Lindsell Train Investment Trust PLC

All data at 31 October 2020

Market Capitalisation
£216m

Share Price: £1077.50

Net Asset Value: £1058.67

Premium (Discount): 1.78%

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 October 2020	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1389.2	+190.4	+64.6	+5.4	+2.4	-0.9	-4.8
Lindsell Train Investment Trust Price	+1376.8	+133.1	+41.9	-19.3	-7.4	-4.5	-6.7
MSCI World Index £	+207.1	+76.5	+22.2	+4.4	+1.0	+1.3	-3.1
Benchmark*	+136.5	+21.9	+12.6	+4.0	+3.4	+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	47.09
London Stock Exchange	9.19
Nintendo	8.16
LF Lindsell Train North American Equity Fund	6.73
PayPal	6.63
Diageo	4.96
Unilever	4.62
Mondelez	2.91
A.G. Barr	2.81
RELX	2.62

Allocation (% NAV)	
Equities:	
Consumer Franchises	18.6
Financials	9.2
Media	18.0
Unlisted Securities	47.1
Funds	8.3
Cash & Equivalent	-1.2
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	71.9	8.3	-1.2	**79.0**
USA	9.5	-	0.0	**9.5**
Europe (ex UK)	3.3	-	0.0	**3.3**
Japan	8.2	-	0.0	**8.2**
Total	**92.9**	**8.3**	**-1.2**	**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
Michael Lindsell *

* non independent

Corporate Secretary & Registered Office: Frostrow Capital LLP, 25 Southampton Buildings, London,WC2A 1AL
Phone: +44 20 3008 4910

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

I find I have little useful to say about the great issues of our day. "I just don't know" is still the mantra-type phrase that comes unbidden and regularly to my front brain as 2020 lurches on.

Instead I will post here a selection of company-specific facts or quotes that struck me of being of importance for your portfolio or for Lindsell Train's portfolios in general.

In September the Nintendo Switch broke a record. It became the top-selling console in the United States for the 22nd consecutive month, beating out the 21-month run established by the Xbox 360 in 2011/13. The Switch is coming up to 4 years old but evidently is still in hot demand. We understand the caution some investors evince to Nintendo – of course, one day the Switch will mature and the onus will be on the company to upgrade and innovate its hardware again. And this is a ball Nintendo has fumbled at least once already in the 21st century. Yet, it appears the current cycle is longer and stronger than preceding ones, as the company benefits from the growing number of new gamers in the world and also from the super-charged profitability it enjoys from the increasing proportion of its sales deriving from digital downloads. Switch is going to make Nintendo a very rich company indeed, in terms of accumulating cash balances. This wealth adds to the even greater riches owned by the company – its proprietary and beloved gaming franchises, that have triumphantly reasserted their relevance through 2020.

RELX has seen an acceleration of articles submitted to its subscription scientific journals through 2020, up 25%. In addition, submissions to its Open Access journals have doubled. It's reassuring to know the scientific community is stepping up its efforts to assist humanity with all that afflicts us and that Elsevier's imprimatur still brings value to that research work. Meanwhile, RELX reported in October that US driver miles have now recovered to 90% of pre-Covid levels. This may tell us something about the US psyche, but is reassuring for what it signifies about the fastest growing division within RELX, its insurance risk analytics.

Heineken is having a tough year. To its 9-month report its organic volumes are down 8% and operating profits down a sobering 76%. Within that, though, the Heineken brand itself is resilient – despite the shuttering of so many outlets where it is consumed. Heineken own brand volumes are up 1% year-to-date, after a 7% rise in the third quarter. Heineken 0.0 has proven to be the company's most successful new launch – ever (and is being consumed by the crate in Train Towers, with my wife notably indulging). Heineken's shares are up nearly 22-fold since 1989, as the eponymous brand has become increasingly global. Evidently these trends continue, as should the compounding returns from the equity.

One disappointment for LT in both our global and UK funds in 2020 is the poor share price performance of the sports franchises we hold – notably Juventus, Manchester United and World Wrestling Entertainment. It is understandable – there is a loss of both revenue and atmosphere when live sports are presented without a live crowd. However, there seems to be no loss of underlying fascination for the game, or for the leading global clubs. Manchester United told us recently that they had tracked 1.1 billion engagements with their franchise on social media platforms, up 24% year-on-year. There is an understandable kick-back to statistics like the above – that they don't, of themselves, generate any revenue for the club. This is so, but it is wrong to think they do not bring lustre and value to the franchises. I was interested to see the following quote in Forbes* from one Sal Galatioto, one of the leading investment bankers in the sports industry, who has advised on recent transactions for the Chicago Cubs, Golden State Warriors and Philadelphia 76ers – "There is no lack of multi-billionaires that want to get into the sports business right now. People will pay a premium. They buy these teams not just on the numbers, but on the brand value." The incredible wealth being created in the US and China and around the world by technology means globally-recognised sports franchises will always have meaningful trophy value.

Nick Train, Lindsell Train Ltd

Source of Data: Frostrow Capital LLP, Lindsell Train Ltd and Morningstar.

*July 2020 article

The top contributor to the Trust's performance in October was Laurent-Perrier and the top three detractors were Lindsell Train Ltd., London Stock Exchange and Paypal.

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