.

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 61 and 62. 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.
- The Company retains a holding in LTL, currently 24.23%, 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.

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 21). 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.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Protection of assets: The Company's assets are protected by the use of an independent custodian, Northern Trust Company. 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.

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 in relation to investments in UK and internationally listed securities and has some short-term cash on deposit.
- The founder directors of LTL in which the Company holds 24.23% remain committed to the business for the foreseeable future.
- The Company has decided not to use gearing.
- Revenue expenses of the Company are covered five times by investment income.

In order to maintain viability, the Company has a robust risk control framework for the identification and mitigation of risk which is reviewed regularly by the Board. The Directors also seek reassurance from 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 12. The Company has no employees and accordingly it has no direct social, human rights or environmental impact from its operations. It does not hold sufficiently large proportions of portfolio companies to be able to influence their social or environmental footprints.

As an investment 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 (2017: 5).

	2018		2017	
	Male	Female	Male	Female
Directors (Non-Executive)	4	1	4	1

There were no Executive Directors or employees during the year.

Approval Statement

The Strategic Report of the Company, comprising pages 2 to 16 of this Report, has been approved by the Board.

For and on behalf of the Board

Julian Cazalet

Chairman

12 June 2018

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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 J.P. Morgan 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, 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.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Governance

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 2018.

Status

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

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

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

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

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

Investment Policy and Objective

Details of the Company's investment policy and objective of the Company are set out on page 12.

Results and Dividend

The revenue return for the financial year ended 31 March 2018 after taxation amounted to £5,283,000 (2017: £3,900,000). A final dividend of £21.29 per Ordinary Share (2017: £15.45) and a special dividend of £0.51 per Ordinary Share (2017: £0.35) is proposed for the year ended 31 March 2018. If these dividends are approved by Shareholders at the forthcoming Annual General Meeting they will be paid on 7 September 2018 to Shareholders on the register at close of business on 17 August 2018 (ex-dividend 16 August 2018).

Use of Financial Instruments

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

Share Capital

Full details of the Company's Ordinary Share capital are provided in Appendix 2 on page 73.

Supplier Agreements

Details of the Company's supplier agreements can be found in Appendix 3 on page 74.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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:

	<i>No. of Shares at 31 March 2018</i>	<i>No. of Shares at 31 May 2018</i>	<i>% of issued capital</i>
Hargreaves Lansdown Asset Management Limited	24,315	25,832	12.9
Rathbone Investment Management Limited	15,265	15,071	7.5
Alliance Trust PLC	12,004	11,740	5.9
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
A J Bell Securities Limited	7,713	8,265	4.1
Brewin Dolphin Limited	7,381	7,131	3.7
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 page 17. Particulars of their remuneration are given on pages 33 to 38. All of the Directors as at the date of this report will stand for re-election at the Company's forthcoming Annual General Meeting with the exception of Mr Mackenzie, who will retire.

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 37.

Directors' Indemnification and Insurance

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

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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 £21,000 per annum (2017: £14,000). 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 36.27% 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 both of 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 25 to 29.

Employment, Social, Human Rights and Environmental Statements

The Strategic Report on pages 2 to 16 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 29 August 2018 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 3.7% of total voting rights.

Governance

Report of the Directors *continued*

Special business at the Annual General Meeting

Directors' Remuneration Policy

Resolution 10 is proposed as an Ordinary Resolution to receive and adopt the Directors' Remuneration Policy.

Share buyback authority

Resolution 11 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 12 authorises the Directors to sell back into the market shares held in treasury. Treasury shares would not be resold at a price below that at which they had been bought back nor below net asset value.

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). 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 then apply them consistently;
- make judgments 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.

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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 resigned as Auditor to the Company due to a potential conflict of interest on 14 March 2018. Following a formal tender process, led by the Company's Audit Committee, the Board appointed PricewaterhouseCoopers LLP as the Company's Auditors to fill the vacancy resulting from the resignation of Grant Thornton UK LLP. PricewaterhouseCoopers LLP has expressed its willingness to continue to act as the Company's independent auditor ("the Auditor"). A resolution to appoint PricewaterhouseCoopers LLP as the Auditors to the Company and to authorise the Directors to determine the Auditors' 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 to 11. The Company has adequate financial resources including readily realisable equity securities and cash and the value of its assets is greater than its liabilities. Additionally, after reviewing the Company's budget including the current financial resources and projected expenses for the next 12 months and its medium-term plans, the Directors believe that the Company's resources are adequate for continuing in business for the foreseeable future. Accordingly, the Directors believe that the Company is well placed to manage its business risks successfully and it is thus appropriate to prepare the Annual Report and Financial Statements on a going concern basis. The Company does not have a fixed life.

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 17, 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 part have been prepared in accordance with applicable UK Accounting Standards 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 review 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

12 June 2018

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 in line with 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
<ul style="list-style-type: none"> the role of the chief executive; executive directors’ remuneration; and the need for an internal audit function. 	<p>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.</p>

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.
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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.
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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.	<p>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.</p> <p>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.</p>

Board Structure

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

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

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

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

	Board (regular meetings) (5)	Audit Committee (2)	Management Engagement Committee (1)
Number of meetings			
Julian Cazalet	5	2	1
Vivien Gould	5	2	1
Rory Landman	5	2	1
Michael Lindsell	5	–	–
Michael Mackenzie	4	2	1

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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

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

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 29 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 2018 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 have procedures in place to monitor them.

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

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

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.

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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, 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 30 to 32 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 79.

Governance

Report of the Audit Committee

This report to Shareholders for the year ended 31 March 2018 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 Auditors and to determine such action (if any) as needs to be recommended to the Board in connection therewith;
- to meet, at least annually, with the Auditors and review the audit plan proposed by them; including areas of risk they will look particularly at, their level of materiality and the fee proposed by them for the statutory audit work;
- to make recommendations to the Board on the appointment, reappointment, replacement or removal of the Auditors;
- to consider all proposals and fees for non-audit work, which may include tenders from independent third parties as well as proposals from the Auditors to undertake such work, the fees for such work and their suitability to undertake the work involved;
- to monitor and satisfy itself as to the independence, objectivity, resources and qualifications of the Auditors at least annually;
- to consider, at least annually, whether or not the Company should have an internal audit function.

