Lindsell Train Investment Trust

All data at 30 November 2015

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	£112.5m
Share Price	£562.50
Net Asset Value	£421.88
Premium (Discount)	33.3%

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)	32.3
Diageo	9.2
A G Barr	7.8
Unilever	6.8
LT Japanese Equity Fund	6.2
Nintendo	4.9
London Stock Exchange	4.9
Heineken Holdings	4.5
RELX Group	4.4
Mondelez	3.3

Allocation (% NAV)	
Equities:	
Consumer Franchises	31.7
Financials	4.9
Media	16.6
Unlisted Securities	32.3
Funds	11.9
Cash & Equivalent	2.6
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	68.3	2.9	1.9	**73.1**
USA	7.8	-	0.6	**8.4**
Europe (ex UK)	4.5	-	-	**4.5**
Japan	4.9	6.2	0.1	**11.2**
Global	-	2.8	-	**2.8**
Total	**85.5**	**11.9**	**2.6**	**100.0**

Fund Performance (GBP)

Calendar Year Performance (%)	*2010*	*2011*	*2012*	*2013*	*2014*
Lindsell Train Investment Trust NAV	+18.0	+9.4	+14.9	+25.9	+15.2
Lindsell Train Investment Trust Price	+30.9	+7.0	+28.0	+21.5	+8.7
MSCI World Index £	+15.3	-4.8	+10.7	+24.3	+11.5
Benchmark*	+4.7	+4.6	+4.0	+4.0	+4.3

Cumulative Performance (%) 30 November 2015	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+419.1	+126.9	+73.7	+22.6	+21.8	+3.1	+1.2
Lindsell Train Investment Trust Price	+593.2	+178.1	+101.1	+50.6	+52.2	+12.7	+9.4
MSCI World Index £	+77.6	+63.0	+45.5	+3.3	+4.5	+5.7	+2.1
Benchmark*	+94.8	+22.9	+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.

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 market cap**

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)**
Dominic Caldecott
Vivien Gould
Michael MacKenzie
Rory Landman
Michael Lindsell

Secretary: **Phoenix Administration Services Limited**

Lindsell Train Investment Trust

Fund Manager's Comments

All data at 30 November 2015

The star performer this year up to the end of November has been Nintendo, up 50%. The company has announced a number of initiatives to monetise its valuable intellectual property – its game franchises embedded with familiar cartoon characters like Mario, Pokemon and Donkey Kong – that has helped propel the share price from rock bottom levels. Only one of these is in operation and generating cash flow so far. Its Amiibo figurines, sold at $10 a pop, which interact with its games on both its platforms have recorded sales of 21m units since mid last year. The new smartphone apps together with the membership service are to be launched next year and the new console (codenamed "NX") in 2017. Although Nintendo has been producing innovative software for existing platforms - such as its recently launched new game Splatoon - its success is restricted by the relatively low installed base of existing platforms (3DS and Wii U) that is only 25% of the previous iteration (DS and Wii). For the share price to advance further, investors need more certainty on the likely success of its new strategy build around the NX and these new services.

The share price of Lindsell Train Limited has done nearly as well (up 47% over the same period) and, given it is c.30% of the Trust's NAV, has contributed the lion's share of this year's performance.

Closely behind though is the performance of Heineken Holdings, up 44%. There is no doubt that recent corporate activity has boosted its valuation. First there was the bid approach for the company earlier in the year from SAB Miller ('SAB') and then more recently AB Inbev's ('ABI') takeover of SAB. We have no details of any indicative offer from the first proposed transaction but ABI has now offered SAB shareholders a price equivalent to 4.5x its sales for control of the company. Heineken began the year trading at a valuation of just 2.1x its sales and following this year's performance is trading at 2.7x, still well below this comparative valuation. Some of the difference can arguably be accounted for by higher margins – SAB's were 23% over the last 10 years on average versus Heineken's 13% - but we would argue that Heineken is better positioned over the long term with its global brand present in almost all corners of the world, its leadership in the premium beer segment (20% market share versus Budweiser's and Corona's at 10%) and with its stable family ownership. It's true that SAB and ABI market their core brands as global beers but in reality these are local brands – with admittedly strong positions in their core markets - that have only relatively recently started an export quest, compared to Heineken and perhaps Carlsberg. Heineken is better recognised in more countries than Bud or Stella and many of its market positions have taken years to establish. ABI itself trades at the highest valuation amongst the integrated beer companies at 5x sales. Its scale gives it the best margins of all, at 31% over the last 10 years, but most of that profit derives from its dominant positions in North and South America. ABI also has another strong market position in China, a huge market albeit one yielding low profits, but following the combination with SAB it'll be obliged to shed some brands to allay competition concerns. Heineken on the other hand is notably absent from China but, unlike ABI, is well entrenched in India with its c.42% ownership of United Breweries that owns the Kingfisher brand, which accounts for c.50% of Indian beer sales. ABI is known for its messianic focus on costs and this is forcing Heineken and others to follow their lead. We believe that there is scope for margins to improve at Heineken over time which should support higher valuations in the future. It was interesting also that the company hiked its targeted dividend payout ratio following the SAB approach, perhaps showing an increased sensitivity to outside shareholders' interests..

Michael Lindsell, Lindsell Train Limited

Corporate Secretary & Registered Office
Phoenix Administration Services Limited
Springfield Lodge
Colchester Road
ESSEX CM2 5PW
Phone: 01245 398950

Investment Manager
Lindsell Train Limited
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

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

Lindsell Train is authorised and regulated by the Financial Conduct Authority
Pone: +44 20 7808 1210
info@LindsellTrain.com

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

15 December 2015 LTL 000-171-3