Lindsell Train Investment Trust PLC

All data at 30 September 2020

Market Capitalisation
£231m

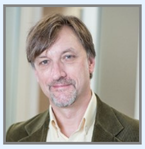
Share Price: £1155.00

Net Asset Value: £1112.04

Premium (Discount): 3.86%

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 Serptember 2020	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1464.2	+214.4	+78.6	+7.7	+7.6	+2.4	+1.7
Lindsell Train Investment Trust Price	+1483.1	+160.3	+48.0	-12.9	-0.8	-0.2	+6.0
MSCI World Index £	+216.8	+92.8	+29.8	+5.2	+4.2	+3.2	+0.0
Benchmark*	+135.7	+21.9	+12.6	+4.0	+3.0	+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	47.35
London Stock Exchange	9.38
Nintendo	8.06
PayPal	6.68
LF Lindsell Train North American Equity Fund	6.47
Diageo	5.01
Unilever	4.77
Mondelez	3.00
RELX	2.82
AG Barr	2.77

Allocation (% NAV)	
Equities:	
Consumer Franchises	18.7
Financials	9.4
Media	18.2
Unlisted Securities	47.3
Funds	8.1
Cash & Equivalent	-1.7
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	72.7	8.1	-1.7	**79.1**
USA	9.7	-	0.0	**9.7**
Europe (ex UK)	3.2	-	0.0	**3.2**
Japan	8.0	-	0.0	**8.0**
Total	**93.6**	**8.1**	**-1.7**	**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:

Corporate Secretary & Registered Office: Maitland Administration Services Limited, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
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AG Barr's share price has been in a funk since the surprise profits downgrade in July 2019. At that time the share price had reached £9.80, only to fall to a low of £3.80 earlier this month. That's a fall of 61%. To put it in perspective, if forecasts are to be believed, it looks like sales will fall 15% and profits 25% from their peaks. It's a nice illustration of the schizophrenia of Ben Graham's 'Mr. Market', the apocryphal trader who offers investors exaggerated prices in good times and bad. Last July Barr's enterprise value was 4.3x its 1/2020 sales; at the low in September it was just 1.5x its 1/2021 projected sales. Of course investors have had to deal with a lot more than the profit warning last year. The coronavirus crisis has led to a mass shift in 'on trade' to 'at home'. Purchasing patterns, locations, route to market and formats have all changed. Encouragingly sales of Irn-Bru have in general held up well; but the peripheral brands Rubicon, Funkin and Strathmore have all suffered, thanks to their on-trade bias and reflecting the general trend in the industry as retailers put more resources behind promoting big brands. Indeed the company wrote down the investment in Strathmore, denting reported profits, and has also just ceased distributing the energy drink Rockstar, leaving a gap that the company now needs to fill. It also plans to cut Snapple from its portfolio early next year, although this is less of an issue. Following these portfolio changes the company is now probably through the worst having also reduced the cost base. It has £30m of net cash at its disposal, having signaled further prudence by passing its final dividend, leaving it maximum flexibility to respond to the situation as it refocuses its portfolio of products. The share price ended September at £4.87, up nicely from its lows and still looking good value given the strength of the core brand and the optionality it has for growth with its strong financial position.

The London Stock Exchange's ('LSE') purchase of Refinitiv has been in extended limbo whilst the European Commission ponders over its regulatory approval. To secure the deal and allay regulatory concerns the LSE has had to sell the Italian Bourse and its European bond trading platform MTS - both nice assets, earning good returns. Disappointment in losing these gems is balanced by the c.€4.3bn in proceeds which will considerably reduce the debt needed to finance the whole deal and puts the company on a more secure financial footing. This is important at a time when it is amalgamating a business that is considerably larger, with more than three times its existing employees.

We met the management of RELX and were broadly encouraged with how the company is coping with COVID. The digitalised parts of its business - scientific, technical and medical (Elsevier) and risk, analytics and legal - all continue to grow despite business interruptions but the physical part - exhibitions and events - has almost stopped, with sales down 71% in the first half of the year, and is generating losses. It'll need some normality to return before a recovery can begin but the company remains as committed as before to the division and believes that COVID will not have undermined its long-term raison d'etre. When pressed, the company made a robust defence of its leveraged balance sheet. Yes, most of its cashflow is highly predictable but the fact that the company had to stop its share repurchase programme abruptly in response to COVID illustrates that it is on the edge of its comfortable borrowing limit rather than being well within it.

Michael Lindsell, Lindsell Train Ltd

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

The top three contributors to the Trust's performance in September were Nintendo, AG Barr and Unilever and the top three detractors were Heineken, Laurent-Perrier and Pearson.

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