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 Auditors without any of the Company's third party service providers present at which any aspect of the Auditors' work may be discussed.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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 auditor.

Audit process

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

PricewaterhouseCoopers LLP is the Auditor and was appointed in March 2018 to fill the vacancy which arose on the resignation of Grant Thornton LLP. 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 Committee satisfies itself as to the independence of the Auditors, and in particular takes into account any non-audit work undertaken by the Auditors. When considering whether to appoint the Auditors to undertake non-audit work the Committee takes into account any potential impairment of independence or impartiality, knowledge of the Company and their proposed fee. The Committee may also put non-audit work out to tender.

Tax Compliance

The Company has engaged Cordium to assist with the Company's tax compliance matters.

Significant issues in relation to Financial Statements

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

- ownership of investments and assets included in the portfolio;
- valuation of positions in the portfolio, especially any which are illiquid or 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 41.73% of net assets. During the financial year the Board appointed professional external advisors to conduct a review of the valuation methodology. As a result of this review, the Board agreed not to change the valuation methodology and hence the valuation approach remains consistent with prior years.

The other 58.27% 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 Auditor and there were no issues arising.

Revenue

The Audit Committee reviewed the Auditors' approach to the audit prior to the commencement of the audit. The results of the audit in this area were discussed with the Auditor and there were no significant issues arising 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. No non-audit services were provided by the Auditor.

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

Reappointment of the Auditor

The Committee put the Company's audit work out to tender in January following notice of the intended resignation of Grant Thornton LLP and, as a result of that process and the subsequent recommendation to the Board, it appointed PricewaterhouseCoopers LLP in March. A resolution to appoint Pricewaterhouse Coopers LLP as the Auditor will be proposed at the forthcoming Annual General Meeting.

Vivien Gould

Chairman – Audit Committee

12 June 2018

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 2018.

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 2018 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 1 January 2018.

Governance

Directors' Remuneration Report continued

Table of Directors' Remuneration Components

Component	Annual Rate (£)	Purpose and operation
Basic Annual Fee: Each Director	22,000	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 rate of annual fees payable to the highest paid Director, the Chairman, and all other non-executive Directors as at 31 March 2018 and as at 31 March 2017:

Fees	2018 (£)	2017 (£)
Chairman	32,000	30,000
Board Member	22,000	20,000
For additional responsibilities:		
Chairman of Audit Committee	26,000	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.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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 performance related scenarios where remuneration will vary. It is accordingly not considered appropriate to provide different remuneration scenarios for each Director.

Statement of consideration of conditions elsewhere in the Company

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

Other Items

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

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

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

The Directors' interests in contractual arrangements with the Company are as shown in the Annual Report on Remuneration below. No Director had any interest in any contracts with the Company during the year to 31 March 2018 or subsequently other than as stated in the Report of the Directors.

Annual Report on Remuneration

A Resolution to adopt this Annual Report on Remuneration will be put to the forthcoming Annual General Meeting. The vote is advisory only and not binding on the Company, but does give Shareholders a chance to inform the Board of their views on Directors' remuneration. The Board has 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 increased. The directors' fees (from 1 January 2018) are equivalent to the following annual rates: Julian Cazalet (Chairman of the Board) £32,000; Vivien Gould (Chairman of the Audit Committee) £26,000; and other directors £22,000 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 2018 is detailed below together with the prior year comparative.

Single Total Figure Table (audited information)

Name of Director	Fees paid/Total (£)*	
	2018	2017
Year to 31 March:		
Dominic Caldecott [#]	–	3,410
Julian Cazalet	30,500	30,000
Vivien Gould	24,500	24,000
Rory Landman	20,500	20,000
Michael Lindsell	–	–
Michael Mackenzie	20,500	20,000
TOTALS	<u>96,000</u>	<u>97,410</u>

* There were no taxable benefits.

[#] Dominic Caldecott resigned on 1 June 2016, and therefore received an element of remuneration in the 2017 financial year.

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 2018 (2017: nil).

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.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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 2018 and 31 March 2017 are shown in the table below:

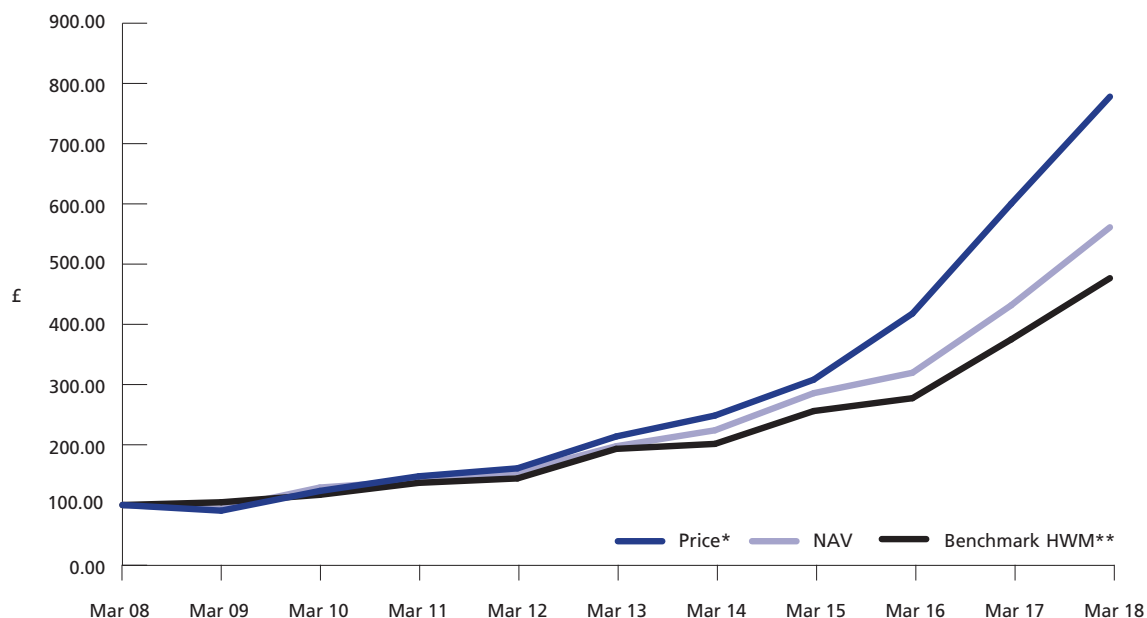
	Ordinary Shares of 75p 31 March 2018	Ordinary Shares of 75p 31 March 2017
J Cazalet	–	–
V Gould	–	–
R Landman	100	100
M Lindsell	7,155	7,155
M Lindsell (non-beneficial)	3,600	3,600
M Mackenzie (non-beneficial)	150	150

