Lindsell Train Investment Trust

All data at 31 March 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 yield on the 2.5% Consolidated Loan Stock.

Market Capitalisation	£85.3m
Share Price	£426.50
Net Asset Value	£402.559
Premium (Discount)	5.9%

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)	28.1
A G Barr	9.6
Diageo	7.3
LT Japanese Equity Fund	6.3
Unilever	5.6
Nintendo	5.1
London Stock Exchange	4.8
Pearson	4.6
Heineken Holdings	4.2
2½% Consolidated Loan Stock	4.2

Allocation (% NAV)	
Equities:	
Consumer Franchises	30.5
Financials	4.8
Media	17.3
Unlisted Securities	28.1
Funds	12.1
Bonds	7.3
Cash & Equivalent	-0.1
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Bonds*	*Equity*	*Funds*	*Cash*	*Total*
UK	7.3	63.9	3.1	(0.5)	**73.8**
USA	-	7.5	-	0.3	**7.8**
Europe (ex UK)	-	4.2	-	-	**4.2**
Japan	-	5.1	6.3	0.1	**11.5**
Global	-	-	2.7	-	**2.7**
Total	**7.3**	**80.7**	**12.1**	**-0.1**	**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
Index of annual average yield of 2½% Consols	+4.7	+4.6	+4.0	+4.0	+4.3

Cumulative Performance (%) 31 March 2015	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+386.9	+121.4	+84.5	+30.3	+14.3	+14.3	+8.8
Lindsell Train Investment Trust Price	+417.9	+149.7	+91.5	+24.0	+13.7	+13.7	-0.5
MSCI World Index £	+82.6	+64.6	+52.0	+19.1	+7.5	+7.5	+2.5
Index of annual average yield of 2½% Consols	+89.7	+23.4	+12.7	+4.2	+1.0	+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.

Past performance is not a guide to future performance.

Portfolio Manager: Nick Train

Listing: London Stock Exchange
Launch Date: 22 Jan 2001
Base Currency: Sterling
Benchmark: 2½% Consolidated Loan Stock
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 gross annual average yield of the 2½% Consolidated Loan Stock.

Bloomberg: LTI LN
ISIN: GB0031977944

The Board: Donald Adamson, Dominic Caldecott, Julian Cazalet, Vivien Gould, Michael MacKenzie, Rory Landman, Michael Lindsell

Secretary: Phoenix Administration Services Limited

Lindsell Train Investment Trust

Fund Manager's Comments

All data at 31 March 2015

The fundôs net asset value was up 8.8% last month, much more than equity markets that rose by 2.5% (MSCI Index in Sterling). There were four main reasons.

First and perhaps most surprisingly the Debt Management Office announced the intended redemption of all outstanding irredeemable gilts which included the fundôs two holdings, Treasury 2.5% and 2.5% Consolidated Loan Stock. Although terms have not been officially published, the market presumes that these issues will be redeemed at par over the next three months, much in the same way as the recent redemption of War Loan. As a result the bond prices jumped to par following the announcement, a rise of c.36% in a day. Whilst fortuitous in terms of the uplift in capital value for shareholders, the redemption of the Consolidated Loan Stock will mean that the company will have to create a new benchmark and the directors will have to update the formula used to value the holding of Lindsell Train Limited as the annual average yield of the Consol is currently one component of the discount rate. The directors will in due course make proposals for such changes to shareholders.

The redemption of the irredeemable gilt holdings will bring an end to our investments in fixed interest. In the early days of the Trust (which was established in January 2001) c.50% of net assets was invested in government bonds and preference shares at the peak. Interest rates have declined steadily since then and in response we have sold down our positions (except for these highest yielding and longest maturing gilts), reinvesting the proceeds in equities. Equities, especially some of the companies we have subsequently invested in, have done better of late but over the 14 years irredeemable bond returns, together with the income they have generated, have done better than the stock market indices since the inception of the Trust. The annualised total return from the 2.5% Consol from January 2001 to March 2015 was 7.3% versus 4.3% from the MSCI World index with net dividends reinvested.

Another big contributor was Nintendo ï a perennial disappointing performer for us over the last five years. The shares ended the month up 38%. The company announced a joint venture with DeNA, one of Japanôs leading mobile game developers, to offer some Nintendo intellectual property on smartphones and tablets, cemented by a formal capital alliance. This will bring the likes of Mario, Luigi, Pikachu and Donkey Kong to smartphone users and thus raise the profile of Nintendo IP. There will be a membership service that encompasses smart devices and users of Nintendo hardware. At the same time Nintendo announced the development of a new console which reinforces its long-held commitment to its core integrated software/hardware strategy. The company has for some time signalled its intention both to license its IP and to make use of the vast smartphone user platform to provide a showcase for its products and to use it as a lure to drawing customers to its own hardware. Arguably this initiative does both and follows the creation of the Amiibo interactive toys launched last year. There are no details on pricing or final timing as yet though we expect the first smartphone software to appear by year end. This announcement, following the launch of the Amiibo and the new Quality of Life platform, does at least demonstrate Nintendoôs determination to explore the potential of its assets and opens up exciting prospects for the company and its unique store of content.

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

Lindsell Train Investment Trust

Fund Manager's Comments

All data at 31 March 2015

The biggest contributor was the 22% uplift in the value of Lindsell Train Limited, driven mainly by increases to funds under management over the quarter to the end of February. LTLõs funds under management now stand at £5.2bn, up from £4.4bn at the end of November. The earnings component of the valuation formula will also have been boosted by the trend of falling long bond yields (although the recent fall in the Consol yield due to its imminent redemption came after the updated valuation of LTL).

Finally, Kraft Foods ended the month up 36% following the proposal to merge the company with Heinz and pay out a $16.00 special dividend. Heinz shareholders, 3G Capital and Berkshire Hathaway, will retain a 51% shareholding in the combined company. The investment acumen of Buffett combined with the business management skill of 3G, founded by Jorge Paulo Lemann, proved enough to revalue Kraft Foodõs equity overnight to 3x sales. This is a level that exceeds some other of our consumer franchises that we think own more promising brands and market positions. In one sense Buffettõs ownership of what we consider to be a less attractive asset gives us reassurance and comfort about the values we ascribe to our other franchises. On the other hand we note Buffettõs longstanding and strong preference for owning well established brands that have their presence primarily in the USA - which arguably has the most shareholder friendly standards of corporate governance and business practices, the most effective protection of property rights and the most efficient and deepest internal market based around a steadily growing population. Kraft and Heinz clearly fit these criteria yet we view their core products and brands as subject to increasing own brand competition and encroachment from healthy alternatives and thus having lower growth prospects compared to others that we own. We prefer brands that have more global appeal, more global growth prospects and are less subject to competition ï particularly from own brand alternatives. As such, while supportive of the deal we wonder and are considering whether the capital tied up in Kraft Foods might now be better and more profitably deployed in other more global brand alternatives.

Michael Lindsell, Lindsell Train Limited

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