Lindsell Train

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 31 OCTOBER 2021 | MONTHLY REPORT | FACT SHEET

Fund Objective & Policy

To maximise long-term total returns, with a minimum objective to maintain the real purchasing power of Sterling capital, by investing globally in a wide range of financial assets with no limitations on the markets and sectors in which investment may be made. There is likely to be a bias towards equities and Sterling assets, consistent with a Sterling-dominated investment objective. Included in the range of assets are Lindsell Train managed funds and the unlisted security Lindsell Train Limited. For further information please see www.lindselltrain.com.

Calendar Year Performance (%) £

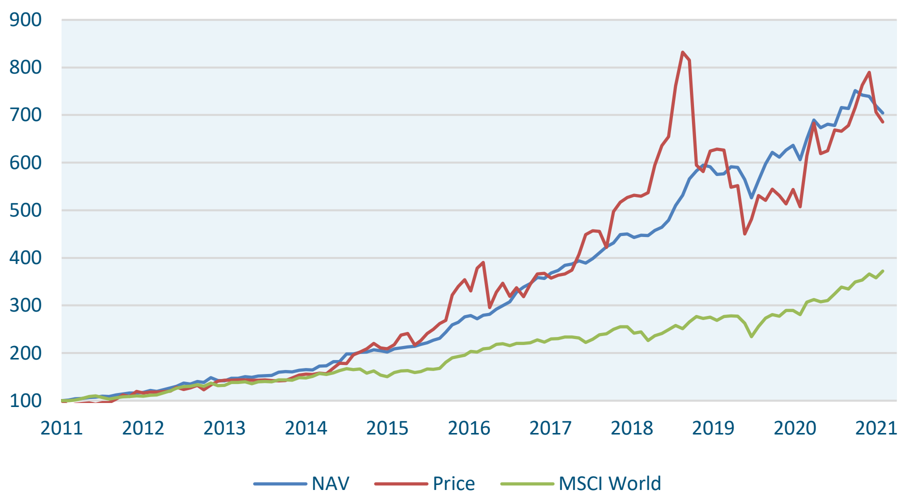
	2016	2017	2018	2019	2020
LTIT NAV	+31.1	+37.6	+16.2	+32.4	+16.5
LTIT Price	+61.9	-6.2	+46.6	+2.1	+24.6
MSCI World Index £	+28.2	+11.8	-3.0	+22.7	+12.3

Cumulative Performance (%) £

31 October 2021	1m	YTD	1yr	3yr	5yr	Since Launch
LTIT NAV	-2.0	+2.2	+16.3	+59.2	+152.8	+1631.4
LTIT Price	-2.9	+0.4	+35.1	+29.0	+107.3	+1895.7
MSCI World Index £	+3.9	+19.1	+32.5	+54.0	+82.7	+309.2

Source: Lindsell Train Limited, Bloomberg and Morningstar Direct. Listed securities in the portfolio are valued at the closing bid price. GBP return net of fees and expenses with dividends reinvested.
Past performance is not a guide to future performance.

Investment Growth over the last 10 years



As of 31st October 2021. Source: Lindsell Train Limited, Bloomberg, Morningstar Direct. GBP total return net of fees and expenses with dividends reinvested. The graph shows NAV per share, Price and MSCI World performance per £100 invested.
Past performance is not a guide to future performance.

Market Capitalisation

£283m

Share Price

£1,415.00

Net Asset Value per share

£1,188.97

Premium (Discount)

19.01%

Source: Lindsell Train Limited/ Frostrow Capital LLP & Bloomberg. Share Price is based on closing mid price.

Fund Profile

The portfolio is concentrated, with the number of equity investments averaging 15.

Investment Manager

Nick Train

Fund Information

Listing	LSE
Launch Date	22 January 2001
Base Currency	GBP (£)
Year End	31 March
Benchmark*	MSCI World Index (£)
ISIN	GB0031977944
Bloomberg	LTI LN
AIC Sector	Global

*Prior to 1 April 2021, the benchmark was the annual average running yield of the longest-dated UK government fixed rate bond, plus a premium of 0.5%, subject to a minimum yield of 4%.

