LINDSELL TRAIN

The Lindsell Train Investment Trust PLC
(LTIT)

ALL DATA AT 31 JANUARY 2021

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, with no limitations on the markets and sectors in which investment may be made, in a wide range of financial assets including equities, Lindsell Train managed funds and in the unlisted security Lindsell Train Limited. For further information please see www.lindselltrain.com.

Calendar Year Performance (%) £

	2016	2017	2018	2019	2020
LTIT NAV	+31.1	+37.6	+16.2	+32.4	+16.5
LTIT Price	+61.9	-6.2	+46.6	+2.1	+24.6
MSCI World Index £	+28.2	+11.8	-3.0	+22.7	+12.3
Benchmark*	+4.0	+4.0	+4.0	+4.0	+4.0

Cumulative Performance (%) £

31 January 2021	1m	YTD	1yr	3yr	5yr	Since Launch
LTIT NAV	-2.4	-2.4	+14.2	+73.8	+214.2	+1,554.5
LTIT Price	-9.3	-9.3	+12.3	+65.4	+185.4	+1,702.4
MSCI World Index £	-1.4	-1.4	+10.8	+31.6	+93.4	+236.6
Benchmark*	+0.3	+0.3	+4.0	+12.6	+21.9	+138.9

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. MSCI World Index is not the Trust's benchmark and is shown for comparative purposes only.
* The Trust's benchmark is the Index of annual average running yield of the 2½% Consolidated Loan Stock until 31 March 2015 and then the Index of the annual average running yield on the longest-dated UK government fixed rate bond plus 0.5% with a minimum yield of 4%.
Past performance is not a guide to future performance.

Fund Information

Listing	London Stock Exchange
Launch Date	22 January 2001
Base Currency	GBP (£)
Year End	31 March
Benchmark	The annual average running yield on the longest-dated UK government fixed rate bond plus 0.5% with a minimum yield of 4%
ISIN	GB0031977944
Bloomberg	LTI LN
AIC Sector	Global

Market Capitalisation

£263m

Share Price

£1,315.00

Net Asset Value per share

£1,176.21

Premium (Discount)

11.80%

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

Fund Profile

The portfolio is concentrated, with the number of equity investments averaging 15.

Investment Manager

Nick Train

Investment Manager & Promoter

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Top 10 Holdings (%NAV)

Lindsell Train Limited	47.64
London Stock Exchange	8.68
Nintendo	7.34
PayPal	7.07
LF Lindsell Train North American Equity Fund Acc	6.38
Diageo	5.27
Unilever	4.00
RELX	2.80
A.G. Barr	2.63
Mondelez	2.57

Allocation (%NAV)

Equities:	
Consumer Franchises	17.7
Financials	8.7
Media	18.0
Unlisted Securities	47.6
Funds	7.9
Cash & Equivalent	0.1
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure (% NAV)

	Equity	*Funds*	*Cash*	*Total*
UK	71.9	7.9	0.1	**79.9**
USA	9.6	-	0.0	**9.6**
Europe (ex UK)	3.2	-	0.0	**3.2**
Japan	7.3	-	0.0	**7.3**
Total	**92.0**	**7.9**	**0.1**	**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 difference between: a) the lower of the Company's adjusted market capitalisation per ordinary share or the adjusted NAV per ordinary share, and b) the performance hurdle, if positive in each performance period. The performance fee when aggregated with the investment management fee over any performance period, shall not be equal to or greater than 5% of the lower of the market capitalisation or NAV of the company (save that any excess Performance Fee may be carried forward to the next performance period).

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Portfolio Manager's Comments

The Trust's two technology investments, PayPal and Nintendo, both reported results that showed quite how much the pandemic has helped their businesses. Interestingly the market reaction to the results has been markedly different. Year to date performance to 9th February shows PayPal up 21% and Nintendo down 5%.

PayPal added 73m new active accounts, almost double the amount in the previous year, taking the total to 377m; and total payment volumes increased 31% to just under $1t. It all translated into a 23% increase in the company's revenues and a 21% increase in operating profits. With last year's exceptional performance and its transaction revenues growing considerably faster than e-commerce generally, PayPal should be further increasing its market share of payment transactions and thus further burnishing its claim to be the internet payment platform of choice in the Western World. Interestingly the network effect of more users begetting more merchants leading to ever more usage has helped to expand share gains within e-commerce in the USA, even though the company has already captured one third of all consumers there. It is this characteristic of the company's business model more than any other that gives us (and seemingly other investors) confidence that whatever the environment, pandemic or normality, market share, sales and profits will continue to grow.

Nintendo released predictably strong 3rd quarter results and revised up its forecasts for the full year to 31st March 2021. The company expects to sell 26.5m Switch consoles this fiscal year - 5.5m more than it has achieved annually in previous years - taking the installed base up to 77m globally. To put this into perspective, Nintendo's lifetime Wii sales were 102m and Switch is probably just over halfway through its life, so we would expect sales to exceed Wii's total over time. Even better, software sales have been strong and should match Wii's best year in 2009 with sales of 205m units. The big difference now is that the proportion of high margin digital sales is running at 40% for this year versus almost nothing then. It means that operating profits should marginally exceed 2009's record even though at the time Nintendo was selling two consoles, the Wii and the handheld 3DS. The company pays a formulaic dividend that this year will be supplemented further due to such strong cash flows, resulting in a forecasted rise of 72%. This dividend represents a yield of 19% on FY2013's average share price which shows just how far the company has come from the barren years characterised by the poor showing of the Wii-U, introduced in late 2012 as the successor to the Wii.

It is clear that this year the company has succeeded in its long-term and ongoing aim to expand the gaming population outside of the narrow demographic of young males that other gaming companies so assiduously target. Having tried to broaden the Wii's audience, ultimately unsuccessfully, Nintendo knows that the challenge is to nurture the new gamers and expand their engagement further. The market understandably views this task with a high degree of scepticism given the lack of success in the past, which is why the share price still languishes well below its peak in 2007 and has fallen post the result announcement. We on the other hand believe that success is possible given the enduring draw of its unique game franchises and content and little competition from other game companies for the wider audience. If we are right, the potential upside from a company successfully exploiting technology with a current dividend yield of 3.0% could be considerable.

Michael Lindsell, 12th February 2021

Source Data: Lindsell Train Ltd & Bloomberg; as of 31st January 2021.
Note: All stock returns are total returns in local currency

The top three absolute contributors to the Fund's performance in January were Lindsell Train Limited, Pearson and Diageo and the top three absolute detractors were Nintendo, London Stock Exchange and Heineken.

Risk Warning

Past performance is not a guide or guarantee to future performance. Investments carry a degree of risk and the value of investments and income from them as a result of market or currency fluctuations may go down as well as up and you may not get back the amount you originally invested.

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Companies with higher gearing are subject to higher risks and therefore the investment value may change substantially. The net asset value ("NAV") per share and the NAV based performance of an investment trust may not be the same as its market share price per share and share price based performance.

LTIT conducts its affairs so that its shares can be recommended by independent financial advisers ("IFAs") to retail private investors. The shares are excluded from the Financial Conduct Authority's ("FCA's") restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

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16 February 2021 LTL 000-246-1