LINDSELL TRAIN

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS AT 30 JUNE 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

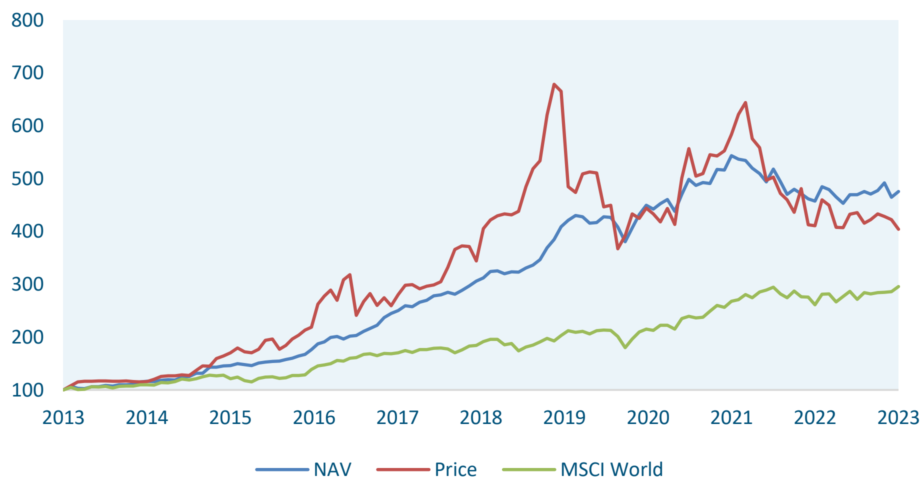
Total Return Performance to 30th June 2023 (%) £

					Annualised			
	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Launch
LTIT NAV	+2.3	-0.4	+1.3	+4.0	+1.9	+9.2	+16.9	+13.2
LTIT Price	-4.2	-6.7	-7.1	-1.5	-3.1	+3.3	+15.0	+12.6
MSCI World Index £	+3.4	+3.9	+8.9	+13.2	+11.1	+10.4	+11.5	+6.6

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 30th June 2023. Source: Lindsell Train, 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

£196m

Share Price

£982.00

Net Asset Value per share

£1,053.01

Premium (Discount)

(6.74)%

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

Current Net Yield

5.40%

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	37.24
London Stock Exchange Group	9.34
LF Lindsell Train North American Equity Fund Acc	8.51
Nintendo	6.93
Diageo	6.75
RELX	4.52
Unilever	4.32
Mondelez	4.08
Heineken Holding	2.89
A.G. Barr	2.81

Allocation (% NAV)

Equities:	
Consumer Franchises	22.9
Financials	9.3
Media	13.9
Unlisted Securities	37.2
Funds and Trusts	10.3
Cash & Equivalent	6.4
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure (% NAV)

	Equity	Funds* and Trusts	Cash	Total
UK	65.0	1.8	6.4	73.2
USA	6.5	8.5	-	15.0
Europe (ex UK)	4.9	-	-	4.9
Japan	6.9	-	-	6.9
Total	**83.3**	**10.3**	**6.4**	**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

Some of our holdings did well over the first half of 2023, although we wish more of them had. What should we do in these circumstances? We must keep alert to new ideas, of course, but also keep faith in our existing holdings, even if they are not currently performing. But only if we can believe they still offer the potential to meet our and shareholders' aspirations for future investment returns. We think about this all the time. Below I share with you our thinking about the 10 direct equity holdings in your portfolio, looking back over the last decade and forwards several years too. I start with the biggest portfolio position and work downwards.

In 2013, the London Stock Exchange Group (**LSEG**) reported earnings per share of £0.70p. This year it looks likely to earn £3.34p, for a nearly 5-fold increase over the past decade. Of course, this is highly satisfactory and, in our opinion, earnings growth is likely to continue for the foreseeable future. In particular, we are encouraged by the joint venture LSEG entered into with Microsoft, announced in late 2022, which we expect will lead to accelerating growth, as Microsoft's AI capabilities are combined with LSEG's data and distribution networks across global capital markets. In fact, LSEG was the best performer in your portfolio over the first half of the year with a total return of 18%.

Nintendo's earnings in 2013 were only ¥7 per share, as profits were then close to a nadir through a period of heavy investment into a new gaming device. This year earnings are forecast to be ¥370, which, to put into context, are over 3-fold higher than 5 years ago (50-fold higher than those of 2013). Back in June 2013, Nintendo's shares were trading at c.¥1,100, today they are at ¥6,300. That gain over the last decade illustrates the potential for investors in Nintendo if the company can continue to build on the enormous popularity of its intellectual property. In H1 2023, Nintendo's shares delivered a 21% gain, in local currency terms. Sadly, in Sterling the return was much lower, at c.3%, owing to significant weakness in the Yen.