No other changes in the above interests occurred between 31 March 2018 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 ten years to 31 March 2018 (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.

	2018	2017	Difference
	£	£	%
Directors' remuneration	96,000	97,410	(1.4)%
Investment management fees and other expenses	1,091,073	855,445	27.5%
Performance fees (charged to capital)	2,827,190	2,819,626	0.3%
Dividends to Shareholders (final and special)	4,360,000	3,160,000	38.0%

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 2017 were approved by Shareholders at the Annual General Meeting held on 31 August 2017. The votes cast by proxy were as follows:

Remuneration Policy

<i>For – % of votes cast</i>	<i>100%</i>
<i>Against – % of votes cast</i>	<i>0%</i>
<i>At Chairman's discretion – % of votes cast</i>	<i>0%</i>
<i>Total votes cast</i>	<i>57,884</i>
<i>Number of votes withheld</i>	<i>0</i>

Annual Report on Directors' Remuneration

<i>For – % of votes cast</i>	<i>100%</i>
<i>Against – % of votes cast</i>	<i>0%</i>
<i>At Chairman's discretion – % of votes cast</i>	<i>0%</i>
<i>Total votes cast</i>	<i>57,884</i>
<i>Number of votes withheld</i>	<i>0</i>

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 2018 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

12 June 2018

Governance

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

Report on the audit of the Financial Statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2018; the income statement, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

We have provided no non-audit services to the Company in the period from 1 April 2017 to 31 March 2018.

Our audit approach

Overview

Materiality

- Overall materiality: £1.49 million (2017: £1.18 million), based on 1% of net assets.

Audit Scope

- The Company is a standalone Investment Trust Company and engages Lindsell Train Limited (the "Manager") to manage its assets.
- We conduct our audit of the Financial Statements using information from Maitland Administration Services Limited (the "Administrator") to whom the Directors have delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Key Audit Matters

- Valuation and existence of unlisted investments.
- Valuation and existence of listed investments.
- Income from investments.

Governance

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

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Company's Financial Statements, including, but not limited to, designed audit procedures that focused on the risk of non-compliance related to section 1158 of the Corporation Tax Act 2010. Our tests included, but were not limited to, testing the Company's compliance with section 1158 in the current year as well as testing the tax disclosures in Note 8. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the Auditors' professional judgment, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the Auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of unlisted investments Refer to page 30 (Audit Committee Report), page 50 (Accounting Policies) and page 50 (notes).</p> <p>The investment portfolio at 31 March 2018 included one unlisted investment.</p> <p>We focused on the valuation and existence of the unlisted investment as this investment represented a material balance in the Financial Statements (£66m) and the valuation requires estimates and significant judgments to be applied by the Directors such that changes to key inputs to the estimates and/or the judgments made can result in a material change to the valuation of the unlisted investment.</p>	<p>We understood and evaluated the valuation methodology applied, by reference to industry practice, and tested the techniques used by the Directors in determining the fair value of the unlisted investment.</p> <p>This together with our knowledge of the investee entity, FRS 102 and the AIC SORP, enabled us to discuss with and challenge the directors as to the appropriateness of the methodology and key inputs used, and the valuation itself.</p> <p>We found that the valuation of the unlisted investment was consistent with the above guidelines and that the assumptions used to derive the valuation within the Financial Statements were appropriate based on the investee's circumstances, and actual and expected financial performance.</p> <p>We tested the existence of the unlisted investment by agreeing the holding to an independent custodian confirmation from the Administrator.</p>

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of listed investments Refer to page 30 (Audit Committee Report), page 50 (Accounting Policies) and page 50 (notes).</p> <p>The investment portfolio at 31 March 2018 comprised listed equity investments of £83 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the Financial Statements.</p>	<p>We tested the valuation of all the listed investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance.</p> <p>We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the Depositary as at 31 March 2018. No differences were identified.</p>
<p>Income from investments Refer to page 30 (Audit Committee Report), page 50 (Accounting Policies) and page 50 (notes).</p> <p>ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as capital rather than revenue due to the pressure management may feel to achieve capital growth in line with the objective of the Company.</p> <p>We focused on the valuation of investments with respect to gains on investments and the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP').</p> <p>We also focused on the calculation of realised and unrealised gains and losses on investments amounting to a gain of £32 million for the year.</p> <p>This is because incomplete or inaccurate income (both revenue and capital) could have a material impact on the Company's net asset value.</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy.</p> <p>We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.</p> <p>We understood and assessed the design and implementation of key controls surrounding income recognition.</p> <p>In addition, we tested dividend receipts by agreeing the dividend rates from investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance.</p> <p>To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends.</p> <p>We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We did not find any special dividends that were not treated in accordance with the AIC SORP.</p> <p>We also checked that the gains or losses on investments held at fair value comprise realised and unrealised gains or losses, we tested a sample of disposal proceeds to bank statements. For unrealised gains or losses, we tested the valuation of the portfolio at the year-end, and also tested the reconciliation of opening and closing investments.</p> <p>Our testing did not identify any material misstatements which required reporting to those charged with governance.</p>

Governance

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

How we tailored the audit scope

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

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)").

