

LINDSELL TRAIN

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 30 SEPTEMBER 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.lt.it.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

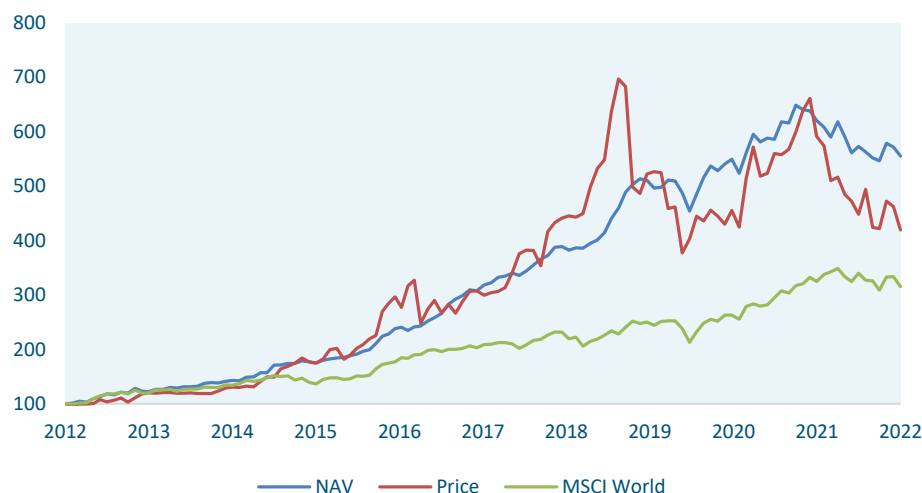
Total Return Performance to 30th September 2022 (%) £

	1m	3m	YTD	1yr	Annualised			
					3yr	5yr	10yr	Since Launch
LTIT NAV	-2.9	+1.7	-10.2	-10.5	+2.8	+12.5	+18.7	+13.5
LTIT Price	-9.3	-0.6	-18.8	-29.1	-7.1	+6.4	+15.4	+13.2
MSCI World Index £	-5.5	+2.1	-9.5	-2.9	+8.1	+9.2	+12.2	+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



As of 30th September 2022. 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

£198m

Share Price

£991.00

Net Asset Value per share

£1,029.43

Premium (Discount)

(3.73%)

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

Current Net Yield

5.35%

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	42.67
London Stock Exchange Group	8.71
LF Lindsell Train North American Equity Fund Acc	8.18
Diageo	7.75
Nintendo	7.21
Unilever	4.28
RELX	3.88
PayPal	3.65
Mondelez	3.58
A.G. Barr	2.79

Allocation (% NAV)

Equities:	
Consumer Franchises	22.6
Financials	8.7
Media	14.7
Unlisted Securities	42.7
Funds	9.8
Cash & Equivalent	1.5
Total	100.0

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

	Equity	Funds	Cash	Total
UK	70.1	9.8	1.5	81.4
USA	7.2	-	-	7.2
Europe (ex UK)	4.2	-	-	4.2
Japan	7.2	-	-	7.2
Total	88.7	9.8	1.5	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

The Trust's overall performance continues to be hobbled by the fall in the value of its holding in Lindsell Train Limited ('LTL'). More than two years of disappointing performance across the company's four equity strategies against a background of rising interest rates and falling markets, with widespread outflows from equity funds, makes for a difficult environment. It's most clearly reflected in LTL's funds under management, which have fallen from c£23bn at the beginning of the year to c£19bn at the end of September.

Despite these headwinds, there are important components of the portfolio that have bucked the general trend of falling prices. The London Stock Exchange is one. Its share price is up 11% year to date (despite some weakening in September) in response to investors' growing confidence that the acquisition of Refinitiv should add substantial value to the company.

Another strong performer has been Nintendo. It's up 12% in a market littered by price falls in the key technology franchises. Not that we would necessarily characterise Nintendo as a tech stock - we think of it more as an owner of invaluable intellectual property, the distribution and engagement of which is enhanced by innovative technology. The proximate cause of its recent robust share price performance is the recent announcement that domestic sales of the latest instalment in its Splatoon franchise, Splatoon 3, topped 3.45m units in just three days. That's the highest number of units sold in Japan for any Nintendo Switch game within the first three days of release, surpassing Super Mario, Mario Kart, or even Pokémon. What is most significant to us is not so much the success of the new game per se but the increasing popularity of the franchise. Splatoon was first developed in 2015. It's a team-based "shooter" game where players fire ink at their surroundings and thereby capture territory, instead of shooting each other and trying to be the last to stay alive. In this way it participates in the popular genre without resorting to the violence commonly associated with it. It is typical of a Nintendo franchise: built around innovative design and family friendly game play, appealing to all ages. It originally sold 5m units on Wii U, an unsuccessful platform which itself saw disappointing sales. In contrast, when the Switch console launched, 13.3m units of Splatoon 2 were sold. And it seems likely that Splatoon 3 will outsell its predecessor, given that the Switch's installed base has now surpassed 110m units. This is a prime example of the potent creative talent within Nintendo that can develop, launch and nurture a brand-new franchise, with every chance of it flourishing.

Another example of a relatively new Nintendo franchise becoming a hit was the success of Animal Crossing: New Horizons over lockdown. The Animal Crossing franchise was first launched in 2001 and its earlier games met with some success but the pandemic created the perfect opportunity for the franchise's cosy and comforting content – so much so that the sales of its latest release, New Horizons, in March 2020 have now reached over 39m units. Future iterations should benefit from this success, given the huge exposure New Horizons has had to consumers over the last two years.

It means that as Nintendo grows, either through the expansion of its installed base of hardware users or through the increased consumer interactions with its software over time, the aggregate value of its intellectual property and ultimately the company rises.

So far this year overall sales have been constrained thanks to a mixture of waning demand for an ageing console and supply shortages. In the first quarter, sales of hardware were down c.20% and sales of software by less than 10%. It'll be interesting to see how success with Splatoon 3 and other forthcoming releases planned for the important year-end sales season helps spur a recovery in hardware sales, especially if supply shortages begin to moderate.

Nintendo and the LSE's recent strength helps to highlight how at a time when the Trust's core holding in LTL is under pressure, and falling as a percentage of the net asset value (from 49% at its peak to 41% today), there are other important assets that have the potential to offset some of this decline.

Michael Lindsell, 12th October 2022

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

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

The top three absolute contributors to the fund's performance in September were Nintendo, Diageo and Unilever and the top three absolute detractors to the fund's performance were Lindsell Train Limited, LF Lindsell Train North American Equity Fund Acc and London Stock Exchange.

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12 October 2022 10/22 LTL 000-269-3