Lindsell Train

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 31 March 2023 | 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

Calendar Year Total Return Performance (%) £

	2018	2019	2020	2021	2022
LTIT NAV	+16.2	+32.4	+16.5	+3.8	-9.4
LTIT Price	+46.6	+2.1	+24.6	-9.7	-13.4
MSCI World Index £	-3.0	+22.7	+12.3	+22.9	-7.8

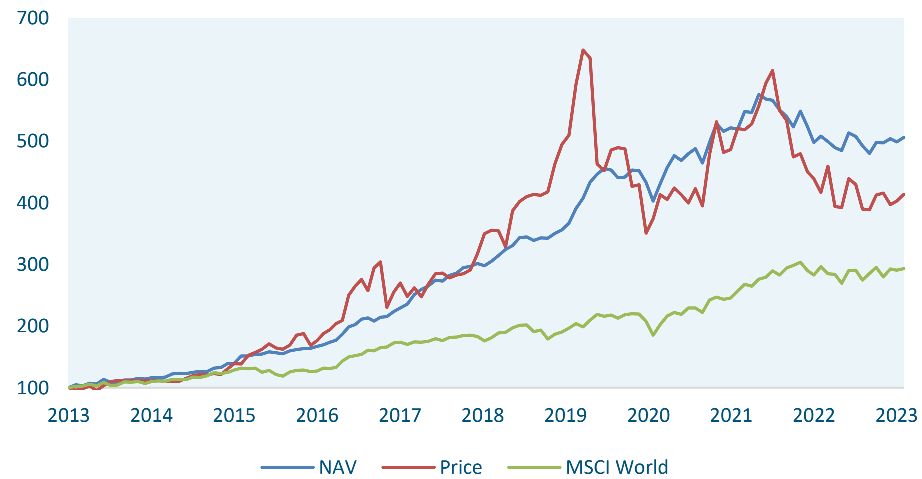
Total Return Performance to 31st March 2023 (%) £

					Annualised			
	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Launch
LTIT NAV	1.4	1.7	1.7	-0.4	7.9	11.1	17.0	13.3
LTIT Price	2.7	-0.5	-0.5	-0.7	3.4	3.4	15.7	13.2
MSCI World Index £	0.9	4.8	4.8	-1.0	16.5	10.8	11.1	6.5

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 31st March 2023. 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

£211m

Share Price

£1,052.50

Net Asset Value per share

£1,056.87

Premium (Discount)

(0.41)%

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

Current Net Yield

5.04%

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%.

Top 10 Holdings (% NAV)

Lindsell Train Limited	40.32
London Stock Exchange Group	8.75
LF Lindsell Train North American Equity Fund Acc	8.21
Diageo	7.19
Nintendo	6.07
RELX	4.49
Unilever	4.40
Mondelez	4.01
Heineken Holding	3.13
A.G. Barr	3.01

Allocation (% NAV)

Equities:	
Consumer Franchises	23.6
Financials	8.7
Media	13.4
Unlisted Securities	40.3
Funds and Trusts	10.0
Cash & Equivalent	3.9
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure (% NAV)

	Equity	Funds* and Trusts	Cash	Total
UK	68.2	1.8	3.8	73.8
USA	6.8	8.2	-	15.0
Europe (ex UK)	5.0	-	-	5.0
Japan	6.1	-	0.1	6.2
Total	**86.1**	**10.0**	**3.9**	**100.0**

**Exposure of funds are assigned to their investment area*

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 of the Board and Management Engagement Committee)
Nicholas Allan (Chairman of the Nomination Committee)
Vivien Gould (Senior Independent Director)
Richard Hughes (Chairman of the Audit Committee)
Roger Lambert
Michael Lindsell
Helena Vinnicombe

Portfolio Manager's Comments

There has been encouraging performance from four quoted positions in the first quarter of the year, though one has frustrated us.

Shares of the London Stock Exchange (LSE) are up 10% following an encouraging set of 2022 results. An important partnership with Microsoft, which cemented the relationship by taking a 4% stake in the company, has no doubt also been a factor. Microsoft will provide the LSE with cloud infrastructure and the LSE will provide an entrée to financial services data and products that Microsoft has little exposure to currently.

