

# THE LINDSELL TRAIN INVESTMENT TRUST PLC

Half-year Report for the six months  
ended 30 September 2020



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## Financial Highlights

Performance comparisons 1 April 2020 – 30 September 2020	Change
Share price total return per Ordinary Share*^	13.0%
Net asset value total return per Ordinary Share*^	21.0%
Benchmark†	2.0%
MSCI World Index total return (Sterling)	23.6%
UK RPI Inflation (all items)	0.6%

\* The net asset value and the share price at 30 September 2020 have been adjusted to include the ordinary dividend of £41.39 per share and a special dividend of £2.61 per share paid on 8 September 2020, with the associated ex-dividend date of 13 August 2020.

† The annual average running yield of the longest-dated UK government fixed rate bond, currently UK Treasury 1.625% 2071, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4%.

^ Alternative Performance Measure ('APM'). See Glossary of Terms and Alternative Performance Measures beginning on page 25.

Source: Morningstar/Bloomberg

## Investment Objective

The objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital.

## Investment Policy

The Investment Policy of the Company is to invest:

- in a wide range of financial assets including equities, unquoted equities, bonds, funds, cash and other financial investments globally with no limitations on the markets and sectors in which investment may be made, although there may be a bias towards Sterling assets consistent with a Sterling-dominated investment objective. The Directors expect that the flexibility implicit in these powers will assist in the achievement of the absolute returns that the investment objective requires;
- in Lindsell Train managed fund products, subject to Board approval, up to 25% of its gross assets; and
- in Lindsell Train Limited ("LTL") and to retain a holding, currently 24.19%, in order to benefit from the growth of the business of the Company's Investment Manager.

### Diversification

The Company expects to invest in a concentrated portfolio of securities with the number of equity investments averaging fifteen companies. The Company will not make investments for the purpose of exercising control or management and will not invest in securities of or lend to any one company (or other members of its group) more than 15% by value of its gross assets at the time of investment. The Company will not invest more than 15% of gross assets in other closed-ended investment funds.

### Gearing

The Directors have discretion to permit borrowings up to 50% of the Company's Net Asset Value. However, the Directors have decided that it is in the Company's best interests not to use gearing. This is in part a reflection of the increasing size and risk associated with the Company's unquoted investment in LTL, but also in response to the additional administrative burden required to adhere to the full scope regime of the Alternative Investment Fund Managers Directive ("AIFMD").

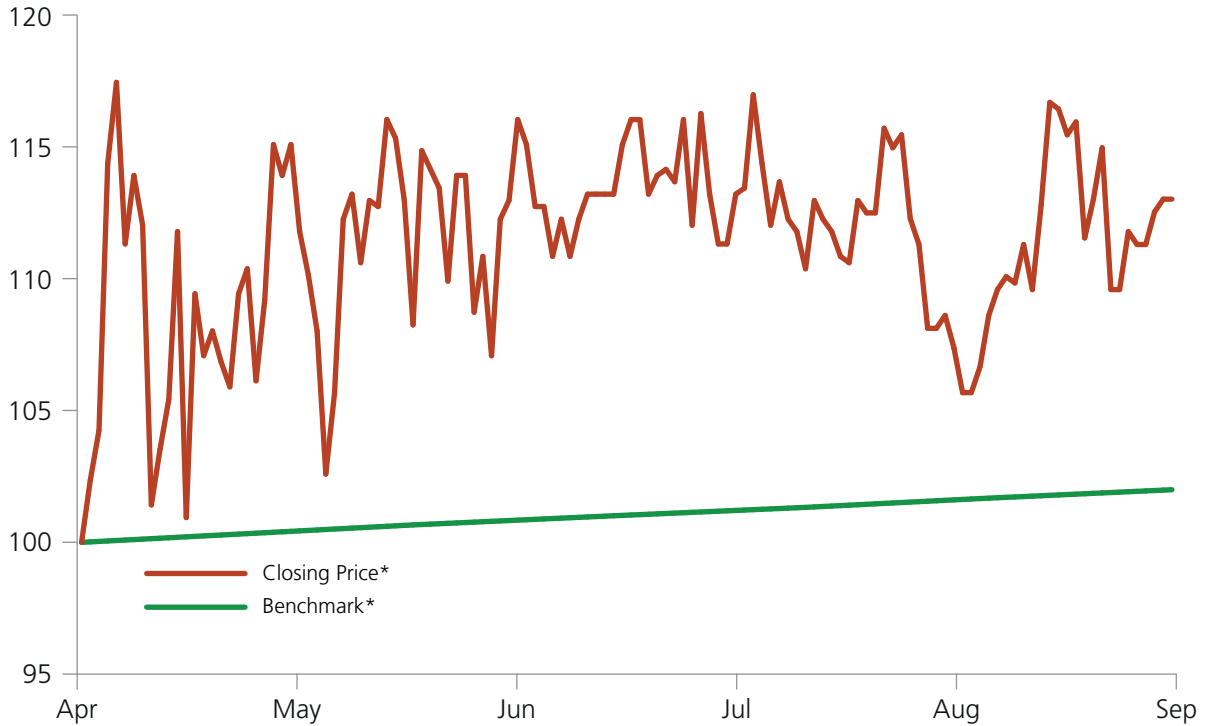
### Dividends

The Directors' policy is to pay annual dividends consistent with retaining the maximum permitted earnings in accordance with investment trust regulations.

