LINDSELL TRAIN

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 31 JANUARY 2025 | 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 (%) £

	2020	2021	2022	2023	2024
LTIT NAV	+16.5	+3.8	-9.4	+3.3	+1.3
LTIT Price	+24.6	-9.7	-13.4	-13.9	-1.2
MSCI World Index £	+12.3	+22.9	-7.8	+16.8	+20.8

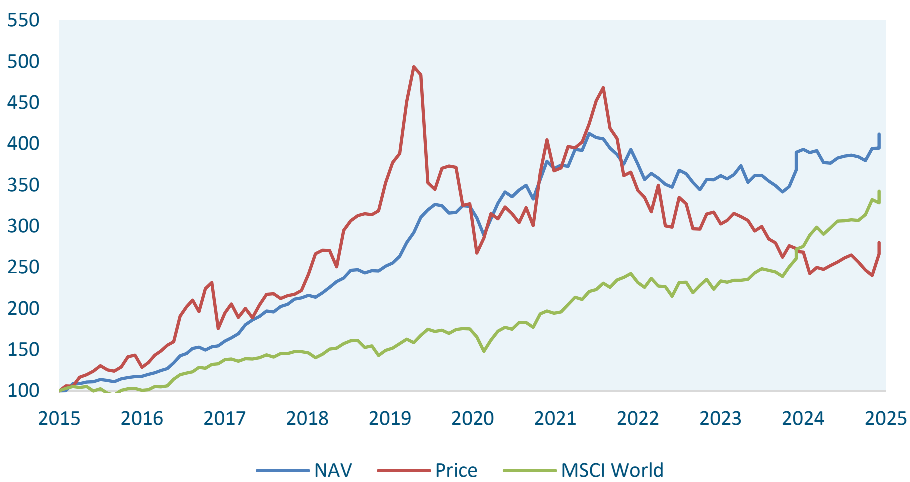
Total Return Performance to 31st January 2025 (%) £

					Annualised			
	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Launch
LTIT NAV	+4.3	+8.5	+4.3	+4.8	+0.5	+3.7	+14.6	+12.7
LTIT Price	+5.3	+13.6	+5.3	+4.4	-6.2	-2.8	+11.0	+11.6
MSCI World Index £	+4.3	+9.1	+4.3	+24.4	+12.4	+13.4	+12.6	+7.5

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 2025. 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.

Fund Information

Portfolio Manager	Nick Train
Share price	£842.00
NAV per Share	£1,024.14
Market Capitalisation	£168m
Net Assets	£205m
(Discount) / Premium to NAV	(17.78%)
Number of Holdings	15
Dividend Per Share	£51.50
Current Net Yield (Dividend/Price)	6.12%
Active Share	98.80%
Annual Management Fee*	0.60%
Ongoing Charges Figure**	0.83%
Performance Fee†	10%
Benchmark***	MSCI World Index £
Capital Structure	200,000 Ordinary Shares of 75p nominal each.
Listing	LSE
Launch Date	22 January 2001
Year End	31 March
Dividends Payable	September
Base Currency	GBP (£)
AIC Sector	Global
ISIN	GB0031977944
SEDOL	3197794
Bloomberg	LTI LN

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

Note: Dividend Per Share includes both ordinary and special dividend.

*** 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	27.30
London Stock Exchange Group	13.69
WS Lindsell Train North American Equity Fund	10.87
Nintendo	10.64
RELX	7.13
Diageo	5.02
Unilever	4.50
PayPal	3.30
A.G. Barr	3.11
Mondelez	2.83

Holdings and allocation subject to change.

Allocation (% NAV)

Equities:	
Communication Services	12.8
Consumer Staples	18.9
Financials	17.0
Health Care	2.0
Industrials	7.1
Unlisted Securities	27.3
Funds and Trusts	12.8
Cash & Equivalents	2.0
Total	**100.0**

Fund Exposure (% NAV)

	Equity	Funds* and Trusts	Cash & Equivalent	Total
UK	60.8	2.0	2.0	64.8
USA	8.1	10.9	-	19.0
Europe (ex UK)	5.6	-	-	5.6
Japan	10.6	-	-	10.6
Total	**85.1**	**12.9**	**2.0**	**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. **The OCF of 0.83% 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 and is as at the 31 March 2024.	† 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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Please refer to Lindsell Train's Glossary of Investment terms here.

