Lindsell Train Investment Trust PLC

All data at 30 November 2016

Market Capitalisation
£176.7m

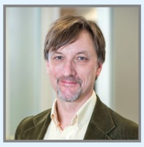
Share Price: £883.51

Net Asset Value: £533.80

Premium (Discount): 65.5%

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 (%)	*2011*	*2012*	*2013*	*2014*	*2015*
Lindsell Train Investment Trust NAV	+9.4	+14.9	+25.9	+15.2	+23.0
Lindsell Train Investment Trust Price	+7.0	+28.0	+21.5	+8.7	+54.3
MSCI World Index £	-4.8	+10.7	+24.3	+11.5	+4.9
Benchmark*	+4.6	+4.0	+4.0	+4.3	+4.0

Cumulative Performance (%) 30 November 2016	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+568.1	+168.3	+85.3	+28.7	+27.5	+2.8	-2.5
Lindsell Train Investment Trust Price	+1000.9	+325.2	+162.7	+58.8	+56.7	+11.3	+14.4
MSCI World Index £	+120.7	+101.6	+46.2	+24.3	+23.9	+4.8	-0.9
Benchmark*	+102.6	+22.1	+12.9	+4.0	+3.7	+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)	38.1
Diageo	7.9
Nintendo	7.5
LT Japanese Equity Fund	6.4
London Stock Exchange	6.3
Unilever	6.3
A G Barr	5.9
RELX	4.2
Heineken Holdings	3.8
Mondelez	3.0

Allocation (% NAV)	
Equities:	
Consumer Franchises	26.9
Financials	6.4
Media	18.4
Unlisted Securities	38.1
Funds	11.5
Cash & Equivalent	-1.3
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	70.9	2.5	-1.3	**72.1**
USA	7.5	-	-	**7.5**
Europe (ex UK)	3.9	-	-	**3.9**
Japan	7.5	6.4	-	**13.9**
Global	-	2.6	-	**2.6**
Total	**89.8**	**11.5**	**-1.3**	**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

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

The market's knee-jerk reaction to Trump's victory is predicated on higher economic growth driven by fiscal spending and tax cuts. The argument is that this will lead to higher US employment and greater inflationary pressures. In response bond yields across the yield curve have risen, the dollar has strengthened, commodity prices are up and cyclical shares are on a tear. Worse for us is that our 'quality companies' have de-rated, with the fund down 2.5% in November when world markets were down less, falling by 0.9%.

We have no idea whether the market's revaluation of cyclical companies is a precursor to another hike in earnings for these companies but we acknowledge that markets have a knack of thinking ahead so perhaps we should not entirely discount what is going on. Seasoned investors in Lindsell Train strategies will not be surprised to learn that we will not be changing our portfolios to move with the times and will instead doggedly stick with our current investments. After all the environment characterised above would provide a tremendous background for continued value creation from our companies even if they are out of favour right now. In times of faster economic growth and rising inflation our franchise businesses and owners of valuable media content have shown, over generations, an ability to grow in real terms whatever the trajectory of nominal growth rates. Indeed recently real growth rates have if anything risen as inflation has fallen. If, on the other hand, inflation rises will real growth diminish? Maybe, but our companies with better pricing power and low capital intensity will be less, if at all, exposed to escalating capital investment costs - often the unanticipated factor that leads to falling margins through rising depreciation costs for capital intensive businesses.

The likes of Unilever, Heineken, Diageo – our biggest holdings – are often described by other investors as 'defensive', a badge that we think is thoroughly misleading as it implies that returns generated by these companies might be lower than others. And indeed, at times when commodity prices are rising as now, companies benefiting from such trends typically exhibit 'exciting' returns relative to the 'boring' ones from our companies. But what these other investors fail to account for is the durability of returns. Ours tend to produce 'boring' positive returns consistently year in year out but more cyclical companies, as their name suggests, can produce exciting returns for short periods of time only to succumb to painful reversals when the cycle turns. Over the long term 'boring' wins out, as the 3x outperformance of Unilever versus the MSCI World Index over the last 20 years testifies.

In the same way the market mistakenly in our view badges many of our companies as 'bond proxies', presumably on account of the reliable dividends these companies pay that is synonymous to the guaranteed income from a bond. But crucially over time dividends from our companies tend to rise, reflecting strong pricing power and the companies' ability to pass on inflationary costs by raising prices. In this way the income stream from our companies is much more valuable than a bond as it offers protection from the ravages of inflation. So although it may make sense for equity yields in general to rise in reaction to rising inflationary expectations and falling bond prices, it seems irrational that the yields of quality companies should rise more as it is they that have the best chance of delivering inflation proof returns over the long term.

Our frustration with these misplaced characterisations of our companies is tempered only by the mispricing opportunities that arise. Since bond yields began to rise Unilever's share price has fallen from £38 to £31 and Heineken's from €74 to €64 - a wonderful opportunity to buy at a 15-20% discount to this summer's prices. Where circumstances allow, we are taking advantage of these lower prices.

Michael Lindsell, Lindsell Train Ltd