*The composition of the portfolio as at 30 September 2020, which may be changed at any time at the discretion of the Investment Manager within the confines of the policy stated above, is shown on pages 19 to 20.*

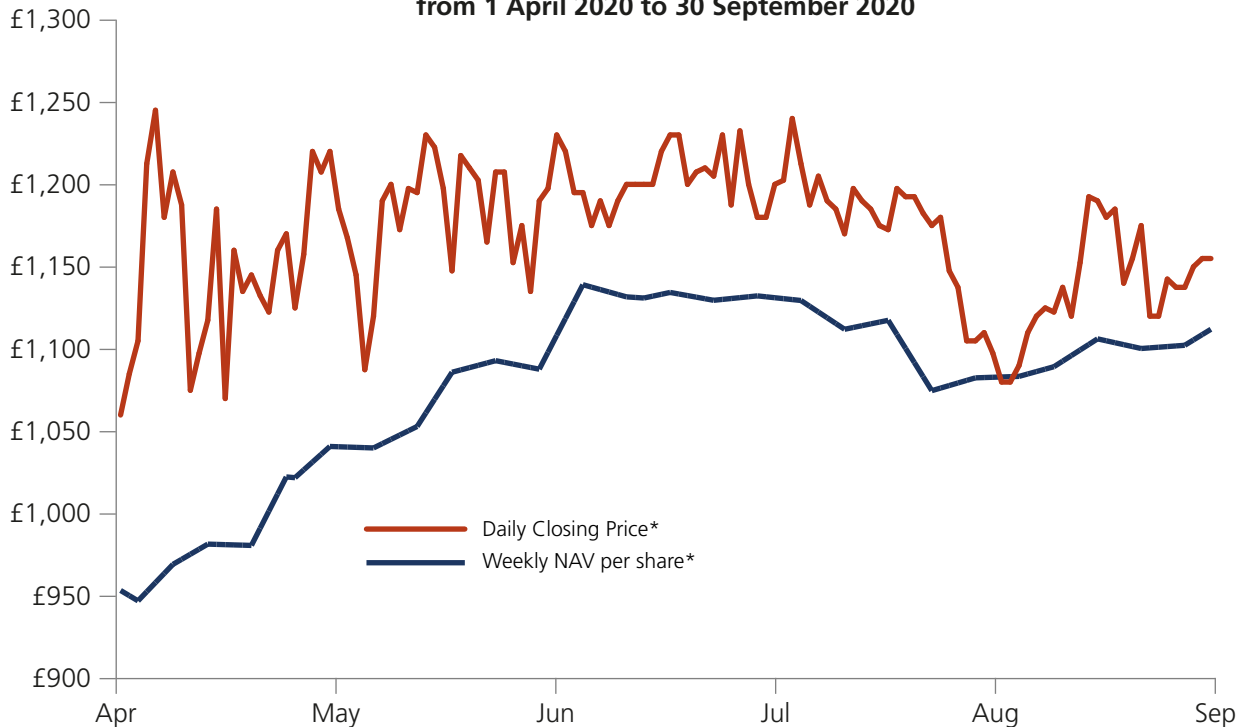
## Performance

**Share price performance compared to the Benchmark  
from 1 April 2020 to 30 September 2020  
(based on total performance with reinvested net dividend)**



\*Rebased to show the performance per £100 invested.  
The Closing price is adjusted for the dividend which went ex-dividend on 13 August 2020.

**Share price performance and net asset value ('NAV') per share  
from 1 April 2020 to 30 September 2020**



Source: Bloomberg and Lindsell Train Limited.

\*The NAV per share and share price are unadjusted for the payment of the dividend.

## Chairman's Statement

World stock markets recovered strongly over the six months to 30 September, with the MSCI World Index up by 23.6% in Sterling terms. Having remained relatively resilient in the first quarter of the calendar year when markets declined precipitately, the Company's net asset value ('NAV') total return of 21.0%^ failed to keep up with world markets over the subsequent six months, but exceeded its benchmark return of 2%. The Company's share price fared less well over the half-year, rising by 13.0%^ to £1,155, which represented a continued contraction in the share price premium from the heady levels of mid last year, ending 30 September at 3.9%^.

The size of the investment in Lindsell Train Limited ('LTL') at 47.3% of NAV ensures it is almost bound to be the most significant influence on returns in any period and this one was no exception. LTL was once again the biggest positive contributor, with its valuation rising by 24.5%^ from its low point at 31 March 2020, reflecting LTL's growth in funds under management ('FUM'). Market movements were the main impetus behind growing FUM, although net asset flows were also positive. These came predominantly from US investors, with net inflows to Lindsell Train's Delaware based Global Equity LLC taking its assets to over \$1bn, up from \$384m at 31 March. Elsewhere LTL's Japanese strategy assets grew an encouraging 30%. LTL's long term performance remains competitive even though over the last six months other equity investors – particularly those with high weightings in technology companies – will have done better, as Nick Train discusses in his Manager's report.

In April LTL launched its first new fund since 2015, focused on investing in North American equities. It represents a brand new strategy to add to UK, Global and Japan and in time it hopes that it will add another leg to the business. The fund is managed by James Bullock (who joined Lindsell Train in 2010), assisted by Madeline Wright (2012), providing them with the opportunity to manage a strategy with complete autonomy. This is an important new initiative as it is the first fund at LTL to be run without either founder being directly involved. The new fund has been seeded by LTL staff, LTL in-house capital and a significant £12.5m cornerstone investment from your Company. It continues the symbiotic practice since inception of the Company to use its capital to support LTL fund launches. To fund the new holding we sold our remaining position in eBay as well as the entire holding in the LT Japan fund. This latter holding was first acquired for much the same reasons in 2011. The capital committed increased in value by 14.0% per annum over the history of the investment and, having given the fund critical mass in the early days, LTL's Japan Strategy has now grown to over £1bn in assets, amply demonstrating the benefits of this symbiosis. LTL's establishment of a US fund (a concentrated portfolio of 24 US businesses, 15 of which are entirely new holdings for LTL) has two key motivations. First, there has been a desire to launch a fund to capture the investment opportunity from US listed companies that already make up more than 40% of the global universe of companies that LTL researches. And second, by focusing LTL's research resources on these US companies, it was felt that any increased knowledge and understanding of them would percolate through to LTL's other strategies – either directly in the case of Global and UK (where 20% of the portfolio can be invested in non-UK listed companies, some of which are currently US listed) or indirectly in the case of Japan. In addition, the initiative will help to burnish the portfolio management skills of two key members of the investment team and could ease the route to succession when LTL's founders decide to withdraw from the business – not that there is any hint of that happening any time soon! The new fund is not currently being promoted by LTL as it would prefer to wait until a meaningful track record has been achieved.

^ Alternative Performance Measure (APM). See Glossary of Terms and Alternative Performance Measures beginning on page 25.

