Lindsell Train

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 31 JANUARY 2024

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

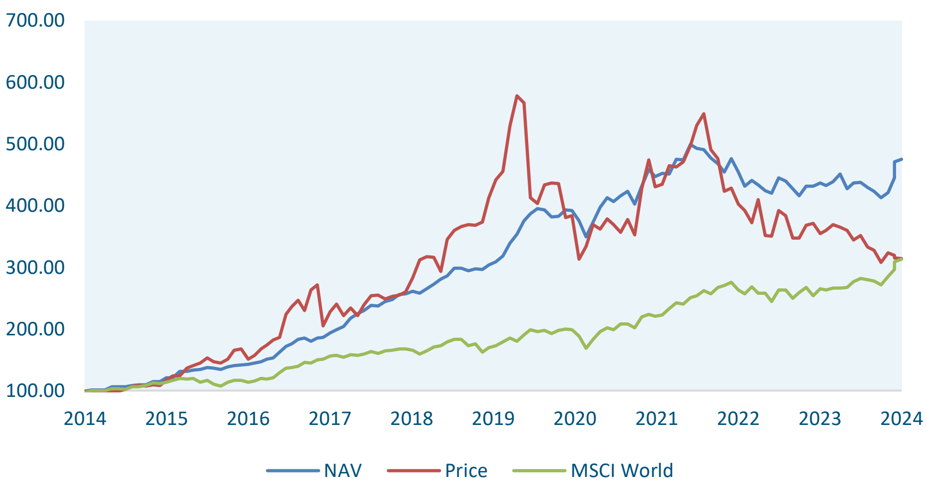
Total Return Performance to 31st January 2024 (%) £

					Annualised			
	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Launch
LTIT NAV	+0.9	+8.8	+0.9	+2.8	+0.2	+8.1	+16.3	+13.0
LTIT Price	-0.3	+3.6	-0.3	-10.2	-9.6	-5.1	+12.4	+11.9
MSCI World Index £	+1.3	+10.7	+1.3	+13.1	+10.8	+10.4	+12.0	+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 31st January 2024. 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

£172m

Share Price

£861.00

Net Asset Value per share

£1,029.99

Premium (Discount)

(16.41%)

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

Current Net Yield

5.98%

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%.

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Top 10 Holdings (% NAV)

Lindsell Train Limited	34.98
London Stock Exchange Group	10.20
WS Lindsell Train North American Equity Fund	9.31
Nintendo	8.88
Diageo	5.90
RELX	5.75
Mondelez	4.30
Unilever	4.15
A.G. Barr	3.48
Heineken	2.87

Holdings and allocation subject to change

Allocation (% NAV)

Equities:	
Consumer Franchises	22.7
Financials	12.5
Media	16.0
Unlisted Securities	35.0
Funds and Trusts	11.0
Cash & Equivalent	2.9
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure (% NAV)

	Equity	Funds* and Trusts	Cash	Total
UK	64.5	1.7	2.9	69.1
USA	6.6	9.3	-	15.9
Europe (ex UK)	6.2	-	-	6.2
Japan	8.9	-	-	8.9
Total	**86.2**	**11.0**	**2.9**	**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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Board of Directors

Nicholas Allan (Chairman of the Nomination Committee)
Vivien Gould (Senior Independent Director)
Roger Lambert
Michael Lindsell
David MacLellan (Chairman of the Audit Committee)
Helena Vinnicombe

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Portfolio Manager's Comments

For the first time since initiating our holding in Laurent-Perrier in 2017, we have begun a new equity position in Universal Music Group (UMG). This has been funded by cash accumulated from dividends, particularly from those earned from the Trust's holding in Lindsell Train Limited (LTL), and from cash raised from sales of LTL shares to LTL's employees as part of the company's profit share scheme. UMG is currently a small position, just 1.5% of NAV, which we hope to build over time. We have bought it across other global portfolios at Lindsell Train.

James Bullock described the opportunity in the latest monthly commentary for the Lindsell Train Global Equity Fund, outlined below:

"As the world's leading music company, built through generations of consolidation (MCA and Decca, arguably UMG's key predecessors, were founded in 1924 and 1929 respectively), UMG supplies roughly a third of the planet's recorded music (ahead of the other two 'majors' Sony and Warner), curating, producing, and promoting artists. On top of this, as a publisher, UMG holds nearly a quarter of humanity's written songs. Spun out from Vivendi as an independent listed entity in 2021, backed by strategic shareholders such as Tencent, the shares have spent two years languishing. Despite a torrent of good news, at the point of our initiation they still traded below their 2021 IPO price. Of course, this may simply reflect over-optimism at float, but FY23's expected sales and operating profit are now already c.50% higher than in FY19, taking UMG's current multiple to a more reasonable level.

"Music is ingrained and integral to the daily life of swathes of humanity, with engagement levels rising as new distribution modes widen access. Monetisation (not consumption) has eluded the industry at times in the past, but these issues appear well resolved by the ubiquity of subscription streaming, with new markets such as video games and social media rapidly emerging. As core content owners and market leaders (note the importance of this dominance, given that globally, the top 1% of artists represent 90% of music streams) UMG holds a uniquely strong hand. If management can capitalise on these tailwinds and execute on analyst expectations for growth, we hope this will prove an attractive entry point."

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I would like to make a few further observations. Music is an oligopolistic business with three major players accounting for c.70% of revenues – UMG being the largest. This structure helps to limit the potential for new entrants. Following the advent of streaming, music has morphed from a limited addressable market (captured by c.10% of the world's consumers) to a massive addressable market (with the potential to capture 100% of world consumers). Capturing this market is possible because the cost of streamed music is so affordable. The vast majority of people listen to music and many of them enjoy listening to the same artist and even the same song over and over again.

As such, music is irreplaceable intellectual property and must-have content for digital service providers (DSPs) such as Spotify and Apple Music. These DSPs incur the costs of attracting customers and distributing this content, while UMG and its peers collect high margin royalty payments. It means that streaming (as opposed to physical sales in prior business models) is inherently higher margin, with the savings from manufacturing and distribution more than compensating for any potential inflation in royalty rates to artists. These predicable recurring revenues require almost no additional capital to grow at a high rate of return.

Aside from the appeal of the content, growth should be underpinned by population growth, increasing smartphone penetration, and greater appetite to subscribe to streaming services. With paid streaming at less than 10% in China, for example, there is plenty of upside for growth. The substantial fixed cost base and operating leverage should then drive margin expansion. Ultimately, we would expect streaming to account for almost all of global recorded music revenues, up from c.70% today.

Michael Lindsell, 14th February 2024

Source: Lindsell Train, Morningstar & Bloomberg. All data as of 31st January 2024

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

The top three absolute contributors to the Trust's performance in January were Nintendo, AG Barr and WS Lindsell Train North American Equity Fund Acc, and the top three absolute detractors were Lindsell Train Limited, London Stock Exchange Group and Finsbury & Growth Income Trust.

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