We designed our audit by determining and assessing the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "key audit matters" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Materiality

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

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

<i>Overall materiality</i>	£1.49 million (2017: £1.18 million).
<i>How we determined it</i>	1% of net assets.
<i>Rationale for benchmark applied</i>	We have applied this benchmark, a generally accepted auditing practise for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year on year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £75,000 (2017: £59,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Reporting on other information

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Report of the Directors

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 March 2018 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. (CA06)
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors. (CA06)

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 14 of 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' explanation on page 15 of 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.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (Listing Rules)

Governance

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

Other Code Provisions

We have a responsibility to report when:

- The statement given by the directors, on page 24, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 31 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditor.

We have nothing to report in relation to these matters.

Directors' Remuneration

- In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities for the Annual Report set out on page 22, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Board on 14 March 2018 to audit the Financial Statements for the year ended 31 March 2018 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Christopher Meyrick (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
12 June 2018

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Financial Statements

Income Statement for the year ended 31 March 2018

	Notes	Revenue £'000	2018 Capital £'000	Total £'000	Revenue £'000	2017 Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	11	–	32,469	32,469	–	29,669	29,669
Exchange gains on currency		–	9	9	–	48	48
Income	2	6,505	–	6,505	4,887	–	4,887
Investment management fees	3	(818)	(2,827)	(3,645)	(598)	(2,820)	(3,418)
Other expenses	4	(370)	(1)	(371)	(354)	–	(354)
Net return before finance costs and tax		5,317	29,650	34,967	3,935	26,897	30,832
Interest payable and similar charges	7	(1)	–	(1)	–	–	–
Return before tax		5,316	29,650	34,966	3,935	26,897	30,832
Tax	8	(33)	–	(33)	(35)	–	(35)
Return after tax for the financial year		5,283	29,650	34,933	3,900	26,897	30,797
Return per Ordinary Share	10	£26.42	£148.25	£174.67	£19.50	£134.49	£153.99

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 represent the Company's total comprehensive income.

No operations were acquired or discontinued during the year.

The notes on pages 50 to 65 form part of these Financial Statements.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Statement of Changes in Equity for the year ended 31 March 2018

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2018					
At 31 March 2017	150	19,850	91,428	6,215	117,643
Return after tax for the financial year	-	-	29,650	5,283	34,933
Dividends paid (see note 9)	-	-	-	(3,160)	(3,160)
At 31 March 2018	150	19,850	121,078	8,338	149,416

	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

The notes on pages 50 to 65 form part of these Financial Statements.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Financial Statements continued

Statement of Financial Position at 31 March 2018

	Notes	2018		2017	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments held at fair value through profit or loss	11		148,950		118,671
Current assets					
Other receivables	12	263		267	
Cash at bank and in hand		3,163		1,677	
		3,426		1,944	
Creditors: amounts falling due within one year					
Other payables	13	(2,960)		(2,972)	
Net current assets/(liabilities)			466		(1,028)
Net assets			149,416		117,643
Capital and reserves					
Called up share capital	14		150		150
Special reserve	15		19,850		19,850
			20,000		20,000
Capital reserve	15		121,078		91,428
Revenue reserve			8,338		6,215
Total Shareholders' funds	16		149,416		117,643
Net asset value per Ordinary Share	16		£747.08		£588.21

The Financial Statements on pages 46 to 65 were approved by the Board on 12 June 2018 and were signed on its behalf by:

Julian Cazalet

Chairman

The Lindsell Train Investment Trust plc

Registered in England & Wales, No: 4119429

The notes on pages 50 to 65 form part of these Financial Statements.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Cash Flow Statement for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Operating Activities			
Net return before finance costs and tax		34,966	30,832
Gains on investments held at fair value		(32,469)	(29,669)
Gains on exchange movements		(9)	(48)
Decrease/(increase) in other receivables		1	(26)
Increase in accrued income		(1)	(77)
Increase in other payables		26	2,457
Purchase of investments held at fair value		(970)	(960)
Sale of investments held at fair value		3,119	76
		<u>4,663</u>	<u>2,585</u>
Net cash inflow from operating activities before interest and taxation		4,663	2,585
Interest paid		(1)	–
Taxation on investment income		(25)	(28)
		<u>4,637</u>	<u>2,557</u>
Net cash inflow from operating activities		4,637	2,557
Financing activities			
Equity dividends paid	9	(3,160)	(1,780)
		<u>(3,160)</u>	<u>(1,780)</u>
Net cash outflow from financing activities		(3,160)	(1,780)
Increase in cash and cash equivalents		1,477	777
Cash and cash equivalents at beginning of year		1,677	852
Gains on exchange movements		9	48
		<u>3,163</u>	<u>1,677</u>
Cash and cash equivalents at end of year		3,163	1,677

The notes on pages 50 to 65 form part of these Financial Statements.

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 February 2018 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.

The unquoted investment in Lindsell Train Limited is valued by the Directors at fair value using a valuation formula adopted by the Board having taken external advice.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

The investment in LTL (representing 24.23% 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.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

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

(e) Income

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

(f) Expenses

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

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

(g) Taxation

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

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

Financial Statements

Notes to the Financial Statements *continued*

(h) Foreign currency

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

(i) Capital reserve

The following are taken to this reserve:

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

Revenue reserve

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

Special reserve

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

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

(j) Significant judgments and estimates

The key significant estimate to report is the valuation of the LTL investment. In the course of preparing the Financial Statements, no judgments have been made in the process of applying the Company's accounting policies, other than that involving estimations. These have had a significant effect on the amounts recognised in the Financial Statements. 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 79.

2 Income

	2018	2017
	£'000	£'000
Income from investments		
Overseas dividends	309	295
UK dividends		
– Lindsell Train Limited	5,072	3,531
– Other UK dividends	1,124	1,061
	6,505	4,887
Total income comprises:		
Dividends	6,505	4,887
	6,505	4,887

THE LINDSELL TRAIN INVESTMENT TRUST PLC

3 Investment Management fees

	2018	2017
	£'000	£'000
Investment management fee	885	670
Investment Manager's performance fee – charged to capital	2,827	2,820
Rebate of investment management fee (see below)	(67)	(72)
Total management fee	3,645	3,418

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 £75,964 (2017: £57,149) 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 2018 amounts to £2,827,000 (2017: £2,820,000).