## THE LINDSELL TRAIN INVESTMENT TRUST PLC

At the beginning of November the company appointed a new administrator and company secretary, Frostrow Capital LLP, after a review process that had lasted through the summer and autumn. In doing so your Board accepted quite a significant increase in fees – more than 50% – on the basis that we expect a commensurate increase in the level of service provision. This will mean that we can be less reliant on LTL, who over the years has increasingly been drawn in to help with administration, over and above its appointed role as the Company’s investment manager.

The coronavirus pandemic has meant that the Company has had to run the great majority of its business remotely since the beginning of the year although the Board managed a physical quorum for the AGM and its associated Board meeting in September. I am happy to report that, despite the entire Board not meeting physically since late 2019, we have conducted business without interruption and in a seamless way. Notwithstanding that, we look forward to a return to conducting our business in the traditional way next year.

**Julian Cazalet**

*Chairman*

30 November 2020

## Investment Manager's Report

Of our twelve quoted investee companies, including Finsbury Growth & Income Trust PLC ("Finsbury Growth"), seven are showing share price gains over the last six months. The gainers are led by PayPal, which has more than doubled, with double digit gains too for Finsbury Growth, LSE, Mondelez, Nintendo and Unilever. Meanwhile, Diageo was up, but just 2.5%.

Of the five fallers the worst were Laurent Perrier, down a bit more than 5% and Heineken, down 4%. There were more modest declines from A.G. Barr, Pearson and RELX – to round off this sorry set.

What conclusions can be drawn from these price moves? Clearly, those companies with a digital growth story that can demonstrate that the pandemic has positively acted as an accelerant for their business have done best. COVID has actually helped PayPal and Nintendo. We have been fortunate that investors perceive our biggest direct equity holding, the LSE, as belonging to this favoured category. We agree by the way.

Elsewhere, perhaps it is no surprise that the chocolate and biscuits of Mondelez and the cleaning and hygiene products of Unilever have allowed both companies to deliver business progress in 2020. Perhaps it is also relevant that both MDLZ and ULVR have been able to respond to changing consumer shopping habits in lockdown. ULVR's e-commerce sales were up 76% in the most recent quarter and now represent 10% of group total. This is not to argue that ULVR is turning into an Internet company, but it is demonstrating that a channel shift is not necessarily damaging to the owners of trusted or beloved brands. And without any doubt Cadbury, Oreos, Dove, Domestos and Knorr have shown their continuing relevance through this extraordinary year.

What is more of a surprise to us and an unpleasant one is that none of our beverage companies have been able to grow in 2020, or to protect short term stock market value. In previous recessions or financial shocks drinks companies have earned a reputation for being "defensive" and I had incorrectly expected the same this time round. Of course, what I missed was the malign impact of an enforced channel shift in booze, or a shift in where it is actually purchased or consumed. Beer is predominantly consumed in pubs and clubs and their shuttering has hurt Heineken and Diageo's Guinness. IRN-BRU too is often consumed in clubs or purchased in newsagents and sandwich shops by people out and about. Diageo's US spirits business has proven resilient, as Americans experiment with at-home cocktail mixing. But not enough to offset the hits to, say, Johnnie Walker. Laurent Perrier has also been hit given the lack of restaurant dining and party celebrations.

A common denominator in our share price fallers is their reliance on face-to-face human sociability. Its absence or at least marked reduction has hurt them all. Will business people return to RELX's exhibitions to cement deals? Will rugby crowds ever return to Lansdowne Road – with all the implications that has for sales of Guinness?

I want to answer – yes. Tourism, live sport, festivals, pubs; when you get down to it: Cities. All of these answer basic human needs and I expect will come roaring back. But when?



## THE LINDSELL TRAIN INVESTMENT TRUST PLC

All equity investors, including us, face a challenge through the remainder of 2020 and beyond. Do we have enough exposure to the bull market stocks of the pandemic – the digital winners? I'm sure that most professional investors running general equity funds wish they had more. Contrarily, should we tough out the earnings hiatus for those companies that rely on human interaction? The pinch of that investment challenge can be felt when you look at PayPal; frankly its share price must have incorporated a great deal of optimism. But the other side of that challenge is felt when you consider our depressed investment in Heineken. Recovery for its European and Latin American on-trade business is possibly still remote.

All we can say is that with current short and long term interest rates so low the warranted value of even just steadily profitable companies, so long as they offer long term inflation protection, is very high.

When you look at the strategic shape of the direct holdings in the portfolio they essentially split into two buckets. Two-thirds is invested in companies that either are already, or have the potential to become, digital winners. The rest is in the owners of beloved and trusted consumer brands. Evidently, as noted, there have been some disappointments for us in 2020 in both these buckets. But strategically we are enthusiastic about the combination of growth and predictability the mix offers. And remember, this same investment disposition is to be found across all of Lindsell Train's client portfolios. If we're right about the potential for this investment strategy to deliver satisfactory returns in coming years, then we hope we can continue to be optimistic about the prospects for the largest single asset in your portfolio – the stake you hold in Lindsell Train Limited.

**Nick Train**

*Lindsell Train Limited*

*Investment Manager*

30 November 2020

## Income Statement

		Six months ended 30 September 2020 Unaudited		Total
	Notes	Revenue £'000	Capital £'000	£'000
Gains on investments held at fair value through profit or loss		–	37,519	37,519
Exchange gains/(losses) on currency		–	29	29
Income	2	7,135	–	7,135
Investment management fees	3	(531)	(3,994)	(4,525)
Other expenses	4	<u>(250)</u>	<u>–</u>	<u>(250)</u>
<b>Net return before finance costs and tax</b>		<b>6,354</b>	<b>33,554</b>	<b>39,908</b>
Interest payable and similar charges		<u>–</u>	<u>–</u>	<u>–</u>
<b>Return before tax</b>		<b>6,354</b>	<b>33,554</b>	<b>39,908</b>
Tax	5	<u>(31)</u>	<u>–</u>	<u>(31)</u>
<b>Return after tax for the financial period/year</b>		<b><u>6,323</u></b>	<b><u>33,554</u></b>	<b><u>39,877</u></b>
<b>Return per Ordinary Share</b>	6	<b>£31.62</b>	<b>£167.77</b>	<b>£199.39</b>

All revenue and capital items in the above statement derive from continuing operations.

