Lindsell Train

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 31 DECEMBER 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 (%) £

	2019	2020	2021	2022	2023
LTIT NAV	+32.4	+16.5	+3.8	-9.4	+3.3
LTIT Price	+2.1	+24.6	-9.7	-13.4	-13.9
MSCI World Index £	+22.7	+12.3	+22.9	-7.8	+16.8

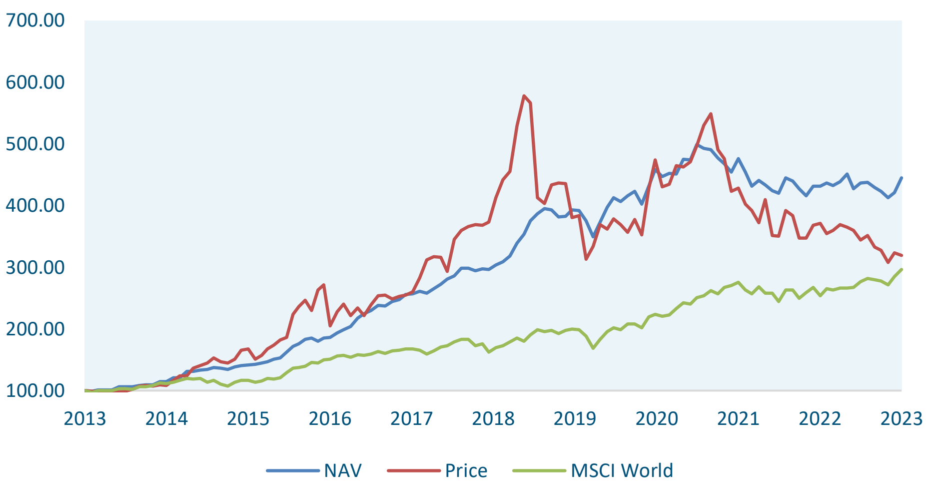
Total Return Performance to 31st December 2023 (%) £

					Annualised			
	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Launch
LTIT NAV	+5.8	+5.4	+3.3	+3.3	-0.9	+8.4	+16.1	+13.0
LTIT Price	-1.3	-2.5	-13.9	-13.9	-12.4	-3.1	+12.3	+12.0
MSCI World Index £	+4.2	+6.7	+16.8	+16.8	+9.8	+10.4	+11.5	+6.8

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. 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 December 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.

Market Capitalisation

£173m

Share Price

£864.00

Net Asset Value per share

£1,020.85

Premium (Discount)

(15.36%)

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

Current Net Yield

5.96%

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
Dividends Payable	September

*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	36.12
London Stock Exchange Group	10.67
WS Lindsell Train North American Equity Fund	9.09
Nintendo	8.21
Diageo	5.95
RELX	5.53
Mondelez	4.17
Unilever	4.13
A.G. Barr	3.17
Heineken	2.89

Holdings and allocation subject to change

Allocation (% NAV)

Equities:	
Consumer Franchises	22.3
Financials	13.0
Media	14.7
Unlisted Securities	36.1
Funds and Trusts	10.9
Cash & Equivalent	3.0
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure (% NAV)

	Equity	Funds* and Trusts	Cash	Total
UK	65.6	1.8	3.0	70.4
USA	6.5	9.1	-	15.6
Europe (ex UK)	5.9	-	-	5.9
Japan	8.2	-	-	8.2
Total	**86.2**	**10.9**	**3.0**	**100.0**

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

Fee Information

Annual Fee	Performance Fee
0.60% management fee of the lower of the company's market capitalisation or NAV calculated daily. Ongoing Charges Figure (OCF)* of 0.96%.	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.

*The OCF is a measure of the impact of the costs that are incurred each year for managing your investments and running the Company. The OCF excludes any portfolio transaction costs. It is published in the Key Investor Information Document (KIID) dated 27/09/2023, a copy of the KIID is available from wwww.ltit.co.uk.

