Lindsell Train Investment Trust PLC

All data at 30 June 2020

Market Capitalisation
£240m

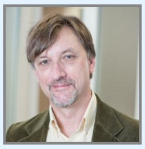
Share Price: £1200.00

Net Asset Value: £1131.01

Premium (Discount): 6.10 %

Source: Lindsell Train Ltd/ Maitland Administration Services & Bloomberg. Share Price is based on closing mid price.

Portfolio Manager



Nick Train

Fund Objective

The objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital.

Fund Performance (GBP)

Calendar Year Performance (%)	*2015*	*2016*	*2017*	*2018*	*2019*
Lindsell Train Investment Trust NAV	+23.0	+31.1	+37.6	+16.2	+32.4
Lindsell Train Investment Trust Price	+54.3	+61.9	-6.2	+46.6	+2.1
MSCI World Index £	+4.9	+28.2	+11.8	-3.0	+22.7
Benchmark*	+4.0	+4.0	+4.0	+4.0	+4.0

Cumulative Performance (%) 30 June 2020	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1428.3	+207.9	+83.7	+9.9	+5.1	+18.2	+4.1
Lindsell Train Investment Trust Price	+1485.7	+160.9	+71.1	-33.2	-0.6	+13.2	+4.6
MSCI World Index £	+207.2	+77.7	+27.7	+5.9	+1.0	+19.8	+2.7
Benchmark*	+133.4	+21.9	+12.6	+4.0	+2.0	+1.0	+0.3

Source: Lindsell Train Ltd, Bloomberg and Morningstar Direct. Listed securities in the portfolio are valued at the closing bid price. GBP return net of fees and expenses. MSCI World Index is not the Trust's benchmark and is shown for comparative purposes only.

Benchmark*: 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.

Strategy Profile

Top 10 Holdings (% NAV)	
Lindsell Train Limited	47.04
London Stock Exchange	9.10
Nintendo	6.52
PayPal	6.29
LF Lindsell Train North American Equity Fund	6.15
Diageo	4.98
Unilever	4.27
RELX	3.00
Mondelez	2.95
Heineken	2.61

Allocation (% NAV)	
Equities:	
Consumer Franchises	18.2
Financials	9.1
Media	16.6
Unlisted Securities	47.0
Funds	7.7
Cash & Equivalent	1.4
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	71.7	7.7	1.3	**80.7**
USA	9.2	-	0.1	**9.3**
Europe (ex UK)	3.5	-	0.0	**3.5**
Japan	6.5	-	0.0	**6.5**
Total	**90.9**	**7.7**	**1.4**	**100.0**

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%**

Management Fees

Annual Fee:

0.60% of the lower of the market cap or NAV

Performance Fee :

10% of annual increase in the lower of NAV or share price above the benchmark return and calculated with a high watermark

Bloomberg:

LTI LN

ISIN : **GB0031977944**

The Board:

Julian Cazalet (Chairman)
Nicholas Allan
Vivien Gould
Richard Hughes
Rory Landman
Michael Lindsell *

* non independent

Corporate Secretary & Registered Office: **Maitland Administration Services Limited, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY**
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Registrars: **Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU**

Portfolio Manager's Comments

An investment banker asked us recently what general advice we'd give to companies ahead of the upcoming results season – specifically as regards liquidity, dividends and, generally, the future. Below, with a few embellishments, is our answer.

Although a truism, we'd say corporate survival is the absolute priority and if that requires equity issuance, so be it. Nonetheless, equity is precious and should not be diluted lightly.

However, if there is no existential threat, then dividend holidays are far preferable to us than equity issuance at low prices and on dilutive terms. Dividends can be restored when prudent to do so, but the effects of dilutive share issuance are long term and far harder to remedy.

Dividends should eventually be restored at levels that make objective sense for the company at that point – not with reference to some historic level of pay-out. Probably some companies have been over-distributing, particularly in the UK. Here is an opportunity for a reset. Investors will reward boards which behave rationally as regards dividends, particularly if the newly retained earnings accelerate growth.

Companies need to articulate and invest in their digital strategies wherever possible. Investors will back any credible strategy that makes a company more relevant for the 21st century and that means more digital products and services.

With government bond yields below 1%, or effectively on a P/E of 100x, the implied value of a sound company, offering protection against long term inflation and with a credible growth strategy is very high indeed. Arguably, it is pension funds and institutions with low exposure to equity who are taking imprudent risks today. Companies should be encouraged to invest in the likelihood that executives and shareholders will be rewarded mightily for creating new equity value in current circumstances. Not everyone can be Elon Musk, but the sight of his net worth advancing ahead of Buffett's is inspiring and informative. We live in a time when innovation is creating great value for society. The rewards to an innovator are and should be far higher than those to a rentier.

There will need to be a major wave of M&A and consolidation over the next few years, to tidy up intractable problem companies and industries. This may be unpopular, but that doesn't make it any less necessary.

Nick Train, Lindsell Train Ltd
15 July 2020

Source of Data: Maitland Administration Services, Lindsell Train Ltd and Morningstar.

The top three contributors to the Trust's performance in June were Lindsell Train Ltd, PayPal, and Nintendo and the top three detractors were AG Barr, Diageo and Mondelez.