The total columns of this statement represent the profit and loss accounts of the Company. The revenue and capital columns are supplementary to this and are prepared under the guidance published by the Association of Investment Companies.

The Company does not have any other recognised gains or losses. The net return for the period disclosed above represents the Company's total comprehensive income.

No operations were acquired or discontinued during the period.

## Income Statement continued

Revenue £'000	Six months ended 30 September 2019 Unaudited		Revenue £'000	Year ended 31 March 2020 Audited	
	Capital £'000	Total £'000		Capital £'000	Total £'000
–	39,463	39,463	–	7,457	7,457
–	(5)	(5)	–	(6)	(6)
6,275	–	6,275	12,395	–	12,395
(645)	(3,061)	(3,706)	(1,298)	(3)	(1,301)
<u>(247)</u>	<u>(1)</u>	<u>(248)</u>	<u>(424)</u>	<u>(1)</u>	<u>(425)</u>
5,383	36,396	41,779	10,673	7,447	18,120
<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
5,383	36,396	41,779	10,673	7,447	18,120
<u>(42)</u>	<u>–</u>	<u>(42)</u>	<u>(75)</u>	<u>–</u>	<u>(75)</u>
<u>5,341</u>	<u>36,396</u>	<u>41,737</u>	<u>10,598</u>	<u>7,447</u>	<u>18,045</u>
£26.71	£181.98	£208.69	£52.99	£37.24	£90.23

## Statement of Changes in Equity

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>For the six months ended</b>					
<b>30 September 2020 (unaudited)</b>					
At 31 March 2020	150	19,850	155,482	15,848	191,330
Return after tax for the financial period	–	–	33,554	6,323	39,877
Dividends paid	–	–	–	(8,800)	(8,800)
<b>At 30 September 2020</b>	<b>150</b>	<b>19,850</b>	<b>189,036</b>	<b>13,371</b>	<b>222,407</b>

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>For the six months ended</b>					
<b>30 September 2019 (unaudited)</b>					
At 31 March 2019	150	19,850	148,035	11,150	179,185
Return after tax for the financial period	–	–	36,396	5,341	41,737
Dividends paid	–	–	–	(5,900)	(5,900)
<b>At 30 September 2019</b>	<b>150</b>	<b>19,850</b>	<b>184,431</b>	<b>10,591</b>	<b>215,022</b>

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>For the year ended 31 March 2020</b>					
<b>(audited)</b>					
At 31 March 2019	150	19,850	148,035	11,150	179,185
Return after tax for the financial year	–	–	7,447	10,598	18,045
Dividends paid	–	–	–	(5,900)	(5,900)
<b>At 31 March 2020</b>	<b>150</b>	<b>19,850</b>	<b>155,482</b>	<b>15,848</b>	<b>191,330</b>

## Statement of Financial Position

	Note	30 September 2020 Unaudited £'000	30 September 2019 Unaudited £'000	31 March 2020 Audited £'000
<b>Fixed assets</b>				
Investments held at fair value through profit or loss		<u>226,170</u>	<u>217,640</u>	<u>185,678</u>
<b>Current assets</b>				
Other receivables		311	293	415
Cash at bank		<u>71</u>	<u>335</u>	<u>5,390</u>
		<b>382</b>	<b>628</b>	<b>5,805</b>
Creditors: amounts falling due within one year				
Other payables		<u>(4,145)</u>	<u>(3,246)</u>	<u>(153)</u>
		<b>(4,145)</b>	<b>(3,246)</b>	<b>(153)</b>
<b>Net current (liabilities)/assets</b>		<u><b>(3,763)</b></u>	<u><b>(2,618)</b></u>	<u><b>5,652</b></u>
<b>Net assets</b>		<u><b>222,407</b></u>	<u><b>215,022</b></u>	<u><b>191,330</b></u>
<b>Capital and reserves</b>				
Called up share capital		150	150	150
Special reserve		<u>19,850</u>	<u>19,850</u>	<u>19,850</u>
		<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
Capital reserve		<b>189,036</b>	184,431	155,482
Revenue reserve		<u>13,371</u>	10,591	15,848
<b>Total shareholders' funds</b>		<u><b>222,407</b></u>	<u><b>215,022</b></u>	<u><b>191,330</b></u>
<b>Net asset value per Ordinary Share</b>	7	<b>£1,112.04</b>	£1,075.11	£956.65

## Cash Flow Statement

	Six months ended 30 September 2020 Unaudited £'000	Six months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
<b>Operating Activities</b>			
Net return before finance costs and tax	39,908	41,779	18,120
Gains on investments held at fair value	(37,519)	(39,463)	(7,457)
(Gains)/losses on exchange movements	(29)	5	6
Decrease/(increase) in other receivables	14	7	(33)
Decrease/(increase) in accrued income	94	(7)	(88)
Increase/(decrease) in other payables	3,992	664	(2,430)
Purchase of investments held at fair value	(12,500)	(527)	(581)
Sale of investments held at fair value	9,527	43	53
<b>Net cash inflow from operating activities before interest and taxation</b>	<b>3,487</b>	2,501	7,590
Interest paid	–	–	–
Taxation on investment income	(35)	(43)	(76)
<b>Net cash inflow from operating activities</b>	<b>3,452</b>	2,458	7,514
<b>Financing activities</b>			
Equity dividends paid	(8,800)	(5,900)	(5,900)
<b>Net cash outflow from financing activities</b>	<b>(8,800)</b>	(5,900)	(5,900)
(Decrease)/increase in cash and cash equivalents	(5,348)	(3,442)	1,614
Cash and cash equivalents at beginning of period/year	5,390	3,782	3,782
Gains/(losses) on exchange movements	29	(5)	(6)
<b>Cash and cash equivalents at end of period/year</b>	<b>71</b>	335	5,390

## Notes to the Financial Statements

### 1 Accounting policies

The financial statements of the Company have been prepared under the historical cost convention modified to include the revaluation of fixed assets in accordance with United Kingdom law and Accounting Standards and with the Statement of Recommended Practice (“SORP”) “Financial Statements of Investment Trust Companies and Venture Capital Trusts”, issued by the Association of Investment Companies dated October 2019 and the Companies Act 2006.