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Please refer to Lindsell Train's Glossary of Investment terms here.

Portfolio Manager's Comments

Happy and Prosperous New Year to our shareholders. We sincerely hope it will be a prosperous one for all LTL clients. And we are certainly pleased to see the back of 2023; another year when our long-adhered to investment strategy and some of our long-standing investment holdings didn't work or didn't work as well as we hoped. As I said in my December report for the UK strategy:

"This is disappointing to me and all my colleagues, because we work hard, we care and are invested in the strategy ourselves."

The truth is that assiduity, dedication and skin in the game are indeed all necessary qualities for investment success, but they are not sufficient. We must hope that the missing, sufficient, ingredient, whatever it is, reasserts itself for us in 2024 and beyond.

Mike and I asked our colleagues James and Ben to write the year-end report for the Lindsell Train Global Equity Fund, because we wanted our investors to understand how the next generation of talent at LTL thinks about the validity of our investment approach, and its application to individual and important holdings in the Fund. I provide excerpts from the report below, which I believe are relevant for shareholders of your Company.

The excerpts give an account of the issues affecting our performance in 2023 and represent a restatement of how LTL seeks to create investment value for clients. I also include comments from James and Ben about holdings that are common to your portfolio and the Global Equity Fund.

"Despite impressive index-beating performances in 2023 from a number of [the Global Equity Fund's] top holdings, including our most recent addition FICO (+94%), Intuit (+62%), RELX (+39%), Nintendo (+38%), and LSEG (+32%), weaker showings further down in the portfolio – especially from our Consumer Staples names, which lost part of their appeal to income-seeking investors as bond yields rose – resulted in the overall relative underperformance.

It was a notably strong year for the MSCI World Index; its third best absolute return over the last decade thanks in no small part to the much-discussed, albeit only recently coined 'Magnificent Seven' stocks. These names now account for nearly 20% of the index, and delivered over half of the index's total return this year. Not owning any of these names resulted in a significant headwind to performance.

As a general rule, we prefer not to focus too much on what we 'don't own'. Our process is simple, and remains the same as it always has been: we're trying to find long-lasting franchises with deep moats and the ability to reinvest at super-normal rates of return for extended periods of time, and then hold onto them for the truly long term. Recognising the concentrated nature of the [Global Equity] Fund, and with an average annual turnover of just c.5%, this inevitably means that at any given time there will be a vast number of names we don't own, amongst which there are bound to be some exceptional performers. The unusual feature today is that the influence of some of these 'un-owned' names has reached new extremes, and their omission is therefore felt more keenly.

However, this current phenomenon has not, and will not change how we invest. We remain focused on optimising the bottom-up credentials of our highly concentrated, idiosyncratic portfolio, and don't believe that paying any extra attention to the index will result in a higher likelihood of outperformance (if anything, one might expect the opposite)."

What strikes me as important in the above commentary is not just the reassertion of our disciplined approach, but also the reminder that more recently-added technology-related holdings in our Global Fund – like FICO and longer established ones, such as Nintendo or RELX, have participated in the current bull market in digital businesses and, as is apparent so far in 2024, can continue to do so.

Below are their comments about major holdings in the Fund which are also held in the investment trust. I hope you are as enthused by their accounts as I am and understand why they have become and remain core holdings for LTL's global portfolios.

"**Nintendo** ends the year as our top holding [in the Global Equity Fund]. We continue to believe it offers one of the most valuable, under-utilised treasure troves of entertainment IP available globally. As ever, much of the investment debate centres around the console cycle, given that Nintendo's mainstay product – the Switch – is now seven years old, and its successor is yet to be formally announced. We acknowledge the difficulties of modelling out this transition in the short term, but believe it's crucial not to miss the bigger picture. Nintendo after all owns some of the most beloved franchises in the video game industry, responsible for several billion cumulative game units sold, and it's ultimately the strength and resonance of Super Mario, Zelda, Pokémon and many others that will underpin the company's long-term future over multiple cycles to come. In any case, the transition to the next-generation console should be far smoother than in the past, thanks to easier backwards compatibility as a result of digital downloads, greater buy-in from third-party developers, and closer relationships with users via online Nintendo accounts. At the same time, it's clear that Nintendo is finally starting to evolve from a pure video game developer into a bona fide multimedia entertainment company, as demonstrated by this year's release of The Super Mario Bros movie, the unveiling of a number of international theme parks, and a greater focus on merchandise more generally. This crucial shift, decades in