Following the results, the Thompson Reuters Blackstone consortium successfully placed a 5% stake in the company. The consortium still owns 28% of the LSE with 8% of that free from lockups to sell this year if it should so choose. It's clear that as the percentage ownership of these perceived shorter-term holders falls and as value builds with growth and rising profitability, there is potential for the shares to trade more in line with the enterprise valuations akin to other exchange, data and analytics companies which sits at around 10x sales, rather than at the LSE's current valuation of 6x. At what point the allure of value transcends the fear of supply is anyone's guess but it's encouraging to see that those buyers in early March have made more than 10% already. We are prepared to wait and reap the benefits of compounding retained earnings in the meantime.

Heineken's results have helped elicit an even better short-term reaction with the shares up 17% over the quarter. The company has achieved an impressive recovery from the travails of covid and lockdowns with net revenues 18% higher than 2019 and operating profits up 11%. Within that is an impressive performance from the company's premium brands, especially the Heineken brand itself where sales have continued to grow right through the period, and in 2022 were up 36% as compared to 2019. This includes the popular non-alcoholic Heineken 0.0 and the more recently introduced Heineken Silver, which particularly resonates with Asian diners. In addition Heineken has just closed its transaction to buy Distell in South Africa, which will significantly boost its distribution capabilities there and in surrounding countries.

RELX is at last breaking out of the £21-24 trading range of 2022. Currently at £26, investors have responded to an encouraging set of results which included revenue growth of 9% and operating profit growth of 15%. Part of this is due to a strong recovery in the exhibitions business, which was hit by Covid lockdowns. However, perhaps more significant was the 8% revenue and profit growth from RELX's Risk division (34% sales), thanks in part to a greater rollout of decisioning tools. Decisioning tools are differentiated and offer higher value-add to consumers, thereby encouraging repeat business. When speaking with management after the results, they emphasised the importance of developing such decisioning tools for their customers across all parts of the business that use the data sets they own or access. To date most decisioning tools have been rolled out within the Risk division, which helps to account for some of its higher growth but encouragingly, even within this division management said they were only halfway to 'tech maturity'. Within the Science, Technical & Medical and Legal divisions they are even further behind, so arguably the potential here is even greater in the future.

Mondelez's price has perked up and a bit and like RELX seems to have broken free at $70 from a trading range between $55-68 for much of 2021 and 2022. The underlying business has been remarkably steady through the vicissitudes of the last three years. Snacks have weathered the disruption of Covid with sales growth of 22% since 2019, while selling prices have risen to offset input cost pressures and preclude any adverse impact on margin. The snack categories of chocolate and biscuits, with brands such as Cadbury and Oreo at their core, have done best, though gum and candy also recovered strongly last year. Mondelez has also been keen to improve its portfolio of brands with purchases of Ricolino, a chocolate and confectionary leader in Mexico; Clif Bar, a specialist snack bar brand in the USA; and Chipita, a European croissant and baked snack franchises. These acquisitions were in part financed by the continued sale of its legacy coffee investments, and in the future by anticipated sales of its developed market gum business.

The one frustration has been Nintendo, with the share price down 7% in the first quarter. Investors worry about the future beyond the highly successful but maturing Switch console. It is true that hardware sales have peaked and will probably diminish slowly from here. That said, with such a big installed base (130 million Switches globally) software sales can continue to do well, especially if there are launches of new successful titles. Unlike the past there are other revenues streams, such as merchandising, licensing from theme parks and animated films. For instance the initial box office takings of the newly released Super Mario film suggests it could gross up to Y150bn. These initiatives have not yet had a material impact on overall revenues but together with a steady stream of mobile games, they help to showcase Nintendo's intellectual property to global consumers, in turn building familiarity. It also helps that profitability today is higher than in previous cycles owing to an increase in digital downloading of software such that it now accounts for 46% of total software sales. Unlike before there is also the loyalty of the 36 million Nintendo account paying members, and the data collected from last year's record total of 112 million annual playing users can be used to cement future customer relationships as a new console

Portfolio Manager's Comments

succeeds the current one. If the past is anything to go by, when investors look beyond this console cycle the pendulum of valuation could move from its low rating today to a much higher one as the shares anticipate a new multi-year expansion of its franchises.

Michael Lindsell, 14th April 2023

Source Data: Lindsell Train Ltd & Bloomberg; as of 31st March 2023.

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

The top three absolute contributors to the Fund's performance in March were LSE Group, Diageo, and Mondelez and the top two absolute detractors were Laurent-Perrier and A.G. Barr.

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