Lindsell Train Investment Trust

All data at 31 May 2016

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.

Market Capitalisation	£123.8m
Share Price	£618.75
Net Asset Value	£461.57
Premium (Discount)	34.05%

Source: Lindsell Train Ltd/ Phoenix Administrators & Bloomberg. Share Price is based on closing mid price.

Fund Profile

Top 10 Holdings (% NAV)	
Lindsell Train Limited (unlisted)	32.6
Diageo	8.5
A G Barr	7.4
London Stock Exchange	7.3
Unilever	7.2
LT Japanese Equity Fund	6.2
Nintendo	4.5
Heineken Holdings	4.5
RELX	4.4
Mondelez	3.2

Allocation (% NAV)	
Equities:	
Consumer Franchises	30.7
Financials	7.3
Media	15.8
Unlisted Securities	32.6
Funds	11.4
Cash & Equivalent	2.2
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	70.0	2.7	1.6	**74.3**
USA	7.4	-	0.5	**7.9**
Europe (ex UK)	4.5	-	-	**4.5**
Japan	4.5	6.1	0.1	**10.7**
Global	-	2.6	-	**2.6**
Total	**86.4**	**11.4**	**2.2**	**100.0**

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 (%) 31 May 2016	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+467.9	+129.0	+64.7	+14.7	+8.4	+5.9	+1.7
Lindsell Train Investment Trust Price	+662.5	+176.9	+98.0	+29.7	+8.6	+15.7	+4.9
MSCI World Index £	+83.7	+55.1	+25.7	+0.7	+3.1	+4.5	+1.2
Benchmark*	+98.7	+22.5	+13.0	+4.1	+1.7	+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.

Past performance is not a guide to future performance.

*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%.

Portfolio Manager: Nick Train

Listing: London Stock Exchange
Launch Date: 22 Jan 2001
Base Currency: Sterling

Year End: 31 March

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
Michael MacKenzie
Rory Landman
Michael Lindsell

Secretary: Maitland Institutional Services Limited

Lindsell Train Investment Trust

Fund Manager's Comments

All data at 31 May 2016

In the end the Intercontinental Exchange decided not to make an offer for the London Stock Exchange ('LSE'). The LSE share price declined on the news but soon bounced back and ended the month up 1%. In June we have had more details about the proposed merger with the Deutsche Bourse from the offer document. Aside from confirming €450m in cost reductions per annum over three years, both companies expect to generate €160m of growth synergies over a similar time frame, on projected combined sales of €3,500m. Interestingly few, if any, of the supposed benefits from cross margining between the LCH:Clearnet and Eurex are assumed in the forecasts. As this is one of the main competitive motivations for the combination, we think there is considerably more upside than that outlined. Of course there are still hurdles to cross before the deal is done. A vote to leave the EU in the imminent referendum would certainly cause a pause for thought - especially from politicians, who might resent having the combined company headquartered from a country outside the EU. Even if the UK votes to remain in the EU, regulators will be keen to ensure that a larger combined exchange does not lead to a concentration of systematic risk. The development has already piqued national interests (i.e. that of the French Treasury) that may yet influence outcomes. Still, on balance whatever the result of the referendum we think the deal will progress. Prior to the merger announcement, when the LSE share price was c.£28, we thought the shares were worth at least £33. Now, with more knowledge of the details of the merger and the rationale and forecasts behind it, we think that at least £7 of merger benefits accrue to the combined company. We have been adding to our holding of late.

Now that the EU referendum polls are converging it is worth considering whether any other companies we own could be affected by a 'No' vote. Of course a number may be impacted by delayed purchase or investment decisions in the short term or by currency fluctuations - always a risk - but over our long time horizon most should be unaffected. Only Diageo could conceivably be in the firing line. That is if a 'No' vote leads to a second Scottish independence referendum. Still, the Scots would have to vote leave and only then would the prospect of a socialist Scottish government raising taxes perhaps weigh on the very profitable whisky industry, where Diageo is the leading company. It seems a sufficiently distant and uncertain prospect to be worrying about at this stage.

Michael Lindsell, Lindsell Train Ltd

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Reports can be found on our website www.lindselltrain.com

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