

# LINDSELL TRAIN

## The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 31 MARCH 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.ltit.co.uk](http://www.ltit.co.uk)

### Market Capitalisation

£221m

### Share Price

£1,105.00

### Net Asset Value per share

£1,113.76

### Premium (Discount)

-0.79%

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

### Current Net Yield

4.52%

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 Total Return 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 |

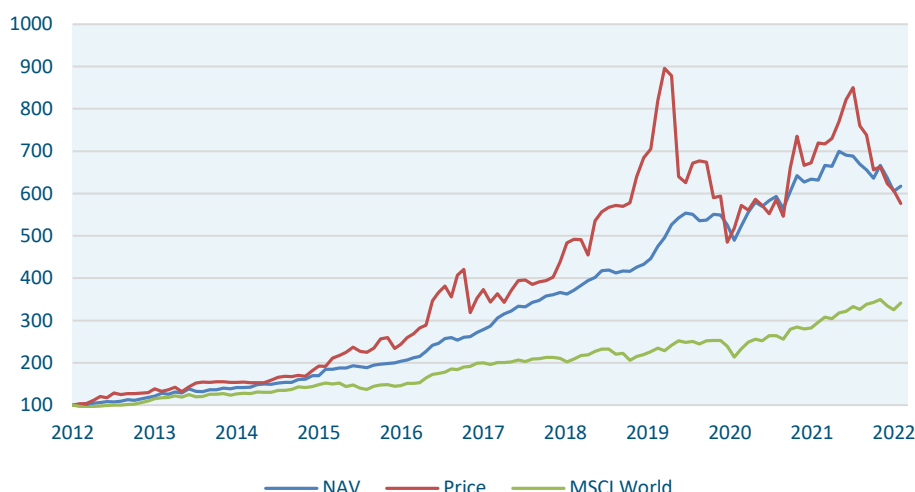
### Total Return Performance to 31<sup>st</sup> March 2022 (%) £

| 31 March 2022      | 1m   | 3m    | YTD   | 1yr   | 3yr   | 5yr   | 10 yr | Since Launch |
|--------------------|------|-------|-------|-------|-------|-------|-------|--------------|
| LTIT NAV           | 2.1  | -7.4  | -7.4  | -2.2  | +11.4 | +17.2 | +20.0 | +14.0        |
| LTIT Price         | -5.2 | -13.2 | -13.2 | -19.9 | -6.5  | +9.1  | +19.1 | +13.9        |
| MSCI World Index £ | 4.7  | -2.4  | -2.4  | +15.4 | +14.6 | +10.4 | +13.0 | +6.9         |

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. For periods greater than one year, returns are shown annualised.

Past performance is not a guide to future performance.

### Investment Growth over the last 10 years



As of 31<sup>st</sup> March 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                       | 43.55 |
| London Stock Exchange Group                  | 8.41  |
| LF Lindsell Train North American Equity Fund | 7.91  |
| Diageo                                       | 7.30  |
| Nintendo                                     | 7.11  |
| RELX   | 3.89  |
| PayPal                                       | 3.84  |
| Unilever                                     | 3.45  |
| Mondelez                                     | 3.21  |
| A.G. Barr                                    | 3.01  |

**Allocation (%NAV)**

|                     |              |
|---------------------|--------------|
| <b>Equities:</b>    |              |
| Consumer Franchises | 20.7         |
| Financials          | 8.4          |
| Media               | 14.8         |
| Unlisted Securities | 43.6         |
| Funds               | 9.5          |
| Cash & Equivalent   | 3.0          |
| <b>Total</b>        | <b>100.0</b> |

*Lindsell Train sector definitions*

**Fund Exposure (% NAV)**

|                | Equity      | Funds      | Cash       | Total        |
|----------------|-------------|------------|------------|--------------|
| UK             | 69.6        | 9.5        | 3.0        | <b>82.1</b>  |
| USA            | 7.1         | -          | -          | <b>7.1</b>   |
| Europe (ex UK) | 3.7         | -          | -          | <b>3.7</b>   |
| Japan          | 7.1         | -          | -          | <b>7.1</b>   |
| <b>Total</b>   | <b>87.5</b> | <b>9.5</b> | <b>3.0</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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Even though year-to-date relative performance remains challenging - mainly due to the fall in PayPal's shares (see last month's review) and the strong showing from energy companies and leveraged financials - the first three months into 2022 reveal some encouraging performance from the Trust's other core quoted holdings, that are now all about 7% of NAV.

Diageo's share price, having fallen 20% after hitting a new all-time high in late 2021, has recovered that lost ground in March and early April. As senior management conveyed to us in February, the business is firing on all cylinders in all regions. Recent commodity price increases will affect the company (most particularly the price increase for agave, the core ingredient for Tequila) but Diageo's relatively high gross margins and focus on premiumisation make it easier for it to absorb or pass on price increases than for most companies.

The announcement of the London Stock Exchange's 2021 results reassured investors that the integration of Refinitiv was progressing to plan with targeted revenue, margin and debt reduction all achieved or exceeded. Also, there was more detail revealed about the company's market positions now it is an integrated operation. There were a number of features that gave us encouragement as shareholders: the breadth of its presence across the trade cycle - pre trade, trade and post trade - with now a wealth of data that underpins each step of that cycle; the focus on customer retention by prioritising recurring over transactional revenues; the controlling shareholding in Tradeweb as an increasingly valuable independent trading venue for fixed income, derivatives and ETFs; how the company has stemmed falling sales in the terminal business as Workspace - the replacement to Eikon - is rolled out and how additional acquisitions (Quantile and TORA) and divestitures (BETA+) are helping to focus its resources on faster growing areas of the business. The shares have responded well, now up 15% this year, and as I write the holding has reached almost 9% of NAV.

Lockdowns have given sales of Nintendo's Switch hardware and software a fillip and it now seems that, far from borrowing sales from the future, the pandemic era has helped to extend the recognition and engagement of consumers with Nintendo's intellectual property ('IP'). In the current financial year sales of hardware will be down but some of that fall is attributable to parts shortages. Software sales, on the other hand, look as though they will emulate the record high figures from last year. This is helped by a bigger installed base of users, the company's successful release of core titles to refresh consumer choice and the ease of distribution as, increasingly, titles are downloaded rather than purchased through the retail channel. Even better, these digital sales attract much higher margins and provide a direct link with the customers - helping boost data on customer usage and purchasing intentions. More information has been released about next year's software line-up which should help further prolong the Switch cycle. Added to that we hope to see initial results from Nintendo's attempts to showcase its IP more widely, with its licensing to theme parks and later this year the release of a Nintendo movie. Nintendo's attractive valuation - c.15x P/E, 3x EV/Sales - seems to be drawing the support that the shares deserve, up 17% so far this year.

And finally, we note the private equity approach made towards Pearson disclosed earlier in March. Prior to that approach we sold the Trust's small residual position we had in the company and no longer own Pearson shares across any of our strategies, so have little to add at this point other than to wish the company well. We still admire Pearson as a long-term owner of important and differentiated IP but have not added to our position since 2016 and have instead prioritised reinvesting any net income received by the Trust (after paying out dividends) into building up the holding of Laurent-Perrier.

**Michael Lindsell, 12th April 2022**

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

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

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

## Risk Warning

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