Lindsell Train Investment Trust PLC

All data at 31 July 2020

Market Capitalisation
£234m

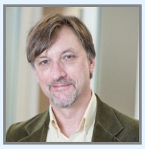
Share Price: £1170.00

Net Asset Value: £1112.04

Premium (Discount): 5.21 %

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 (%) 31 July 2020	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1402.7	+195.4	+76.5	+5.0	+3.3	+8.8	-1.7
Lindsell Train Investment Trust Price	+1446.1	+141.1	+54.1	-10.7	-3.1	+0.0	-2.5
MSCI World Index £	+203.0	+70.8	+24.9	+0.0	-0.3	+8.4	-1.4
Benchmark*	+134.2	+21.9	+12.6	+4.0	+2.3	+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	46.16
London Stock Exchange	9.40
PayPal	6.78
Nintendo	6.16
LF Lindsell Train North American Equity Fund	6.14
Diageo	5.29
Unilever	4.56
Mondelez International	3.07
Heineken	2.64
RELX	2.64

Allocation (% NAV)	
Equities:	
Consumer Franchises	18.8
Financials	9.4
Media	16.3
Unlisted Securities	46.2
Funds	7.7
Cash & Equivalent	1.6
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	71.2	7.7	1.6	**80.5**
USA	9.8	-	0.0	**9.8**
Europe (ex UK)	3.5	-	0.0	**3.5**
Japan	6.2	-	0.0	**6.2**
Total	**90.7**	**7.7**	**1.6**	**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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Investment Manager & Promoter: **Lindsell Train Ltd, 66 Buckingham Gate, London, SW1E 6AU**
Phone: +44 20 7808 1210 / info@lindselltrain.com

Registrars: **Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU**

Portfolio Manager's Comments

This month we saw the full effect of the coronavirus on our quoted companies as most have now reported second quarter earnings. That is with the exception of Laurent Perrier (a sub 1% position) that next reports in June 2021. There were five good and five bad results.

The good included **Nintendo,** where on account of homebound living, sales of its popular Switch console and the related software mushroomed to a level over the quarter never previously experienced for what is seasonally usually a slow period for sales. Even better, profits were up 5x last year as more than 50% of software sales were downloaded, raising overall margins to 40%, double the long term average. Nintendo's share price is up 9% this year. It'll be interesting to see whether these surprisingly good results spur on the share price.

Also good was **PayPal -** and here the share price has reflected the business performance, rising in value by 82% since the year began. The surge in e-commerce has led to more than twice the normal number of new active users joining the platform over the quarter. Interestingly the company also reported a surge in offline merchants signing up, recognising they need a valid on-line payment alternative in the future to capture omni-channel sales. For both sets of customers - merchants and consumers - there'll be no looking back. The bigger PayPal's ecosystem gets, the more difficult it is to challenge or compete with it.

The **London Stock Exchange** made steady progress, driven mainly by rising clearing volumes. Despite protestations to the contrary, it may now have to sell its MTC bond trading platform, and with it the Italian Borsa, to mollify European regulators and ensure the Refinitiv deal is approved. That'll reduce its debt burden and increase its financial flexibility so may well be a good thing in these uncertain times.

Unilever and **Mondelez** both benefitted from strong in-home consumption of their storied brands. Indeed Mondelez claimed it was the best quarter they had had for years in terms of market share gains. Unilever, with its diversified portfolio of household, personal care, food and refreshment, has enough that sold well (noticeably in home food, hygiene and cleaning products) to offset the drag from lower emerging market sales and out of home consumption (food service and ice creams).

The bad included **Diageo**, **Heineken** and **AG Barr,** all sellers of beverages and to a greater or lesser extent dependent on restaurants, bars, pubs and cafes, most of which were closed for a good part of the quarter. There was a decent rise in home consumption - especially for Diageo in the USA - but that is lower margin and not enough to offset the fall in demand elsewhere. Heineken's profits were worst afflicted. It has higher fixed costs, deteriorating inventory (beer in kegs) and can't benefit as much from other distribution channels like e-commerce - beer is bulky and heavy as opposed to spirits. Both AG Barr and Heineken have passed their interim dividends.

For **Pearson**, a consistent disappointer in recent years, the coronavirus has exacerbated the fall in sales and profits thanks to the closure of its Pearson Vue test and certification centers and the cancellation/postponement of testing contracts. But underneath this there is a surge in demand for on-line learning and the technology and tools associated with it. Pearson has been anticipating and investing to take advantage of this trend for some time so we expect that its newly developed software launched on its recently launched delivery platform can take advantage of it.

Finally, most of **RELX** is digitally driven and thus in a good position to navigate the vicissitudes of the crisis. At its core is a growing store of data around which products and services are designed for its customers. However 15% of its business is running exhibitions, which currently can't take place. Sales are down more than 70% in this division and it is now making a loss.

All these companies are suffering thanks to the unpredictable effects of the crisis; but the crisis will in time abate and as it does so we expect them to first recover their sales and profitability and then grow their businesses, empowered by their well-known brands and unique market positions.

Michael Lindsell, Lindsell Train Ltd
Note: All individual stocks returns are price returns in GBP.
Source of Data: Maitland Administration Services, Lindsell Train Ltd and Morningstar.

The top three contributors to the Trust's performance in July were PayPal, Diageo and Unilever and the top three detractors were Nintendo, RELX and LF Lindsell Train North American Equity Fund.