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Portfolio Manager's Comments

the making, strikes us as an extremely attractive setup for the years to come.

The London Stock Exchange Group (LSEG) is finally coming back into favour. The company has spent the last few years digesting its 2021 acquisition of Refinitiv, its largest corporate action ever, and the initial results are looking promising. Management have successfully turned around the Banking division, more than doubled the growth rate in the all-important Enterprise Data segment, and are on track to achieve or surpass all of the original margin and synergy goals. Most importantly of all, LSEG itself has been completely transformed from a predominantly regional market infrastructure company into a truly global data & analytics player, with majority recurring revenues. Despite all this it continues to trade at an unwarranted discount to its US information services peers. Presumably this is due in part to the sizeable overhang of LSEG shares that the Refinitiv vendors have been progressively selling down – but again, this is a phenomenon of the last few years, and is due to be wrapped up imminently. All in all, the strong share price performance since the company's most recent capital markets day would suggest that investors are now looking ahead to the company's next phase, as the strategic focus moves more clearly from integration to growth. The new mid-term targets certainly look appealing in their own right – mid- to high-single digit organic growth, and ongoing margin expansion from an already impressive 46% EBITDA margin level – but bear in mind these don't even include the yet unknown benefits of LSEG's recent partnership with Microsoft, of which we expect to see a lot more in the next few years. At this juncture it's difficult to quantify the full tailwind, but it was clearly a sufficiently meaningful opportunity for Microsoft to take an equity stake in LSEG and join us as a top-10 shareholder.

RELX has already evolved considerably during Lindsell Train's multi-decade period of ownership, from a publisher with the majority of its revenues coming from print, to a leading provider of data analytics and decisioning tools with 85% of revenues now delivered electronically. By the end of 2023 the company was unanimously dubbed a generative AI beneficiary in recognition of the incredibly valuable data sets it has accumulated over the years in its Legal, Risk, and Scientific, Technical & Medical divisions, and indeed AI looks set to be its next key underlying growth driver. The company has in fact been investing in its AI capabilities for over a decade, and has already built up significant credibility. There's no doubt that RELX owns phenomenally useful data and content – from legal case histories to scientific journals, and auto insurance data sets to identity verification profiles – but just as importantly the company also often provides accompanying tools and applications, making its position in its customers' workflows even more secure. Going forwards we expect to hear a lot more about its AI-enabled offerings, and the higher growth rates that will come as a result of upselling these superior, more expensive tools. To give just a single example, RELX will be able to charge considerably more for Lexis+, its top of the line Legal AI solution that's able to summarise cases and help draft documents, than it ever was for a set of printed legal dictionaries.

Diageo arguably possesses the most enviable portfolio in the Spirits industry, with No.1 market positions in Scotch, Vodka, Rum, Tequila and Gin, plus a highly valuable look-through exposure to the No. 1 player in Cognac and Champagne, via its stake in LVMH's Wine & Spirits division. Spirits is a consistent, durable category, with the US Spirits category having posted both volume and retail value growth every single year for the last two decades. Diageo is extremely well positioned within the category, with the majority of its sales coming from the premium and super-premium segments, which continue to out-grow the market. Unfortunately Diageo's performance was weak in 2023 as the company grappled with lower growth in the US, and a surprise contraction in Latin America, with additional local complications around poor channel visibility and oversupply that will take a while to unwind. Looking beyond this short-term volatility, we're more focused on the company's target to grow its share of global TBA (total beverage alcohol) from 4% to 6% by 2030. Several of Diageo's brands are more than a century old – Johnnie Walker dates back to 1820, and Guinness to the 1750s – but there's still plenty of growth to go for.