The accounting policies and methods of computation followed in this Half-year Report are consistent with the most recent annual statements.

After considering a schedule of the Company’s current financial resources and liabilities for the next twelve months, and as the majority of the net assets of the Company are securities which are traded on recognised stock exchanges, the Directors have determined that its resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis. The Company does not have a fixed life.

### 2 Income

	Six months ended 30 September 2020 Unaudited £’000	Six months ended 30 September 2019 Unaudited £’000	Year ended 31 March 2020 Audited £’000
<b>Income from investments</b>			
Overseas dividends	278	366	650
<b>UK dividends</b>			
– Lindsell Train Limited	6,121	5,005	10,442
– Other UK dividends	736	904	1,303
	<u>7,135</u>	<u>6,275</u>	<u>12,395</u>

### 3 Investment management fees

	Six months ended 30 September 2020 Unaudited £’000	Six months ended 30 September 2019 Unaudited £’000	Year ended 31 March 2020 Audited £’000
Investment management fee	562	665	1,351
Manager’s performance fee – charged to capital	3,994*	3,061*	3
Rebate of investment management fee	(31)	(20)	(53)
<b>Total management fee</b>	<u>4,525</u>	<u>3,706</u>	<u>1,301</u>

\* Accrued amount to 30 September.

## Notes to the Financial Statements continued

### 4 Other expenses

	Six months ended 30 September 2020 Unaudited £'000	Six months ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
Directors' emoluments	67	62	127
Administration fee	40	40	80
Auditor's remuneration for:			
– audit of the financial statements of the Company	19	13	25
Tax Compliance fee	2	2	3
Provision for VAT written off	4	21	–
Other*	<u>118</u>	<u>109</u>	<u>189</u>
	<u>250</u>	<u>247</u>	<u>424</u>
Capital charges	–	1	1
	<u>250</u>	<u>248</u>	<u>425</u>

\* Includes registrar's fees, printing fees, AIFMD monitoring fees, marketing fees, safe custody fees, London Stock Exchange/FCA fees, Key Man and Directors' and Officers' liability insurance, Employer's National Insurance and legal fees.

### 5 Effective rate of tax

The effective rate of tax reported in the revenue column of the income statement for the six months ended 30 September 2020 is 0.49% (year ended 31 March 2020: 0.70% and six months ended 30 September 2019: 0.78%), based on revenue profit before tax of £6,354,000 (year ended 31 March 2020: £10,673,000 and six months ended 30 September 2019: £5,383,000). This differs from the standard rate of tax, 19% (year ended 31 March 2020 and six months ended 30 September 2019: 19%) as a result of revenue not taxable for Corporation Tax purposes.



## Notes to the Financial Statements continued

### 6 Total return per Ordinary Share

	Six months ended 30 September 2020 Unaudited	Six months ended 30 September 2019 Unaudited	Year ended 31 March 2020 Audited
Total return	£39,877,000	£41,737,000	£18,045,000
Weighted average number of Ordinary Shares in issue during the period/year	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Total return per Ordinary Share	<u>£199.39</u>	<u>£208.69</u>	<u>£90.23</u>

The total return per Ordinary Share detailed above can be further analysed between revenue and capital, as below:

#### Revenue return per Ordinary Share

Revenue return	£6,323,000	£5,341,000	£10,598,000
Weighted average number of Ordinary Shares in issue during the period/year	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Revenue return per Ordinary Share	<u>£31.62</u>	<u>£26.71</u>	<u>£52.99</u>

#### Capital return per Ordinary Share

Capital return	£33,554,000	£36,396,000	£7,447,000
Weighted average number of Ordinary Shares in issue during the period/year	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Capital return per Ordinary Share	<u>£167.77</u>	<u>£181.98</u>	<u>£37.24</u>

### 7 Net asset value per Ordinary Share

	Six months ended 30 September 2020 Unaudited	Six months ended 30 September 2019 Unaudited	Year ended 31 March 2020 Audited
Net assets attributable Ordinary Shares in issue at the period/year end	<u>£222,407,000</u>	<u>£215,022,000</u>	<u>£191,330,000</u>
Net asset value per Ordinary Share	<u>£1,112.04</u>	<u>£1,075.11</u>	<u>£956.65</u>

### 8 Valuation of financial instruments

The Company's investments and derivative financial instruments as disclosed in the Statement of Financial Position are valued at fair value.

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

## Notes to the Financial Statements continued

### 8 Valuation of financial instruments (continued)

The tables below set out fair value measurements of financial instruments as at the year end by the level in the fair value hierarchy into which the fair value measurement is categorised.

#### Financial assets/liabilities at fair value through profit or loss

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>At 30 September 2020</b>				
Investments	<u>106,486</u>	<u>14,384</u>	<u>105,300</u>	<u>226,170</u>
	<u>106,486</u>	<u>14,384</u>	<u>105,300</u>	<u>226,170</u>
<b>At 30 September 2019</b>				
Investments	<u>108,248</u>	<u>–</u>	<u>109,392</u>	<u>217,640</u>
	<u>108,248</u>	<u>–</u>	<u>109,392</u>	<u>217,640</u>
<b>At 31 March 2020</b>				
Investments	<u>96,199</u>	<u>–</u>	<u>89,479</u>	<u>185,678</u>
	<u>96,199</u>	<u>–</u>	<u>89,479</u>	<u>185,678</u>

**Note:** Within the above tables, the entirety of level 1 comprises all the Company's ordinary investments, level 2 represents the investment in LF Lindsell Train North American Equity Fund and level 3 represents the investment in LTL.