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 £33,749 (2017: £40,903) relates to the Company's investment in the Lindsell Train Japanese Equity Fund, £25,998 (2017: £19,800) relates to the Company's investment in the Lindsell Train Global LLC and £13,982 (2017: £11,106) relates to the Company's investment in the Finsbury Growth & Income Trust PLC.

Financial Statements

Notes to the Financial Statements *continued*

4 Other expenses

	2018	2017
	£'000	£'000
Directors' emoluments (see note 5)	96	97
Administration fee	80	80
AIFM monitoring fee	28	22
Auditors' remuneration for:		
– audit of the Financial Statements of the Company*	21	20
Tax Compliance fee	4	3
Safe custody fees	19	20
Printing fees	15	17
Registrars' fees	28	33
Listing fees	16	13
Legal fees	–	2
Employer's National Insurance	6	5
Directors' liability insurance	8	4
Key man insurance	21	14
Sundry	28	24
	<u>370</u>	<u>354</u>
Capital charges	<u>1</u>	<u>–</u>
	<u>371</u>	<u>354</u>

* 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. These are reflected in the table below:

	2018	2017
	£'000	£'000
Directors' fees	<u>96</u>	<u>97</u>

Since 1 January 2018, the Chairman of the Board, Chairman of the Audit Committee, and other Directors receive fixed fees at rates of £32,000, £26,000 and £22,000 respectively per annum, and have no entitlement to any performance fees. Directors' fees amounting to £20,500 (2017: £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.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

6 Disclosure of interests

As at 31 March 2018 the Company had investments in the following Lindsell Train managed funds: 3,951,927 shares in Lindsell Train Japanese Equity Fund at a cost of £1,661,386; 296,928 shares in Lindsell Train Global Equity LLC at a cost of £1,812,673; 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

	2018 £'000	2017 £'000
On foreign currency cash balances	1	–
	<u>1</u>	<u>–</u>

8 Taxation

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

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	–	–	–	–	–	–
Overseas tax	41	–	41	27	–	27
Overseas tax recoverable	(8)	–	(8)	8	–	8
Tax charge per accounts	<u>33</u>	<u>–</u>	<u>33</u>	<u>35</u>	<u>–</u>	<u>35</u>

The current taxation charge for the year is the same as the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £'000	2017 £'000
Net return before tax	<u>34,966</u>	<u>30,832</u>
Theoretical tax at UK corporation tax rate of 19% (2017: 20%)	6,644	6,166
Effects of:		
– UK dividends which are not taxable	(1,177)	(918)
– Overseas dividends which are not taxable	(59)	(59)
– Capital gains not subject to corporation tax	(6,171)	(5,943)
– Current year excess expenses	226	190
– Unutilised capital expenses	537	564
– Overseas tax suffered	41	27
– Overseas tax recoverable	(8)	8
Actual current tax charge	<u>33</u>	<u>35</u>

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.

Financial Statements

Notes to the Financial Statements *continued*

Factors that may affect future tax charges

The Company has not recognised a deferred tax asset of £2,772,000 (2017: £2,212,000) 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

	2017 £'000	2016 £'000
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	<u>3,160</u>	<u>1,780</u>

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

	2018	2017
Final dividend for the year ended 31 March 2018 of 2,129p per Ordinary Share (2017: 1,545p per Ordinary Share)	4,258	3,090
Special dividend paid for the year ended 31 March 2018 of 51p per Ordinary Share (2017: 35p per Ordinary Share)	102	70
Total Dividends	<u>4,360</u>	<u>3,160</u>

10 Total return per Ordinary Share

	2018	2017
Total return per Ordinary Share		
Total return	£34,933,000	£30,797,000
Weighted average number of Ordinary Shares in issue during the year	<u>200,000</u>	<u>200,000</u>
Total return per Ordinary Share	<u>£174.67</u>	<u>£153.99</u>

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

	2018	2017
Revenue return per Ordinary Share		
Revenue return	£5,283,000	£3,900,000
Weighted average number of Ordinary Shares in issue during the year	<u>200,000</u>	<u>200,000</u>
Revenue return per Ordinary Share	<u>£26.42</u>	<u>£19.50</u>
Capital return per Ordinary Share		
Capital return	£29,650,000	£26,897,000
Weighted average number of Ordinary Shares in issue during the year	<u>200,000</u>	<u>200,000</u>
Capital return per Ordinary Share	<u>£148.25</u>	<u>£134.49</u>

THE LINDSELL TRAIN INVESTMENT TRUST PLC

11 Investments held at fair value through profit or loss

	2018	2017
	£'000	£'000
Investments listed on a recognised investment exchange	82,917	71,813
Unlisted investments	66,033	46,858
Valuation at year end	<u>148,950</u>	<u>118,671</u>
Opening book cost	31,285	30,448
Opening investment holding gains	87,386	57,771
Opening valuation	118,671	88,219
Movements in the year:		
Purchases at cost	932	856
Sales – proceeds	(3,122)	(73)
– gains on sales	2,000	54
Increase in investment holding gains for the year	30,469	29,615
Closing valuation	<u>148,950</u>	<u>118,671</u>
Closing book cost	31,095	31,285
Closing investment holding gains	117,855	87,386
	<u>148,950</u>	<u>118,671</u>
Realised gains on sales	2,000	54
Increase in investment holding gains for the year	30,469	29,615
	<u>32,469</u>	<u>29,669</u>

Investment transaction costs on purchases and sales of investments during the year to 31 March 2018 amounted to £931 and £13 respectively (2017: £3,972 and £8 respectively).

During the year the investment holding gain attributable to the Company's holding in LTL amounted to £18,497,000 (2017: £15,094,000).

Financial Statements

Notes to the Financial Statements *continued*

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 2018.