Top 10 Holdings (%NAV)

Lindsell Train Limited	48.09
LF Lindsell Train North American Equity Fund	7.79
London Stock Exchange Group	7.01
PayPal	6.95
Diageo	6.42
Nintendo	5.53
Unilever	3.65
RELX	3.46
Mondelez	2.79
A.G. Barr	2.64

Allocation (%NAV)

Equities:	
Consumer Franchises	19.0
Financials	7.0
Media	16.4
Unlisted Securities	48.1
Funds	9.3
Cash & Equivalent	0.2
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure (% NAV)

	Equity	Funds	Cash	Total
UK	71.7	9.3	0.1	**81.1**
USA	9.8	-	0.0	**9.8**
Europe (ex UK)	3.5	-	0.0	**3.5**
Japan	5.5	-	0.1	**5.6**
Total	**90.5**	**9.3**	**0.2**	**100.0**

Fee Information

Annual Fee	Performance Fee
0.60% of the lower of the company's market capitalisation or NAV calculated daily.	10% of the value of any positive relative performance versus the benchmark in a financial year. Relative performance is measured by taking the lower of the NAV or Average Market Price (defined as the average price over the last month of the performance period), taking into account dividends, at the end of each financial year and comparing the percentage annual change with the total return of the benchmark. A performance fee will only be paid out if the annual change is both above the benchmark and is a positive figure. For further information, please contact Frostrow Capital LLP.

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Portfolio Manager's Comments

Both Nintendo and PayPal fell 11% in October. Both have been successful long-term investments for your company, PayPal extraordinarily so. Both received a significant boost to their businesses during 2020, as video-gaming and online buying of goods and services went through a step-change increase; permanently, we are sure. In 2021, however, the lifting of social restrictions has resulted in a slowdown, but not a reversal of those trends.

In addition – so far as Nintendo is concerned - chip shortages, themselves the result of the secular shift to digital in every aspect of private, corporate and public sector life - have constrained its ability to manufacture enough of its Switch console to meet still elevated demand. Nintendo's management recently claimed the Switch is only about half-way through its life cycle. If true, that would be great, because a bigger and bigger installed base sells more and more high margin game software. A hit game for Nintendo in 2021 is worth more than one in 2019, because the installed base is so much bigger. However, investors doubt management's claim, as evidenced by the share price weakness. That weakness has encouraged the company to resume a share buyback programme.

I hope you will excuse Lindsell Train Limited's default optimism about Nintendo and about pretty much everything else we own. But consider - if Nintendo's release slate of holiday 2021 games is as entertaining as it promises to be and if the latest iteration of the Switch, with an improved display, continues to sell out more quickly than it can be manufactured, as is true today – we hope the sceptics will begin to worry they could be wrong. Then, with a reduced share count, because of the buyback, the shares could rally a lot.

For reasons I touch on below, global equity markets may have entered a period of higher risk. In such circumstances it is of crucial importance to ensure you are invested in companies that are going to hang around. To say the very least about Nintendo, the cash on its balance sheet and the triumphant vindication over the last 18 months of the evergreen appeal of its proprietary gaming franchises (its big hitters have sold more this cycle than ever before) both mean that existential threats to this company are effectively non-existent. That durability is increasingly attractive, in our opinion.

Meanwhile PayPal's price was also affected in October by rumours the company might bid for Pinterest, the social media site. PayPal denied any interest, but the incident aroused concerns that PayPal may need to add ancillary services to its app for it to stay relevant – in an increasingly competitive market for payment volumes. To us, the network effects that PayPal has built up over many years already make it difficult to compete with. But the negative price reaction is instructive.

It is instructive because it has continued into early November and PayPal stock is now down c33% from its peak hit in late July. Meanwhile, as is well advertised, Tesla's shares rose 44% in the month of October alone. These are clear instances of heightened speculative volatility amongst leading technology stocks. There are plenty more examples.

What are we saying here? Let me be clear, we have no credibility to comment on the valuation of Big Technology companies, nor any insight into how far we are into their bull markets – we have not owned as much of them as we would have liked, in hindsight. But it is not controversial to suggest that nerves are going to be tested in coming months for those that have heavy exposure to these volatile assets and for those who don't have enough.

In the end, we are sure of two things. First, a number of this bull market's mega-cap tech stocks will never earn enough cash to justify their current values. But second, the only ways we can see to meet our clients long-term return aspirations will be for us, first to identify and hang on to the shares of companies that remain or emerge as digital winners and, next, to own companies whose products and brands remain premium, aspirational, luxury and, above all, relevant for consumers. Such companies remain the focus of our research efforts and, in our opinion, already constitute a high proportion of our clients' portfolios.

Nick Train, 11th November 2021

Source Data: Lindsell Train Ltd & Bloomberg; as of 31st October 2021.
Note: All stock returns are total returns in GBP.

The top three absolute contributors to the fund's performance in October were RELX, LF Lindsell Train North American Equity Fund and Heineken and the top three detractors to the fund's performance were PayPal, Nintendo, and London Stock Exchange Group.

Risk Warning

Past performance is not a guide or guarantee to future performance. Investments carry a degree of risk and the value of investments and income from them as a result of market or currency fluctuations may go down as well as up and you may not get back the amount you originally invested. This document is intended for use by Shareholders of the The Lindsell Train Investment Trust PLC ("LTIT") and/or professional investors/persons who are authorised by the UK Financial Conduct Authority or those who are permitted to receive such information in the UK.

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