The valuation of the investment in LTL derives from a formula created after taking advice from an expert in the sector and was formally reviewed in March 2018 and again in March 2020 by professional advisors. The formula uses a simple average of two different components:

- 1.5% of LTL's most recent funds under management; and
- LTL's net earnings (adjusted for a notional increase in staff costs to 45% of revenues excluding performance fees) calculated with reference to LTL's most recent end month's FUM, divided by the annual average running yield on the longest dated UK government fixed rate bond, currently UK Treasury 1.625% 2071, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4% plus an equity risk premium of 4.5%.

The valuation of LF Lindsell Train North American Equity Fund was based on the net asset value of the Fund. The net asset value of the Fund was calculated on a weekly basis and is priced in sterling. The Board reserves the right to vary its valuation methodologies at its discretion.

### 9 Sections 1158/1159 of the Corporation Tax Act 2010

It is the intention of the Directors to conduct the affairs of the Company so that the Company satisfies the conditions for approval as an Investment Trust Company set out in Sections 1158/1159 of the Corporation Tax Act 2010.

## Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the UK Listing Authority's Disclosure and Transparency Rules. They consider that the Chairman's Statement and the Investment Manager's Report, the following statements and the Directors' Responsibility Statement below together constitute the Interim Management Report for the Company for the six months ended 30 September 2020.

## Principal Risks and Uncertainties

Equity markets continued to be volatile during the period associated with uncertainties linked to the Covid-19 pandemic. The Directors have considered the impact of the continued uncertainty on the Company's financial position and, based on the information available to them at the date of this report, have concluded that no adjustments are required to the accounts as at 30 September 2020. The Board is also aware that the UK's exit from the European Union has introduced elements of political and economic uncertainty. Developments continue to be closely monitored by the Board.

A review of the half-year and the outlook for the Company can be found in the Chairman's Statement and in the Investment Manager's Review. The principal risks and uncertainties faced by the Company fall into the following broad categories: Market Risk, Investment Performance, Loss of Key Personnel, Protection of Assets, Economic Conditions, Regulatory Risk, Political Risk, Climate Change Risk and the Covid-19 pandemic. Information on these risks is given in the annual report for the year ended 31 March 2020.

The Board believes that the Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

## Related Party Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

## Going Concern

The Directors believe, having considered the Company's investment objective, risk management policies, capital management policies and procedures, and the nature of the portfolio and the expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future, and, more specifically, that there are no material uncertainties relating to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half-yearly financial report. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

## Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the Half-year Report have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice standards; and
- (ii) the interim management report includes a true and fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year;
  - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and
  - (c) any changes in the related party transactions described in the last annual report that could do so.

The Half-year Report has not been audited by the Company's auditors.

This Half-year Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Half-year Report was approved by the Board on 30 November 2020 and the above responsibility statement was signed on its behalf by:

**Julian Cazalet**

*Chairman*

30 November 2020

## Portfolio Holdings at 30 September 2020

(All ordinary shares unless otherwise stated)

Holding	Security	Fair value £'000	% of total assets	Look-through basis: % of total assets†
6,450	Lindsell Train Limited	105,300	47.34	47.34
235,000	London Stock Exchange	20,854	9.38	9.57
41,000	Nintendo	17,929	8.06	8.06
97,500	PayPal	14,853	6.68	7.06
12,500,000	LF Lindsell Train North American Equity Fund	14,384	6.47	5.85
420,500	Diageo	11,143	5.01	5.16
222,000	Unilever	10,603	4.77	4.94
150,000	Mondelez International	6,662	2.99	3.38
363,000	RELX	6,264	2.82	2.96
1,263,393	A.G. Barr	6,153	2.77	2.79
89,000	Heineken	5,364	2.41	2.49
420,000	Finsbury Growth & Income Trust	3,520	1.58	0.66
28,093	Laurent-Perrier	1,768	0.79	0.79
250,000	Pearson	1,373	0.62	0.64
	Total investments	226,170	101.69	101.69
	Net current assets	(3,763)	(1.69)	(1.69)
	<b>Total assets</b>	<b>222,407</b>	<b>100.00</b>	<b>100.00</b>

† Look-through basis: This adjusts the percentages held in each security upwards by the amount held in LTL managed funds and adjusts the fund's holdings downwards to account for the overlap. It provides Shareholders with a measure of stock specific risk by amalgamating the direct holdings of the Company with the indirect holdings held within the LTL funds.

### Leverage

We detail below the balance sheet positions of the Funds managed by LTL as at 30 September 2020:

Fund	Net equity exposure
LF Lindsell Train North American Equity Acc	99.41%
Finsbury Growth & Income Trust	100.50%

## Analysis of Investment Portfolio at 30 September 2020

### Breakdown by location of listing

(look-through basis)^

	30 September 2020	31 March 2020
Japan	8%	9%
Europe	3%	4%
UK*	81%	75%
USA	10%	9%
Cash and equivalents	(2%)	3%
	<u>100%</u>	<u>100%</u>

### Breakdown by location of underlying company revenues

(look-through basis)^

Japan	3%	4%
Europe**	33%	27%
UK**	35%	36%
USA**	21%	20%
Emerging	10%	10%
Cash and equivalents	(2%)	3%
	<u>100%</u>	<u>100%</u>

### Breakdown by sector

(look-through basis)^

Consumer staples	21%	23%
Communication services	10%	8%
Industrials	4%	3%
Financials*	58%	57%
Information Technology	8%	1%
Consumer Discretionary	1%	4%
Healthcare	0%	1%
Cash and equivalents	(2%)	3%
	<u>100%</u>	<u>100%</u>

^ Look-through basis: This adjusts the percentages held in each asset class, country or currency by the amount held by LTL managed funds. It provides Shareholders with a more accurate measure of country and currency exposure by aggregating the direct holdings of the Company with the indirect holdings held by the LTL funds.

\* LTL accounts for 47 percentage points and is not listed.

\*\* LTL accounts for 23 percentage points of the UK figure, 21 percentage points of the Europe figure and 3 percentage points of the USA figure.

