

# LINDSELL TRAIN

## The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 31 JANUARY 2022

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](http://www.lindselltrain.com).

### Market Capitalisation

£239m

### Share Price

£1,195.00

### Net Asset Value per share

£1,148.13

### Premium (Discount)

4.08%

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

### Current Net Yield

4.18%

Note: Calculation includes both ordinary and special dividend.

### 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%.

### Calendar Year Performance (%) £

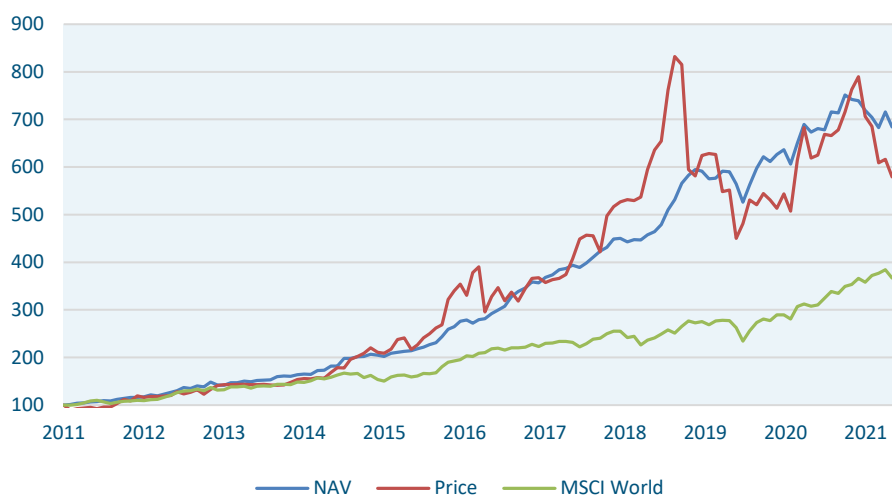
	2017	2018	2019	2020	2021
LTIT NAV	+37.6	+16.2	+32.4	+16.5	+3.8
LTIT Price	-6.2	+46.6	+2.1	+24.6	-9.7
MSCI World Index £	+11.8	-3.0	+22.7	+12.3	+22.9

### Cumulative Performance (%) £

31 January 2022	1m	YTD	1yr	3yr	5yr	Since Launch
LTIT NAV	-4.5	-4.5	+1.5	+49.5	+143.1	+1580.0
LTIT Price	-6.1	-6.1	-6.5	-2.7	+95.7	+1585.4
MSCI World Index £	-4.4	-4.4	+19.3	+55.3	+74.7	+303.8

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 January 2022. 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.

**Top 10 Holdings (%NAV)**

Lindsell Train Limited	44.73
LF Lindsell Train North American Equity Fund Acc	7.53
London Stock Exchange Group	7.39
Diageo	6.82
Nintendo	6.49
PayPal	5.43
Unilever	3.66
RELX	3.59
Mondelez	3.26
A.G. Barr	2.72

**Allocation (%NAV)**

<b>Equities:</b>	
Consumer Franchises	20.2
Financials	7.4
Media	15.8
Unlisted Securities	44.7
Funds	9.1
Cash & Equivalent	2.8
<b>Total</b>	<b>100.0</b>

*Lindsell Train sector definitions*

**Fund Exposure (% NAV)**

	Equity	Funds	Cash	Total
UK	69.2	9.1	2.8	<b>81.1</b>
USA	8.7	-	-	<b>8.7</b>
Europe (ex UK)	3.7	-	-	<b>3.7</b>
Japan	6.5	-	-	<b>6.5</b>
<b>Total</b>	<b>88.1</b>	<b>9.1</b>	<b>2.8</b>	<b>100.0</b>

**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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**Board of Directors**

Julian Cazalet (Chairman)  
Nicholas Allan  
Vivien Gould (Senior Independent Director)  
Richard Hughes (Chairman of Audit Committee)  
Michael Lindsell

## Portfolio Manager's Comments

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The year began with sharp falls in the prices of a wide range of technology companies, including the Trust's holding in PayPal (down 9%). Frustratingly for us, there was also a reversal in the recent strong performance of Diageo and RELX (down 8% and 5% respectively), two notable contributors to performance in CY2021, as well as lesser falls from our other consumer franchises.

Three companies bucked the declining trend - the London Stock Exchange, Mondelez and Nintendo (up 4%, 1% and 5% respectively). It's the performance of Nintendo that interests us most. After doing well in 2020 in the teeth of the pandemic with families locked down at home, it was always going to be difficult to continue that level of performance as life slowly returned to normality. Indeed, during CY2021 Nintendo shares fell 16% in anticipation of lower Switch hardware sales due to demand tailing off and component shortages. But it's also clear that Nintendo's year-end software sales have been more resilient, thanks to continued engagement from their increasing user base. Encouragingly software sales now look as though they might emulate last year's record tally. Another support to Nintendo's price was Microsoft's acquisition of Activision Blizzard which highlighted just how valuable games software content can be. To put this in perspective, Microsoft proposes to buy Activision for c.8x its enterprise value, which compares to Nintendo's current valuation of c.3x. There is no doubt in our mind that Nintendo's family friendly content, with its longer heritage, should be more valuable than Activision's but in the market's view Nintendo's policy of restricting its delivery to its own platform constrains its use and ubiquity. And in any case Nintendo is unlikely to be bought as any purchaser would find it a challenge to perpetuate its unique innovative culture even if enough loyal Japanese shareholders could be persuaded to sell. Nonetheless we believe firmly that it does not deserve to sell at such a discount to Activision and other US listed games companies.

Unilever dominated the business news at the end of the month with the announcement of its attempted purchase of GlaxoSmithKline's ('GSK') consumer healthcare business. It's a business that we've been following in the knowledge that it was likely to be divested and as a general proposition is a consumer franchise category we admire. Indeed we note with interest 12 transactions over the last 17 years of similar consumer healthcare companies, executed at an average enterprise value of 3.5x sales. Unilever was prepared to pay 5x sales, so a significant premium that was justified by the quality of the GSK business, 45% of which is accounted for by oral care, vitamins and supplements that all have relevant synergies with Unilever's existing business. Our real gripe though was the proposed issuance of Unilever shares to fund part of the acquisition at current depressed prices. With GSK having rejected the offer and Unilever committing not to raise its price, it seems the deal is off - but it's clear the company has an urgent strategic imperative to continue reorientating its portfolio towards faster-growing health and hygiene at the expense of food.

**Michael Lindsell, 14<sup>th</sup> February 2022**

**Source Data:** Lindsell Train Ltd & Bloomberg; as of 31st January 2022.

**Note:** All stock returns are total returns in local currency.

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

## Risk Warning

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