Diageo's earnings are up 60% over the last decade, with its shares up c.80% since mid-2013, too. We hope the next decade will be more exciting. Covid certainly accelerated the already established tendency for consumers to drink less, but higher quality alcohol, with premium spirits being the prime beneficiary. Diageo is as well positioned to capitalise on this secular trend as any other quoted beverage company, we believe – because of the breadth of its brand portfolio and global distribution. We note Diageo has not only grown its dividend every year for the last quarter of a century, an admirable history, but has also consistently bought back its shares for cancellation. The share count is around 20% lower in 2023 than a decade This should make future revenue growth translate into faster earnings growth, as there are fewer shares to service. Valued at little more than 20x earnings, Diageo offers investors a starting earnings yield of 5%, with the likelihood those earnings will at a minimum grow ahead of the rate of inflation. To us this seems a bargain, yet I must acknowledge the 7% decline in the price of Diageo shares over the recent half year suggest other investors may not agree.

RELX earned £0.52 per share in 2013 and is expected to report £1.10 in 2023 – a very satisfactory rate of growth, delivered by a business that provides "must-have" data and analysis to the world's scientific, legal and insurance industries. We hope the company is correct in its claim that its earnings growth could be even higher over the next decade, as it integrates AI tools into more of its services. The 16% share price gain so far in 2023 is encouraging.

Unilever is friendless in 2023, its shares unchanged over the first half of the year. We remind ourselves that the company earned £1.58 per share in 2013 and is forecast to deliver £3.00 of earnings this year. A 90% uplift in earnings over a decade from a company as steady as Unilever seems acceptable to us – at least as part of an equity portfolio. A bright spot for Unilever and one not to be ignored, is the continued progress of its Indian subsidiary, HindustanLever (HUVR), of which Unilever owns c.60%. This stake is currently worth over £36bn, or 36% of Unilever's own current market capitalisation. HUVR's earnings over the last decade have nearly trebled and there seems every reason to expect more such growth from the biggest consumer products company in the world's most populous nation. HUVR's share price has risen 4.5-fold over the last decade and if this were to be repeated could be a meaningful driver of Unilever's own stock market value.

Mondelez' earnings have doubled over the last decade and its shares are up 2.5x. Earlier in 2023 the company raised its forecasts for revenue and earnings growth up to 10% for next year, indicating that the combination of its global beloved brands like Belvita, Cadbury and Oreos, and the increasing tendency for global consumers to snack or permit themselves small treats continues unabated. The shares have returned c.5% so far in 2023 in Sterling. Chocolate may look dull in comparison to AI or biotechnology research, but its predictability is much higher. There are times when investors value such predictability far higher than they do now.

Heineken earned €2.33 per share in 2013 and is forecast to deliver €4.70 10 years later; and its shares have gained c.90% since the summer of 2013 too, up 8.5% in the first half of 2023. Earlier this year we noted that part of the sale of €3bn of Heineken shares made by the Mexican bottling business FEMSA were purchased by Heineken itself, as part of its share buyback programme. In addition, another tranche was bought by the Bill Gates Foundation, which has

Continued..

Portfolio Manager's Comments

become a top 5 shareholder in the company as a result. Why would the Gates Foundation make a near $1bn investment in a beer company? We expect it is because its brands, global ubiquity, inflation protection and exposure to favourable demographic trends in Emerging Markets make Heineken look like a very good store of long-term equity value.

AG Barr is a longstanding holding for your company, first bought over 20 years ago. During the first decade of our investment to 2013, net earnings more than trebled. Since then, however, progress has been pedestrian. Earnings are only 25% above 2013's level and, disappointingly, the share price is down c.7% over that period, with the shares down 10% in the first half of 2023. We know management well and have a high regard for their commercial acumen. We note that a decade ago, the company had debt of c.£26m and modest net cash balances. Today, net cash stands at c.£50m, or c.10% of the market capitalisation. This shows Barr's core brands continue to generate good free cash flows. It also means there is a clear opportunity for the company to get its growth rate going again – preferably by investing more behind existing brands or making acquisitions, where its recent history is good.

PayPal grew earnings from less than a $1 per share in 2013 to a forecast c.$5 this year, and its share price is up over 70% since we inherited it from its demerger out of eBay in 2015. More recent performance has been challenging, including a loss of 11% in Sterling terms this year thanks in part to concerns over competitors like Apple Pay. We remain hopeful that payments is a big enough market for multiple competitors, and PayPal is one of the few players that has the critical mass of active customers and merchants, which is so hard for challengers to replicate. We have a meeting with management over the summer which we hope will crystalise our views and we look forward to updating you on our findings.

Laurent Perrier's earnings have nearly trebled since 2013 and its share price is up c.90% over the same period. We have little doubt that the company will be able to repeat or improve on this performance by 2033 and would like to see the shares making up a higher proportion of your portfolio, albeit buying them requires patience.

No investment portfolio is ever perfect for all stock market conditions and against all future eventualities. We know we have, as always, some thinking to do about current holdings and consideration to give to prospective ones too. Nonetheless, having reviewed the current portfolio, I am reminded we own some outstanding business franchises and brands that have created wealth for patient investors in the past and could readily do so again in the future.

Nick Train, 19th July 2023

Source Data: Lindsell Train Ltd & Bloomberg; as of 30th June 2023.

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

The top three absolute contributors to the Fund's performance in June were LF Lindsell Train North American Equity Fund, Nintendo and RELX and the top three absolute detractors were London Stock Exchange Group, A.G. Barr and Lindsell Train Limited.

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