Investments	Country of registration or incorporation	Class of capital	% of class held
Lindsell Train Limited*	England	Ordinary Shares of £100	24.23%

*As at 31 January 2018, the latest year end for LTL, the audited aggregate capital and reserves amounted to £34,549,861 (2017: £24,824,467) and the profit for that year ended amounted to £30,626,834 (2017: £21,667,383). The total amount of dividends paid during the year was £20,901,440, equating to a dividend of £7,840 per share. The earnings per share was £11,487.93. The cost of the investment in LTL was £64,500.

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

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

12 Other receivables

	2018 £'000	2017 £'000
Amounts due from brokers	3	–
VAT recoverable	24	25
Prepayments and accrued income	236	242
	<u>263</u>	<u>267</u>

13 Other payables

	2018 £'000	2017 £'000
Amounts due to brokers	–	38
Accruals and deferred income	2,960	2,934
	<u>2,960</u>	<u>2,972</u>

THE LINDSELL TRAIN INVESTMENT TRUST PLC

14 Called up share capital

	2018		2017	
	No. of shares 000's	£'000	No. of shares 000's	£'000
Authorised:				
Ordinary Shares of 75p each	<u>200</u>	<u>150</u>	<u>200</u>	<u>150</u>
Allotted, called up and fully paid:				
Ordinary Shares of 75p each	<u>200</u>	<u>150</u>	<u>200</u>	<u>150</u>

There has been no change in the capital structure during the year to 31 March 2018.

15 Capital reserve

The capital reserve includes investment holding gains of £117,855,000 (2017: £87,386,000).

Revenue reserve

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

Special reserve

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

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

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

Financial Statements

Notes to the Financial Statements *continued*

16 Net asset value per Ordinary Share

The net asset value per Ordinary Share and the net asset value at the year end calculated in accordance with the Articles of Association of the Company were as follows:

Net asset value per share attributable		Net asset value attributable	
2018	2017	2018	2017
£	£	£'000	£'000
747.08	588.21	149,416	117,643

The movements during the year of the assets attributable to each Ordinary Share were are disclosed in the Statement of Changes in Equity on page 47.

The net asset value per Ordinary Share is based on net assets of £149,416,000 (2017: £117,643,000) and on 200,000 Ordinary Shares (2017: 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 14 and 15 and its investment policy including its policy on gearing (bank borrowing), diversification and dividends on page 12.

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

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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.

At 31 March 2018, the fair value of the Company's assets exposed to market price risk was £148,950,000 (2017: £118,671,000). If the fair value of the Company's investments at the Statement of Financial Position date increased or decreased by 10%, whilst all other variables remained constant, the capital return and net assets attributable to shareholders for the year ended 31 March 2018 would have increased or decreased by £14,895,000 or 74.47p per share (2017: £11,367,000 or 59.34p per share).

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 2018

	Sterling £'000	US\$ £'000	Euro £'000	JPY £'000	Total £'000
Short-term debtors	144	16	7	96	263
Cash at bank	2,918	31	214	–	3,163
Short-term creditors	(2,960)	–	–	–	(2,960)
Foreign currency exposure on net monetary items	102	47	221	96	466
Investments held at fair value through profit or loss that are equities	109,387	14,151	6,925	18,487	148,950
Total net foreign currency exposure	<u>109,489</u>	<u>14,198</u>	<u>7,146</u>	<u>18,583</u>	<u>149,416</u>

Foreign currency exposure as at 31 March 2017

	Sterling £'000	US\$ £'000	Euro £'000	JPY £'000	Total £'000
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	<u>85,610</u>	<u>11,850</u>	<u>4,936</u>	<u>15,247</u>	<u>117,643</u>

Financial Statements

Notes to the Financial Statements *continued*

17 Financial instruments and capital disclosures *continued*

Over the year against all of the Company's principal investing currencies, Sterling strengthened against the US Dollar by 12.23% (2017: weakened by 13.00%), weakened against the Euro by 2.61% (2017: weakened by 7.31%) and strengthened against the Japanese Yen by 6.98% (2017: weakened by 13.75%).

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 £1,996,000 or 1.34% of Net Asset Value (2017: £1,602,000 or 1.36% 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 £14,895,000 or £74.47 per Ordinary Share (2017: £11,867,000 or £59.34 per Ordinary Share) on the capital return.

Liquidity risk

Liquidity risk is not significant in normal market conditions in relation to the Company's investments which 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. The Company's unlisted investment in LTL is highly illiquid and not readily realisable.

Credit risk

Cash at bank and other debtors of the Company at the year end as shown on the Balance Sheet was £3,426,000 (2017: £1,944,000).

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.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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 2018	£'000	£'000	£'000	£'000
Equity investments	82,917	3,687	62,346	148,950
	<u>82,917</u>	<u>3,687</u>	<u>62,346</u>	<u>148,950</u>
	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
	<u>71,813</u>	<u>3,009</u>	<u>43,849</u>	<u>118,671</u>

Note: Within the above tables, the entirety of level 1 comprises all the Company's ordinary investments, level 2 represents the investment in Lindsell Train Global Equity LLC and level 3 represents the investment in LTL, including 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 50 to 51.

The valuation of the investment in LTL derives from a formula created after taking advice from an expert in the sector and was reviewed in March 2018 by professional advisors. The formula uses a simple average of two different components:

- 1.5% of LTL's most recent funds under management; and
- LTL's net earnings (adjusted for a notional increase in staff costs to 45% of revenues excluding performance fees) calculated on a three month rolling basis, one month in arrears and annualised, divided by the annual average running yield on the longest dated UK government fixed rate bond, currently UK Treasury 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.

Financial Statements

Notes to the Financial Statements *continued*

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 2018 and 31 March 2017. A reconciliation of fair value measurements in Level 3 is set out below.

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

	2018 £'000	2017 £'000
Opening fair value	43,849	28,755
Purchases at cost	–	–
Sales proceeds	(98)	(65)
Total gains or losses included in gains on investments in the Income Statement		
– on sold assets	98	65
– on assets held at the end of the year	18,497	15,094
Closing fair value	62,346	43,849

Capital management policies and procedures

The Company's capital management objectives are:

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

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.

