

LINDSELL TRAIN

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 30 JUNE 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

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

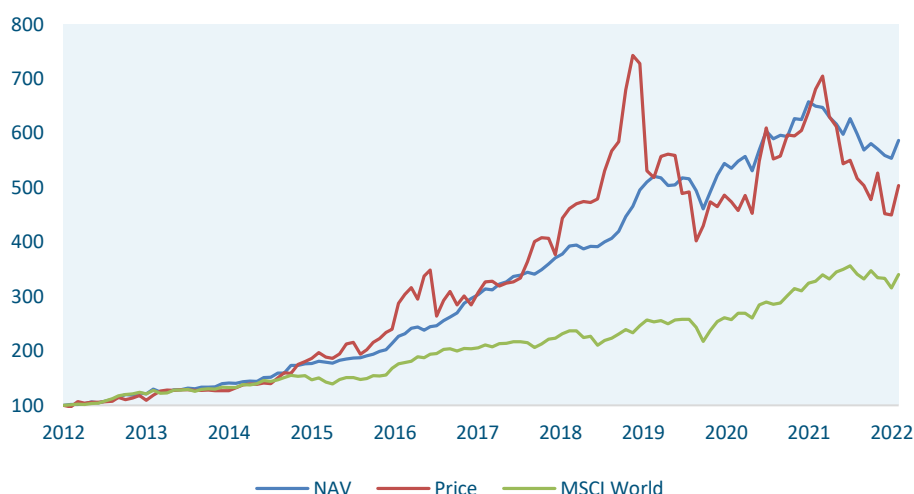
Total Return Performance to 30th June 2022 (%) £

	1m	3m	YTD	1yr	Annualised			
					3yr	5yr	10yr	Since Launch
LTIT NAV	-1.0	-4.6	-11.7	-15.8	+3.8	+13.3	+18.9	+13.6
LTIT Price	-0.5	-5.9	-18.3	-29.6	-14.8	+9.6	+17.1	+13.4
MSCI World Index £	-5.2	-9.1	-11.3	-2.6	+8.7	+9.1	+12.3	+6.4

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



Market Capitalisation

£208m

Share Price

£1,040.00

Net Asset Value per share

£1,062.21

Premium (Discount)

(2.09)%

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

Current Net Yield

4.81%

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	41.24
London Stock Exchange Group	8.44
LF Lindsell Train North American Equity Fund	7.65
Diageo	6.99
Nintendo	6.86
Unilever	3.89
RELX	3.80
Mondelez	3.61
A.G. Barr	3.07
PayPal	2.64

Allocation (%NAV)

Equities:	
Consumer Franchises	21.5
Financials	8.4
Media	13.3
Unlisted Securities	41.2
Funds	9.2
Cash & Equivalent	6.4
Total	100.0

*Lindsell Train sector definitions***Fund Exposure (% NAV)**

	Equity	Funds	Cash	Total
UK	67.4	9.2	6.4	83.0
USA	6.2	-	-	6.2
Europe (ex UK)	3.9	-	-	3.9
Japan	6.9	-	-	6.9
Total	84.4	9.2	6.4	100.0

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

We are not macroeconomic investors – in the sense that we have no idea what will happen next in macro-economics and, anyway, doubt that its effects are ever of long-term significance for the shares of strong companies. However, like everyone else we look at various “macro” prices and wonder what they mean.

For instance, in recent weeks there have been some notable moves in commodity and speculative asset prices. Oil ended June down 14.5% from its high in March and, at today's price, is still over 30% below its all-time peak in US\$, set as long ago as 2008. Copper fell over 20% and it too is today below levels seen in 2008. And Bitcoin dropped 58%. The falls in commodity prices may be signalling that investors' confidence in economic recovery after COVID is waning; while the collapse of Bitcoin is a painful lesson about the rise and deflation of speculative bubbles. In such circumstances you might expect shares of steadily growing, so-called “defensive” companies to do rather better – as investors seek shelter from economically-vulnerable industries or from “concept” companies, that may or may not ever earn a decent profit. And indeed, recently our holdings in companies that offer the potential for steady and sustained business growth did better. Unilever, Heineken and Mondelez all rose in value for the company, with Unilever up nearly 10% over the second Quarter (though the appearance of corporate activist Nelson Peltz on the Unilever share register had something to do with that gain).

I want to remind you, we do not regard companies such as Unilever, Heineken, Mondelez and similar portfolio holdings, Diageo and RELX as just “defensive” investments. If “defensive” means that the only time to own them is if you fear that stock markets are likely to fall, or economies go into slowdown. Instead, we believe such businesses offer the prospect of protection against monetary inflation and the likelihood of real earnings growth over time. These are characteristics that make for fine long-term investments – as all the companies named above have proven to be. I must say, I find the share price weakness of Diageo, down 4% in June to be perplexing. There can be few companies in the world that offer greater certainty of inflation protection and access to secular real growth. We know that some analysts believe Diageo is expensive, because it currently commands a P/E of c25x. We disagree. Instead, we concur with US stock market scholar Jeremy Siegel – author of the classic “Stocks for the Long Run” - who concludes “stocks with steady growth records are worth 30, 40 and more times earnings”. On this basis Diageo is given away.

In fact, we are agnostic about the possibility of recession. Perhaps there won't be one. Clearly the duration of this wretched war will have an enormous influence on energy prices and thereby consumer confidence. We hope it ends soon and expect energy prices would fall and stock markets go up in that event.

Nick Train, 22nd July 2022

Source Data: Lindsell Train Ltd & Bloomberg; as of 30th June 2022.

Note: All stock returns are total returns in GBP.

The top three absolute contributors to the fund's performance in June were London Stock Exchange Group, Laurent-Perrier, and Lindsell Train Limited, and the top three absolute detractors to the fund's performance were PayPal, Diageo, and LF Lindsell Train North American Fund.

Risk Warning

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22 July 2022 10/22 LTL 000-267-2