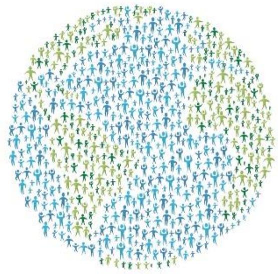
LINDSELL TRAIN



The Lindsell Train Investment Trust PLC (LTIT)

ALL DATA AS OF 31 MAY 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 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.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

Cumulative Performance (%) £

31 May 2021	1m	YTD	1yr	3yr	5yr	Since Launch
LTIT NAV	-0.3	+2.4	+18.2	+71.8	+205.4	+1,634.6
LTIT Price	+1.8	-0.7	+30.2	+48.8	+158.8	+1,873.7
MSCI World Index £	-1.2	+7.1	+22.3	+40.2	+99.2	+265.8

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. 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*	MSCI World Index (£)
ISIN	GB0031977944
Bloomberg	LTI LN
AIC Sector	Global

*Previous 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%.

Market Capitalisation

£288m

Share Price

£1,440.00

Net Asset Value per share

£1,233.18

Premium (Discount)

16.77%

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	47.94
Nintendo	7.23
PayPal	7.22
London Stock Exchange Group	7.21
LF Lindsell Train North American Equity Fund	6.64
Diageo	5.80
Unilever	3.80
Mondelez	2.72
RELX	2.71
A.G. Barr	2.66

Allocation (%NAV)

Equities:	
Consumer Franchises	18.4
Financials	7.2
Media	18.0
Unlisted Securities	47.9
Funds	8.2
Cash & Equivalent	0.3
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure (% NAV)

	Equity	Funds	Cash	Total
UK	71.0	8.2	0.2	**79.4**
USA	9.9	-	0.0	**9.9**
Europe (ex UK)	3.4	-	0.0	**3.4**
Japan	7.2	-	0.1	**7.3**
Total	**91.5**	**8.2**	**0.3**	**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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Portfolio Manager's Comments

Perhaps the greatest disappointment of the year so far has been the performance of our consumer franchise companies. For the Trust, these include the larger holdings in Diageo and Unilever and smaller positions in Mondelez, A.G Barr, Heineken and Laurent-Perrier. At nearly half the quoted portfolio (taking into account the look-through exposure in the holdings of the Finsbury Growth & Income Trust and the Lindsell Train North American Equity Fund) these companies have weighed down our overall performance. It's true that they may not possess the seductive storylines that have propelled technology stocks ever upward; but even so we thought that coming out of the pandemic with consumption patterns recovering, we might have experienced some more enthusiasm for their long-term prospects. This is especially the case when Mondelez, Unilever and Heineken have all reported to us market share gains versus competitors in some of their key categories over the course of 2020. Instead these companies have derated and as a group have hardly increased in value since the beginning of the year.

There are tentative signs that things are improving from the group's top performer year to date, Diageo, that is up an encouraging 19% with most of that performance taking place since early April. This time last year conditions looked dire for Diageo. Bars and restaurants - the on trade, where margins tend to be highest - were closed. Organic sales were down 23% in the first six months of 2020. The company carried more than £12bn of net debt and, to preserve financial flexibility, halted its share buyback programme. Now, one year on, the clouds have parted. Based at home, consumers have guzzled spirits with unanticipated enthusiasm, buying into the trend for cocktails and premium offerings. Organic sales have started to recover, up 1% in the last half of 2020 with further momentum building since. Reinforcing a five year trend, spirits as an alcoholic beverage category continues to take share from beer and wine. Only ready to drink innovations have grown faster. Drilling down, sales of tequila have been in the vanguard - making the company's pricey acquisition of Casamigos (an ultra-premium tequila brand) in 2017 seem like a well-timed deal. According to Diageo, it has generated great returns, thus justifying its high cost. Alongside, the gin boom continues, underpinned with strong Tanqueray sales. Just recently Diageo bought Aviator Gin as a super-premium addition to its portfolio - another Casamigos-like acquisition, reinforcing the company's strategic orientation towards raising the premium content of its overall portfolio. Gin now makes up 5% of revenues and tequila 7%, as compared to 2% and 1% five years ago.

As a whole, the company's sales are 24% in super-premium and 29% in premium. Add to that the look-through exposure through its equity accounted 35% stake of Moet Hennessy, where sales are all premium, and nigh on 60% of the company's revenues are currently derived from premium products. In all probability it is this trend to premium that has underpinned Diageo's recent share price performance, as it has done for Laurent-Perrier that is up 15% year to date. It is based on a general proposition that companies that sell unique and differentiated products that consumers aspire to, tend to earn higher gross margins and afford more protection against competition and commoditisation.

A focus on premium is also evident at Heineken and Unilever.The lion's share of the 41.8mhl* of Heineken branded product are sold as premium products in markets outside its home market in Western Europe.Unilever also has a strategic intent to raise the premium proportion of its portfolio. For instance, a number of its bolt-on acquisitions over the last few years have focussed on premium cosmetics that now amount to €1bn of sales. But the share of revenues represented by premium products is not enough to move the dial for investors in either company. Where these businesses, together with Mondelez, differentiate themselves is their footprint in emerging markets, built up over decades if not centuries. Emerging market growth has been a headwind in recent years, manifested in financial terms by weak exchange rates and exacerbated recently by Covid. Unilever's emerging market sales have been stuck at 60% of the total for the last five years, even though underlying growth has consistently exceeded developed market sales on account of weak exchange rates. Nevertheless, the long-term demographics and growth potential of emerging markets remain promising - particularly as consumers grow wealthier and aspire to new products, initially from the mainstream such as deodorants and snacks, but hopefully in time all the way up to branded spirits and cosmetics. All this should help underpin performance of these share prices over time.

In summary, with Diageo leading the way, we expect the share prices of our consumer franchises to catch up with the underlying improvements in business conditions, supported all the while by the generation of high and consistent returns on capital.

Michael Lindsell, 14th June 2021

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

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

Risk Warning

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