## Appendix 1

### Half-year review of Lindsell Train Limited ('LTL')

### The Manager of The Lindsell Train Investment Trust plc

#### Funds under Management

	Jul 2020 £m	Jan 2020 £m	Jul 2019 £m
FUM by Strategy:			
UK	8,799	9,486	10,691
Global	11,438	11,160	11,208
Japan	914	804	664
<b>Total</b>	<b>21,151</b>	<b>21,450</b>	<b>22,563</b>

#### Largest Client Accounts

	Jul 2020 % of FUM	Jan 2020 % of FUM	Jul 2019 % of FUM
Largest Pooled Fund Account	36%	38%	39%
Largest Segregated Account	8%	9%	8%

#### Financials

	Jul 2020 £'000	Jul 2019 £'000	% Change
<b>Profit &amp; Loss</b>			
Fee Revenue			
Investment Management fees	52,260	50,506	3%
Performance Fee	–	2,436	(100%)
Bank Interest	112	220	–
	<u>52,372</u>	<u>53,162</u>	–
Staff Remuneration *	(15,165)	(17,583)	(14%)
Fixed Overheads	(2,453)	(1,623)	51%
Investment Unrealised Gain	459	–	–
FX Currency Translation Gain	422	720	–
<b>Operating profit</b>	<b>35,635</b>	<b>34,676</b>	<b>3%</b>
Taxation	(6,771)	(6,589)	–
<b>Net Profit</b>	<b>28,864</b>	<b>28,087</b>	<b>3%</b>
Dividends	(25,260)	(20,688)	–
<b>Retained profit</b>	<b>3,604</b>	<b>7,399</b>	–
<b>Capital &amp; Reserves</b>			
Called up Share Capital	266	266	
Treasury Stock	(625)	–	
Profit & Loss Account	70,073	57,384	
Shareholders' Funds	<u>69,714</u>	<u>57,650</u>	
<b>Balance Sheet</b>			
Fixed Assets	224	37	
Current Assets (inc cash at bank)	74,456	70,251	
Liabilities	(4,966)	(12,638)	
Net Assets	<u>69,714</u>	<u>57,650</u>	

\* No more than 25% of fees (other than LTIT fees) can be paid as staff remuneration. Employer national insurance costs are excluded from this limit.

## THE LINDSELL TRAIN INVESTMENT TRUST PLC

### Five Year History

	Jul 2020	Jul 2019	Jul 2018	Jul 2017	Jul 2016
Operating Profit Margin	<b>68%</b>	65%	62%	58%	65%
Earnings per share (£)*	<b>1,084</b>	1,054	717	493	335
Dividends per share (£)*	<b>949</b>	776	525	390	285
Total Staff Cost as % of Revenue	<b>29%</b>	33%	36%	38%	30%
Opening FUM (£m)	<b>22,563</b>	15,304	11,326	8,045	5,758
Changes in FUM (£m)	<b>(1,412)</b>	7,259	3,978	3,281	2,287
– of market movement	<b>(1,385)</b>	4,568	2,044	1,530	979
– of net new fund inflows	<b>(27)</b>	2,691	1,934	1,751	1,308
Closing FUM (£m)	<b>21,151</b>	22,563	15,304	11,326	8,045
Open ended funds as % of total	<b>72%</b>	75%	72%	64%	57%

### Client Relationships

– Pooled funds	<b>5</b>	4	4	4	4
– Separate accounts	<b>17</b>	17	17	15	16

### Ownership

	Jul 2020	Jan 2020	Jul 2019
Michael Lindsell & spouse	<b>9,650</b>	9,650	9,650
Nick Train & spouse	<b>9,650</b>	9,650	9,650
The Lindsell Train Investment Trust plc	<b>6,450</b>	6,450	6,450
Other Directors/employees	<b>871</b>	910	910
	<b>26,621**</b>	26,660	26,660

### Board of Directors

Nick Train	Chairman & Portfolio Manager
Michael Lindsell	Chief Executive & Portfolio Manager
Michael Lim	Chief Operating Officer
Keith Wilson	Head of Client Servicing & Marketing
Jane Orr	Director of Marketing
James Alexandroff	Non-Executive Director
Julian Bartlett	Non-Executive Director

### Employees

	Jul 2020	Jan 2020	Jul 2019
Investment Team ( inc. 3 Portfolio Managers)	<b>6</b>	6	6
Client Servicing & Marketing	<b>6</b>	6	5
Operations & Administration	<b>8</b>	8	8
Non-Executive directors	<b>2</b>	1	1
	<b>22</b>	21	20

\* On 1 February 2019 LTL undertook a share split with each share subdivided into 10 shares of £10 each. The per share figures are retrospectively changed from January 2016 to January 2019 based on 26,660 shares for ease of comparison.

\*\* The reduction in shares in issue is on account of a net share buyback by LTL of 39 shares.



## Appendix 2

### LTIT Directors' Valuation of LTL (unaudited)

	Sept 2020 £'000	Sept 2019 £'000
Funds under Management excluding LTIT holdings	<u>21,886,374</u>	<u>21,643,251</u>
<i>Valuation of LTL based on 1.5% of FUM (A)</i>	<u>328,296</u>	<u>324,649</u>
Revenue ex performance fee	111,676**	115,232*
Notional staff costs (45%)	(50,254)	(51,854)
Interest income	69**	431*
Operating costs	(4,728)**	(3,280)*
Notional tax (19%)	<u>(10,785)</u>	<u>(11,501)</u>
Notional post tax earnings	<u>45,978</u>	<u>49,028</u>
Benchmark +	4.0%	4.0%
Equity risk premium	4.5%	4.5%
Total yield + premium (discount rate)	<u>8.5%</u>	<u>8.5%</u>
<i>Valuation of LTL based on earnings (B)</i>	<u>540,915</u>	<u>576,803</u>
Valuation of LTL (A+B)/2 (C)	<u>434,605</u>	<u>450,726</u>
Shares in issue (D)#	<u>26,621</u>	<u>26,660</u>
<b>Valuation per share of LTL (C/D)</b>	<u><u>£16,326</u></u>	<u><u>£16,906</u></u>

\* Annualised figures are previous three months' data.

\*\* Revenues based on 30 September 2020 LTL FUM multiplied by LTL's average fee rate for the six months to 31 August 2020 and interest income and operating costs based on the average of three months to 31 August 2020.