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18 Guarantees, financial commitments and contingent liabilities

There were no financial commitments or contingent liabilities outstanding at the year end (2017: None)

19 Ongoing charges	2018		2017	
	£'000	%	£'000	%
Total operating expenses	1,188	0.85	953	0.90

Total operating expenses include £74,000 (2017: £72,000) in respect of a management fee waiver (see note 3). They exclude the Manager's performance fee of £2,827,000 charged to capital in 2018 (2017: £2,820,000).

The above total expense ratios are based on the average Shareholders' funds of £139,524,000 (2017: £105,426,000) 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. LTL is considered a related party as it has a director in common with the Company, as well as the Company owning a significant share of LTL. The amounts paid to the Investment Manager are disclosed in note 3 and further details of the relationship between the Company and the Investment Manager are set out in note 6 and note 11. Disclosure of the Directors' interests in the Ordinary Shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 33 to 38.

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 its North American Marketing and Client Servicing representative, who works out of Boston, Massachusetts.

LTL's board recognises that key employees should share in the ownership of the company by acquiring shares from LTL's major stakeholders as an incentive for them as well as to further the alignment of interests between them, LTL and the founders. *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 its 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 thinks this growth is possible without significantly expanding the investment staff (currently numbering five).

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To achieve this growth in a manageable way LTL looks to direct new business flows into Lindsell Train badged pooled funds and to limit the number of separately managed accounts. The open-ended pooled funds represented 67% of FUM at end of January, up from 61% the year before. Additionally, LTL manages 15 separate client relationships, one less than a year ago. The largest pooled fund (the Lindsell Train UK Equity Fund) represented 36% of total FUM and the largest segregated portfolio accounted for 9% of total FUM.

In the year to January 2018 LTL's total FUM grew 47% from £9.0bn to £13.2bn, with total net new inflows amounting to £2,130m. This reflected net new inflows to the UK (£982m), Global (£1,054m) and Japan (£94m) strategies. Performance was strong in all strategies in 2017, enhancing LTL's long-term annualised outperformance, as shown in the table below.

To 31.1.2018	Outperformance	Inception date	Benchmark
UK Equity Fund (GBP)	+5.9%	July 2006	FTSE All-Share
Global Equity Fund (GBP)	+5.6%	March 2011	MSCI World
Japanese Equity Fund (Yen)	+2.9%	January 2004	TOPIX

Returns based on NAV

The Marketing and Client Servicing team are in contact with institutional clients both directly and through investment consultants, primarily in the UK and the USA. Currently only 7% of FUM derives from US clients and we believe there is still significant opportunity to grow our institutional client base there. Its funds are also widely represented on the major UK retail and IFA platforms.

Financials

In the year to January 2018 LTL's total revenues grew 53%. Annual management fees make up the lion's share, at 92%, with less predictable performance fees the rest. LTL's biggest cost item, direct staff remuneration, is capped at 25% of fees (other than those earned from the Lindsell Train Investment Trust), as governed by LTL's shareholders' agreement. Employer national insurance costs are excluded from the restriction. Total staff remuneration, including employer national insurance, amounted to 34% of total revenues, up from 30% last year. Fixed overheads were up from £1.5m to £1.6m owing to operational upgrades and rising costs associated with the increased burden of regulation. Operating profits were up 40%, registering a margin on sales of 62%.

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 2018 were £7,840 per share, up from £5,450 per share in 2017.

At the end of January 2018 LTL's balance sheet was made up of shareholders' funds of £34.5m backed by £34.6m of net current assets including £33m of cash.

Appendix 1 continued

Valuing LTL

LTL's shares are valued at the end of each month by LTIT's directors using a formula first 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 funds held by LTIT); and
- LTL's net earnings (adjusted for a notional increase in staff cost to 45% of revenues excluding performance fees) divided by the annual average running yield on the longest dated UK fixed rate government bond based on end month values plus a 0.5% premium (subject to a minimum yield of 4.0%).

The latest calculation is detailed below. Please also see the discussion on valuation in the Chairman's Statement.

The Future

Since the end of its financial year LTL has hired one additional member of staff to work on compliance. There are plans to add two further members of staff during the course of the year. There are no significant capital investment requirements expected in the current financial year.

LTL expects more turnover of segregated clients this year than previously reflecting the trend for defined benefit schemes to reduce exposure to equities. We expect this to be offset by gaining new accounts from fund providers who have shown an interest in including our strategies within their multi-manager fund ranges.

From the beginning of 2018 LTL chose to pay for all its investment research directly which will incur an additional repeatable cost to the business in addition to other costs associated with complying with the recently introduced MiFID II regulations.

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 FUM, 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 late-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 (see the Chairman's Statement for further discussion). 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 FUM. Any of these eventualities could have a material impact on the value of LTL and its dividend paying potential.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Funds Under Management

FUM by Strategy	Jan 2018 £m	Jan 2017 £m
UK	7,199	5,282
Global	5,694	3,548
Japan	286	145
Total	13,179	8,975

Largest Client Accounts

	Jan 2018 % of FUM	Jan 2017 % of FUM
Largest Pooled Fund	36%	36%
Largest Segregated Account	9%	11%

Lindsell Train Fund Performance

		1 Year	3 Years	5 Years	10 Years
Annualised data to 31 January 2018		%	%	%	%
GBP	UK Equity Fund (Accumulation)	17.5	11.4	14.8	14.2
	FTSE All-Share (total return)	11.3	8.4	8.5	7.1
GBP	Global Equity Fund (B share)	26.8	21.0	20.1	
	MSCI World (total return)	11.3	13.9	14.1	
JPY	Japanese Equity Fund (A share)	34.2	19.4	21.4	6.2
	TOPIX (total return)	23.3	11.4	16.7	2.4

