Lindsell Train Investment Trust PLC

All data at 31 December 2017

Market Capitalisation
£168.0m

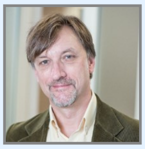
Share Price: £839.99

Net Asset Value: £738.10

Premium (Discount): 13.8%

Source: Lindsell Train Ltd/ Maitland Administration Services & Bloomberg. Share Price is based on closing mid price.

Portfolio Manager



Nick Train

Fund Objective

To maximise long-term total return subject to the avoidance of loss of absolute value and with a minimum objective to maintain the real purchasing power of Sterling capital, as measured by the annual average running yield on the longest-dated UK government fixed rate bond.

Fund Performance (GBP)

Calendar Year Performance (%)	*2013*	*2014*	*2015*	*2016*	*2017*
Lindsell Train Investment Trust NAV	+25.9	+15.2	+23.0	+31.1	+37.6
Lindsell Train Investment Trust Price	+21.5	+8.7	+54.3	+61.9	-6.2
MSCI World Index £	+24.3	+11.5	+4.9	+28.2	+11.8
Benchmark*	+4.0	+4.3	+4.0	+4.0	+4.0

Cumulative Performance (%) 31 December 2017	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+845.0	+221.6	+121.8	+37.6	+37.6	+7.9	+3.0
Lindsell Train Investment Trust Price	+966.5	+209.4	+134.2	-6.2	-6.2	-0.3	+0.8
MSCI World Index £	+155.5	+108.4	+50.4	+11.8	+11.8	+4.6	+1.4
Benchmark*	+111.4	+22.1	+12.6	+4.0	+4.0	+1.0	+0.3

Source: Lindsell Train Ltd, Bloomberg and Morningstar Direct. Listed securities in the portfolio are valued at the closing bid price. GBP return net of fees and expenses. MSCI World Index is not the Trust's benchmark and is shown for comparative purposes only.

Benchmark*: Index of annual average running yield of the 2½% Consolidated Loan Stock until 31 March 2015 and then the Index of the annual average running yield on the longest-dated UK government fixed rate bond plus 0.5% with a minimum yield of 4%

Past performance is not a guide to future performance.

Strategy Profile

Top 10 Holdings (% NAV)	
Lindsell Train Limited (unlisted)	41.3
Diageo	7.7
Nintendo	7.5
London Stock Exchange	6.3
Unilever	5.9
A G Barr	5.7
RELX	3.8
PayPal	3.7
Heineken Holdings	3.6
LT Japanese Equity Fund	3.5

Allocation (% NAV)	
Equities:	
Consumer Franchises	25.9
Financials	6.3
Media	18.0
Unlisted Securities	41.3
Funds	8.1
Cash & Equivalent	0.4
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	72.2	2.2	0.2	**74.6**
USA	7.2	-	-	**7.2**
Europe (ex UK)	4.6	-	0.2	**4.8**
Japan	7.5	3.5	-	**11.0**
Global	-	2.4	-	**2.4**
Total	**91.5**	**8.1**	**0.4**	**100.0**

Fund Information

Listing: **London Stock Exchange**

Launch Date: **22 January 2001**

Base Currency: **GBP (£)**

Year End: **31 March**

Benchmark: **The annual average running yield on the longest-dated UK government fixed rate bond plus 0.5% with a minimum yield of 4%**

Management Fees

Annual Fee:

0.65% of the lower of the market cap or NAV

Performance Fee :

10% of annual increase in the lower of NAV or share price above the benchmark return and calculated with a high watermark

Bloomberg:

LTI LN

ISIN :

GB0031977944

The Board:

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

* non independent

Corporate Secretary & Registered Office:	**Maitland Institutional Services Limited, Springfield Lodge, Colchester Road, ESSEX CM2 5PW** **Phone: 01245 398950**
Investment Manager & Promoter:	**Lindsell Train Ltd, 66 Buckingham Gate, London, SW1E 6AU** **Phone: +44 20 7808 1210 / info@lindselltrain.com**
Registrars:	**Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU**

Portfolio Manager's Comments

As shareholders know LTIT added a new holding in the Summer of 2017, the first for many years – Laurent Perrier. There were several reasons we made this investment. The most topical being our conviction that the value of globally resonant luxury brands is just going to carry on going up. But Laurent Perrier fits an even more basic criterion for getting into our portfolio: it's a rare and beautiful thing. A finite volume of champagne can be produced in any given year, ensuring a certain exclusivity. As for its beauty – let your taste buds be the judge.

As much as we can we want LTIT's portfolio to comprise such "rare and beautiful things". The reason, candidly, is that we have no idea what is going to happen next in the world. The politics, the economics, the technology disruption all bewilder us. Given that uncertainty we hope that by making really long term commitments to companies with enduring and hard to replicate brands or franchises we'll be able to meet our shareholders' expectations over time.

Of course beauty is in the eye of the beholder, but can I provide you a list of key brands or franchises in LTIT that we think fit the description? This is more or less alphabetical. Barr's IRN-BRU, Diageo's Guinness and Johnnie Walker, eBay's global flea-market, Heineken, the London Stock Exchange, Oreos and Cadbury in Mondelez, Super Mario and Link, PayPal's incredible share of online payment transactions, Pearson's Mylabs online learning platform, Elsevier's scientific journals and Unilever's Magnum Ice cream and Dove soap.

Some of these have done well as businesses and shares over the last few years. Some less so. I couldn't tell you what the next year is going to bring for any of them. But I will say that I have been adding to my own holding of Lindsell Train funds in recent weeks. I have done so not because I expect our performance in 2018 to be as strong as in recent years, but rather because I see our portfolios as collections of more or less unique companies with enduring worth and most with credible opportunities to grow that worth into the future.

Your company's NAV increased over 37% in 2017, driven by some wonderful gains in key holdings – Nintendo and PayPal up over 50%, Barr, Diageo, Heineken and LSE up 30% or better, for instance. And the investment in Lindsell Train Limited powered ahead too, up 46%, as that business put on significant new assets. Indeed the gain in LTL's share price added 16% to LTIT's NAV return in the year. Meanwhile, LTIT's dividend of £16.80 for the year was up 77% on the total for 2016, demonstrating the cash benefit from being a shareholder in a growing fund management company.

And yet, despite all this, LTIT shares were actually down in 2017 – by 6%. This of course because the premium to NAV at which the shares stood at the start of 2017 was almost certainly excessive – as your Chairman has consistently warned. Today the premium to NAV stands at c14% - lower than for some time – but still a premium. Shareholders will need to judge whether the confidence I expressed above – about possible future performance from our investments – is justified. As always, LTIT's own performance will be driven not only by the performance of the individual investments we have made, but by the business success of Lindsell Train Limited. We remain fully engaged and hopeful of such performance and success – but we can't legislate for it!

Nick Train, Lindsell Train Ltd