+ The annual average running yield of the longest-dated UK government fixed rate bond, currently UK treasury 1.625% 2071, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4%.

# The reduction in shares in issue is on account of a net share buyback of LTL of 39 shares.

## Company Information

### Directors

Julian Cazalet (Chairman)  
Nicholas Allan  
Vivien Gould  
Richard Hughes  
Michael Lindsell

### Company Secretary, Administrator and Registered Office

Frostrow Capital LLP  
25 Southampton Buildings  
London  
WC2A 1AL  
United Kingdom  
Tel: 0203 008 4910  
Email: [info@frostrow.com](mailto:info@frostrow.com)

### Solicitor

Stephenson Harwood LLP  
1 Finsbury Circus  
London  
EC2M 7SH

### Broker

JP Morgan Cazenove Ltd  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

### Shareholder relations

The Company's Ordinary share price is listed daily in the Financial Times.  
For further information visit: [www.lindselltrain.com](http://www.lindselltrain.com) and follow the links.

### Individual Savings Account ("ISA")

The Company's shares are eligible to be held in an ISA account subject to HM Revenue & Customs' limits.

### Website

The Company's internet website is located at:  
[www.lindselltrain.com](http://www.lindselltrain.com)  
Registered in England, No: 4119429

### Investment Manager

Lindsell Train Limited  
3rd Floor  
66 Buckingham Gate  
London  
SW1E 6AU  
Tel: 020 7808 1210  
(Authorised and Regulated by the Financial Conduct Authority)

### Registrar

Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU  
Email: [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk)  
Tel: +44 (0)371 664 0300  
Website: [www.linkassetservices.com](http://www.linkassetservices.com)

Calls outside the UK will be charged at the applicable International rate and may be recorded for training purposes. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

### Independent Auditors

PricewaterhouseCoopers LLP  
Atria One, 144 Morrison Street  
Edinburgh  
EH3 8EX

### Custodian

Northern Trust Company  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

### Identification codes

SEDOL: 3197794  
ISIN: GB0031977944  
BLOOMBERG: LTI LN

**Legal Entity Identifier:** 213800VMBJH2TCFDZU08

## Glossary of Terms and Alternative Performance Measures

### Alternative Performance Measure (APM)

An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flow that is not prescribed by the relevant accounting standards.

### Benchmark

The annual average running yield on the longest-dated UK government fixed rate bond (currently UK Treasury 1.625% 2071), calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0%.

### Discount and premium (APM)

If the share price of an investment trust is higher than the Net Asset Value (NAV) per share, the shares are trading at a premium to NAV. In this circumstance the price that an investor pays or receives for a share would be more than the value attributable to it by reference to the underlying assets. The premium is the difference between the share price (based on mid-market share prices) and the NAV, expressed as a percentage of the NAV.

A discount occurs when the share price is below the NAV. Investors would therefore be paying less than the value attributable to the shares by reference to the underlying assets.

A premium or discount is generally the consequence of supply and demand for the shares on the stock market.

The discount or premium is calculated by dividing the difference between the share price and the NAV by the NAV.

	<b>As at 30 September 2020</b>	As at 30 September 2019	As at 31 March 2020
	£	£	£
Share Price	<b>1,155.00</b>	1,375.00	1,060.00
Net Asset Value per Share	<b><u>1,112.04</u></b>	<u>1,075.11</u>	<u>956.65</u>
Premium to Net Asset Value per Share	<b>3.9%</b>	27.9%	10.8%

### Net asset value (NAV) per Ordinary Share

The NAV is shareholders' funds expressed as an amount per individual share. Equity shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all current and long-term liabilities and any provision for liabilities and charges.

The NAV of the Company is published weekly and at each month end.

## THE LINDSELL TRAIN INVESTMENT TRUST PLC

The figures disclosed on page 11 have been calculated as shown below:

	<b>Six months ended 30 September 2020</b>	<b>Six months ended 30 September 2019</b>	<b>Year ended 31 March 2020</b>
Net Asset Value (a)	<b>£222,407,000</b>	£215,022,000	£191,330,000
Ordinary Shares in issue (b)	<b>200,000</b>	200,000	200,000
Net asset value per Ordinary Share (a) ÷ (b)	<b>£1,112.04</b>	£1,075.11	£956.65

### Revenue return per Share

The revenue return per share is the revenue return profit for the period/year divided by the weighted average number of ordinary shares in issue during the period/year.

### Share price and NAV total return (APM)

This is the return on the share price and NAV taking into account both the rise and fall of share prices and valuations and the dividends paid to shareholders.

Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

The share price and NAV total return is calculated as the return to shareholders after reinvesting the net dividend in additional shares on the date that the share price goes ex-dividend.

The figures disclosed on pages 2 and 4 have been calculated as shown below:

		<b>Six months ended 30 September 2020</b>	
		<b>LTIT NAV</b>	<b>LTIT Price</b>
NAV/Price at 30 September 2020	a	<b>£1,112.04</b>	<b>£1,155</b>
Dividend Adjustment Factor*	b	<b>1.0410</b>	<b>1.0372</b>
Adjusted closing NAV/Price	c = a x b	<b>£1,157.62</b>	<b>£1,197.98</b>
NAV/Price 31 March 2020	d	<b>£956.65</b>	<b>£1,060</b>
Total return	[(c/d)-1]*100	<b>21.0%</b>	<b>13.0%</b>

\* The dividend adjustment factor is calculated on the assumption that the dividends of £44.00 paid by the Company during the year were reinvested into shares or assets of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

### LTL total return performance

The total return performance for LTL is calculated as the return after receiving but not reinvesting dividends received over the period.

The figure disclosed on page 4 has been calculated as show below:

		<b>Six months ended 30 September 2020</b>	
		<b>LTL valuation</b>	
Valuation at 31 March 2020	a	<b>£13,873</b>	
Valuation at 30 September 2020	b	<b>£16,326</b>	
Dividends paid during the year	c	<b>£949</b>	
Total return	[(b-a)+c]/a*100	<b>24.5%</b>	

## Disability Act

Copies of this Half-year Report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Asset Services, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.