Source: Morningstar Direct

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Appendix 1 continued

Financials

	Jan 2018	Jan 2017	%
	£	£	Change
Profit & Loss			
Fee Revenues:			
Investment Management fees	56,264,865	38,484,271	46%
Performance Fees	4,648,191	1,315,738	253%
Bank Interest	59,551	20,408	
	<u>60,972,607</u>	<u>39,820,417</u>	53%
Staff Remuneration*	(20,521,020)	(12,131,558)	69%
Fixed Overheads	(1,640,945)	(1,483,837)	11%
FX Currency Translation (Loss)/Gain	(834,490)	886,913	
Operating Profit	<u>37,976,152</u>	<u>27,091,935</u>	40%
Taxation	<u>(7,349,318)</u>	<u>(5,424,552)</u>	
Net Profit	<u>30,626,834</u>	21,667,383	41%
Dividends	<u>(20,901,440)</u>	<u>(14,529,700)</u>	
Retained profit	<u>9,725,394</u>	<u>7,137,683</u>	
Capital & Reserves			
Called up Share Capital	266,600	266,600	
Profit & Loss Account	<u>34,283,260</u>	<u>24,557,867</u>	
Shareholders' Funds	<u>34,549,860</u>	<u>24,824,467</u>	
Balance Sheet			
Fixed Assets	74,849	91,774	
Current Assets (inc cash at bank)	42,477,002	30,589,345	
Liabilities	<u>(8,001,991)</u>	<u>(5,856,652)</u>	
Net Assets	<u>34,549,860</u>	<u>24,824,467</u>	

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

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Five Year History

	Jan 2018	Jan 2017	Jan 2016	Jan 2015	Jan 2014
Operating Margin	62%	68%	63%	64%	59%
Earnings per share (£)	11,488	8,127	6,068	3,649	2,934
Dividends per share (£)	7,840	5,450	3,520	2,400	2,640
Total staff costs as % of Revenue	34%	30%	34%	32%	38%
Opening FUM (£m)	8,975	6,189	5,022	3,392	2,396
Changes in FUM (£m)	4,204	2,786	1,167	1,630	996
– of market movement	2,074	1,179	312	707	550
– of net new fund inflows	2,130	1,607	855	923	446
Closing FUM (£m)	13,179	8,975	6,189	5,022	3,392
Open ended funds as % of total	67%	61%	53%	43%	35%

Client Relationships

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

Ownership

	Jan 2018	Jan 2017
Michael Lindsell & spouse	968	969
Nick Train & spouse	968	969
Lindsell Train Investment Trust plc	647	648
Other Directors/employee	83	80
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 2018	Jan 2017
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

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Appendix 1 continued

Company Valuation

	Jan 2018 £	Jan 2017 £
FUM excluding LTIT holdings	13,144,820,310	8,934,694,080
<i>Value based on 1.5% of FUM (A)</i>	197,172,305	134,020,411
Annualised revenue ex performance fee*	63,244,254	43,396,017
Notional staff costs (45%)	(28,459,914)	(19,528,208)
Annualised interest income	73,922	5,689
Annual operating costs	(1,739,749)	(1,175,169)
Notional tax	(6,623,702)	(4,539,666)
Notional post tax earnings	26,494,811	18,158,663
Benchmark [†]	4.0%	4.0%
Equity risk premium	4.5%	4.5%
Total yield + premium	8.5%	8.5%
<i>Value of company (Earnings base) (B)</i>	311,703,647	213,631,325
Shares in issue (C)	2,666	2,666
Average Value per share ((A+B)/2)/C = Price £	95,438	65,201

* 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 2018 and 31 March 2017, 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 2018 the Ordinary Share price was £1,030.00 (31 March 2017: £809.98).

Income entitlement

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

Capital entitlement

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

Voting entitlement

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 Link Asset Services to maintain the share register of the Company and Northern Trust Company, London Office as the Company's custodian. The agreements for these services were entered into after careful consideration of their terms and their cost-effectiveness for the Company.

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the seventeenth 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 29 August 2018 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 2018;
2. To approve the Directors' Remuneration Report for the year ended 31 March 2018;
3. To approve the payment of a final dividend for the year ended 31 March 2018 of £21.29 per Ordinary Share;
4. To approve the payment of a special dividend for the year ended 31 March 2018 of £0.51 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 appoint PricewaterhouseCoopers 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 10 as an Ordinary Resolution:

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

Shareholder Information

Notice of Annual General Meeting *continued*

To consider and, if thought fit, pass resolutions 11 and 12 as Special Resolutions:

11. 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.
12. 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 12 day of June 2018

By order of the Board
Maitland Administration Services Limited
Secretary

THE LINDSELL TRAIN INVESTMENT TRUST PLC

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 – Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF – so as to arrive no later than 2.30 pm on 24 August 2018. 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 Link Asset Services (ID: RA10) by 2.30 pm on 24 August 2018. 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 24 August 2018, 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 6 June 2018, 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 6 June 2018 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.

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Company Information

Directors

Julian Cazalet (Chairman)
Vivien Gould
Rory Landman
Michael Lindsell
Michael Mackenzie

Investment Manager

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

Company Secretary and Registered Office

Maitland Administration Services Limited
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CM2 5PW
Tel: 01245 398950
www.maitlandgroup.com
email: cosec@maitlandgroup.co.uk

Registrar

Link Asset Services
(formerly 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)*

Solicitor

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Independent Auditors

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

Broker

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

Custodian

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

Shareholder relations

The Company's 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.

Glossary

Discount and premium

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

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

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

Dividend yield

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

Middle market price

The middle (or mid) market price is the price between the best offered price and the best bid price. It can simply be defined as the average of the current bid and offer prices being quoted.

Net asset value (NAV) per Ordinary Share

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

The NAV of the Company is published weekly.

Ongoing charges

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

Revenue return per Share

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

Total return performance

This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

Company Secretary and Registered Office

Maitland Administration Services Limited

Springfield Lodge

Colchester Road

Chelmsford

Essex CM2 5PW

Tel: 01245 398950

Fax: 01245 398951

www.maitlandgroup.com

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