Portfolio Manager Commentary

We've begun a new holding in the portfolio with an initial 2% weighting. It is Thermo Fischer, a company we have long admired, having first met with them in 2021. By way of introduction, it benefits from the same industry tailwinds supporting the pharmaceutical industry. We all want to be healthy, and well-funded R&D-driven drug discovery is likely the best way to achieve this. However, drugs secure patent protection for only limited periods of time (typically 15-20 years), which means the drug company needs a conveyor belt of innovation to prevent patent expiries from denting sales. The uncertainly associated with this has made us cautious about investing in drug companies. Indeed, the only investments we have made in pharmaceutical companies at Lindsell Train over the years have been in Japan where valuations have been low enough to mitigate patent risk, providing us with a attractive entry point. What attracts us to Thermo Fisher is that the company benefits from pharma's positive industry dynamics without taking on the risk of patent approval and expiry.

As the largest player in global life sciences tools and diagnostics, Thermo provides lab equipment, testing, and contracted research and manufacture services to the pharma industry, benefitting from the inexorable rise in government and commercial healthcare spend. Historically this has seen R&D budgets expand by at least 3-5% p.a. (at worst, during the financial crisis this was flat). Whether aided by AI, or large molecule biologics (both putative disruptors to the traditional ethical pharma model discussed above), discovery, testing and manufacturing requirements grow as complexity increases, to the benefit of Thermo. With 'trusted partner' status (some customers spend over a billion dollars with them), regulatory support (patent approvals sometimes even specify the use of Thermo's reagents or machines), and a high 80%+ weighting to recurring revenues, sales are sticky, whilst double-digit margins and returns to equity are competitive and increasing with scale.

Thermo aspires to high-single-digit revenue growth (composed of industry growth boosted by ongoing share gains, positive pricing, and bolt-on acquisitions) and mid-teens USD earnings growth (supported by c.50bps of margin expansion and buybacks). Yet, a flat share price for the past five years, as customers and shareholders alike digest the covid boom, leaves Thermo on a low-20s earnings multiple, making this, we believe an attractive point to access the shares. Whilst the current dividend yield is low, the 15% dividend per share CAGR over this same five-year period is impressive and a powerful underlying ingredient for the compounding we seek. We look forward to discussing Thermo in more detail over the coming years.

The Trust's largest holding, Nintendo, has begun the transition away from its highly successful Switch console to its successor, the Switch 2. An image of the new console was revealed in mid-January and it looks like a more sophisticated derivation of its predecessor – a hybrid handheld/traditional console. More details will be forthcoming, with further announcements planned in early April, presumably revealing the price and initial software line-up, which appears to include a new Mario Kart title. Following this, the company plans to roll out "experience events" around the world between 4th April and 1st June 2025, implying that a June release is most likely. Specifications revealed by the company so far indicate a 4x increase in console storage capacity, which should support further growth in Nintendo's digital sales ratio. Digital games sales are significantly higher margin than physical copies, and also make for stickier transactions given the added convenience for gamers. Further, the new console's memory capacity is 3x greater than the last, which should enable the company to run software at the same level as competing products. This should not only increase the likelihood of attracting existing Nintendo users, but also core gamers elsewhere who want to play technologically-demanding third party titles. We therefore hope to see significant support from third-party game developers when the software slate is released.

We also expect a significant improvement in graphic quality, though the company has yet to comment on this. Nintendo will be keen to tap into the data it has on its customers with Nintendo accounts, as well as the 34 million Switch on-line subscribers. Utilising this data will be crucial to helping convert its current 129 million annual playing users to the new console.

The share price has been strong in anticipation and subsequent to the Switch 2's reveal, hitting a number of new all-time highs in recent months. The shares were up 28% in 2024 and a further 10% in January alone. It's usually better to travel than arrive, but we expect this journey to continue well beyond the release date as gamers make the gradual transition. With earnings likely to be down 40% in FY2025 and the share price up, the shares certainly don't look as cheap as they did a year ago. However, if the console transition does proceed as smoothly as we believe it can, and earnings reignite when the new console's installed base builds, we'd expect further scope for significant share price gains in the future.

Michael Lindsell, 14th February 2025

The top three absolute contributors to the Trust's performance in January were Nintendo, London Stock Exchange Group and RELX, and the top absolute detractors were Diageo and Mondelez.

Source: Lindsell Train, Morningstar & Bloomberg. All data as of 31st January 2025.

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

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