Heineken gives us access to the world's leading international premium beer by retail sales value, namely the eponymous Heineken brand, along with a comprehensive portfolio of other leading brands including Tiger, Snow and Desperados. The Heineken brand was first brewed in 1873 and continues to grow resolutely – it's already a third larger than it was pre-covid, and total volumes are up more than 7x over the last 30 years. The company has carefully orientated its portfolio towards the highest industry growth vectors through selective acquisitions over the years, and as a result it over- indexes to the premium price category (40% of revenues) as well as the Emerging Markets (53%). As we've observed with many other dominant consumer brands in other categories, with market leadership comes pricing power, and Heineken has put through some of the strongest and most confident price increases in the industry over these tumultuous last few years. Looking ahead, we anticipate both stronger bottom-line growth on the back of COGs (cost of goods sold) deflation in the near-term, and also rejuvenated longer-term revenue growth as some of their leading Emerging Markets return to growth, and considerable marketing investments in product innovations like Heineken Silver and alcohol-free Heineken 0.0 continue to pay off.

Mondelez continues to fire on all cylinders. Both its core categories of chocolate and biscuits remain highly

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Portfolio Manager's Comments

attractive, with great investment characteristics – low private label penetration, affordable small-ticket impulse purchasing patterns, and demonstrable price inelasticities – and its portfolio of brands includes iconic, storied names such as Cadbury, Oreos, and Milka. Mondelez is the long-standing market leader in biscuits, with a global market share larger than its next seven competitors combined, and a close #2 in Chocolate, where it is gunning for Mars. We're encouraged by the company's portfolio management in recent years, namely the divestiture of the gum business, and promising acquisitions in the Cakes & Pastries and Snack Bars verticals. We also note its attractive 40% exposure to the Emerging Markets, where per capita snacking spend is still incredibly low. Ultimately this is a company that should continue to deliver on its steady growth algorithm year in and year out as consumers tend not to cut back small, branded indulgences regardless of the economic backdrop."

In conclusion, a paragraph that has validity for all our portfolios – Global, UK, North American and Japanese.

"There will be times – and perhaps 2023 was an example – when investing in financial data vendors; legal, accounting and tax software providers; and chocolate, crisps, spirits and soft drinks producers might seem conservative at best, and staid at worst, especially when there are evidently more exciting alternative potential investments out there.

"Put another way, it is probably unlikely that in any given year, a company like Mondelez will triple in value. However, this all speaks to a core tenet at the heart of our approach – that inefficiencies exist in the valuation of those rare companies, which have demonstrated true longevity, and about which we have few concerns regarding their terminal value. How many of the current technology favourites will still be relevant in 30 years? History suggests there will be unpredictable, but material, attrition out of any generation of tech-winners. By contrast, the probability, for instance, that new generations of gamers will be enjoying Pokemon in another 30 years (they were unleashed on the world in early 1996) seems reassuringly high. The performance of some of our holdings may appear pedestrian over shorter periods, but it becomes anything but over the longer term, if the compounding effect can be fully captured – precisely because this compounding phenomenon is rarely priced accurately in the present. As such, we continue to subscribe to the same underlying philosophy that has guided the firm for more than two decades, while of course striving to evolve all our portfolios into an optimal state, and trust that our overarching emphasis on patient quality investing will win out over the long term."

Nick Train, 19th January 2024

Source: Lindsell Train, Morningstar & Bloomberg; as of 31st December 2023

Note: All stock returns are total returns in local currency unless otherwise specified.

The top three absolute contributors to the Trust's performance in December were Lindsell Train Limited, Nintendo and London Stock Exchange Group and there were no absolute detractors.

Important Information