Lindsell Train Investment Trust PLC

All data at 31 January 2020

Market Capitalisation
£243m

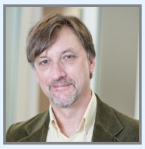
Share Price: £1,215.00

Net Asset Value: £1,072.57

Premium (Discount): 13.28%

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

Portfolio Manager



Nick Train

Fund Objective

To 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 January 2020	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1349.3	+224.1	+109.7	+29.0	-0.3	+2.6	-0.3
Lindsell Train Investment Trust Price	+1505.6	+227.3	+86.4	-7.3	+0.6	-12.3	+0.6
MSCI World Index £	+203.7	+75.3	+32.1	+17.5	-0.1	+3.3	-0.1
Benchmark*	+129.6	+21.8	+12.6	+4.0	+0.3	+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 (unlisted)	49.7
London Stock Exchange	9.0
Diageo	5.9
Nintendo	5.5
Unilever	4.7
PayPal	4.1
A G Barr	3.6
RELX	3.4
Mondelez	3.3
Heineken	3.1

Allocation (% NAV)	
Equities:	
Consumer Franchises	21.4
Financials	9.0
Media	14.6
Unlisted Securities	49.7
Funds	4.1
Cash & Equivalent	1.2
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	77.1	1.7	1.2	**80.0**
USA	8.2	-	-	**8.2**
Europe (ex UK)	4.0	-	-	**4.0**
Japan	5.5	2.3	-	**7.8**
Total	**94.8**	**4.0**	**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
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**

One month on from the year end and last year's stand out performer, the London Stock Exchange ('LSE'), continues to rise in value. As I write the share price is up 5.8% from the end of December and as a consequence the holding in the Trust is now more than 9% of the Trust's NAV. In contrast, the stagnation of Lindsell Train Limited's ('LTL') share price, reflecting a small fall in its funds under management following indifferent performance from its major two strategies – UK and Global - over the last three months has meant that its rise as a proportion of the fund has come to at least a temporary halt. LTL is now 49.7% of NAV, down from 52.2% at its peak.

The LSE's share price has received a huge fillip from its purchase of Refinitiv from Thomson Reuters, announced last July and now approved by shareholders. It will elevate the LSE to be the world's largest listed financial markets infrastructure company. Refinitiv brings with it over the counter trading venues in currencies and treasuries, rates and credit derivatives and a wealth of data, analytics and distribution to meld with its FTSE Russell platform. To put it in perspective Refinitiv is a business that employs four times as many people and has twice the revenues of the LSE. Once amalgamation is complete the deal will broaden the LSE's geographic reach with an estimated 36% of its revenues derived from the US and significant exposures to China and emerging markets. This focus on data platforms and trading brings with it self-reinforcing business characteristics as more data/trading volume becomes more useful and valuable the more of it there is. And this is also being reflected in a higher rating for LSE shares that now command an enterprise value 8x forecasted revenues.

Since its divorce from eBay, another holding that has crept up in size is PayPal. It is now as I write, 4.3% of NAV - and likely to rise further we suspect. Again its success is a reflection of the self-reinforcing characteristics of the business as more consumers and more merchants use the platform, combined with the ever steeper barriers to entry. The hurdles to setting up rival internet based payment platforms rise higher as PayPal becomes ever more ubiquitous. The company claims a c.20% share in internet payments in the world ex China. Its active users increased by 14% to the end of 2019 and engagement by these users was up 10%pa resulting in payment transactions expanding by 25%pa. Growth is underpinned by its brand reputation and trust that is stronger than ever, as well as new initiatives. These include alliances on its open platform. The latest are with GoPay, the Chinese internet payments platform; UnionPay, the Chinese credit card provider; and Mercadolibre, South America's largest ecommerce site. For the first time the company will be handling payments in China and is now targeting a larger share of Chinese originated international traffic. Acquisitions have also been an important feature of PayPal's expansion. Honey Science is the latest, a platform for shopping rewards. Prior acquisitions of Venmo and Zoom (money transfers) have added huge scale over time - Venmo, a sister payments platform, claims 52m of the company's 305m active users and is now gradually being monetised. Like with the LSE, there have been numerous times in the last few years that PayPal has looked, by conventional measures, expensive. Indeed, today the company is valued at 35x prospective 2020 earnings. But selling the shares in the past would have been a mistake as the self-reinforcing nature of its business model has proved much more powerful than analysts and investors anticipated. It's probably the same today, which is why we're content to sit tight. Remember that for PayPal the main competitor to online payments is cash and that mode of payment still commands an 85% market share of transactions worldwide. Thus, there is still lots for the whole online payments industry to go for - but especially PayPal as its leader in the Western World.

Michael Lindsell, Lindsell Train Ltd

19 February 2020

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

The top three contributors to the Fund's performance in January were PayPal, Unilever and RELX and the top three detractors were Nintendo, Diageo and Lindsell Train Ltd.