Lindsell Train Investment Trust PLC

All data at 31 August 2019

Market Capitalisation
£256.0m

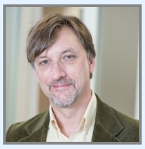
Share Price: £1,280.00

Net Asset Value: £1,081.22

Premium (Discount): 18.4%

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 (%)	*2014*	*2015*	*2016*	*2017*	*2018*
Lindsell Train Investment Trust NAV	+15.2	+23.0	+31.1	+37.6	+16.2
Lindsell Train Investment Trust Price	+8.7	+54.3	+61.9	-6.2	+46.6
MSCI World Index £	+11.5	+4.9	+28.2	+11.8	-3.0
Benchmark*	+4.3	+4.0	+4.0	+4.0	+4.0

Cumulative Performance (%) 31 August 2019	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1361.0	+263.4	+124.8	+32.5	+33.0	+11.8	+2.1
Lindsell Train Investment Trust Price	+1591.4	+277.0	+70.8	+12.4	+8.2	-30.2	-2.3
MSCI World Index £	+198.3	+83.8	+41.7	+7.0	+20.4	+8.6	-1.5
Benchmark*	+125.8	+21.9	+12.6	+4.0	+2.7	+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)	50.3
London Stock Exchange	7.9
Diageo	6.8
Nintendo	5.9
Unilever	5.3
PayPal	4.2
A G Barr	3.5
Mondelez	3.4
Heineken	3.3
RELX	3.3

Allocation (% NAV)	
Equities:	
Consumer Franchises	23.4
Financials	7.9
Media	15.7
Unlisted Securities	50.3
Funds	4.1
Cash & Equivalent	-1.4
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	78.3	1.8	-1.4	**78.7**
USA	8.7	-	-	**8.7**
Europe (ex UK)	4.4	-	-	**4.4**
Japan	5.9	2.3	-	**8.2**
Total	**97.3**	**4.1**	**-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 Phone: 01245 398950**
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

The AGM of the Lindsell Train Investment Trust (LTIT) was in early September. After the conclusion of the formal business of the meeting Michael Lindsell, James Bullock and I made brief presentations to shareholders about LTIT's investment performance and within that - and as your company's biggest holding most importantly - the contribution and business performance of the stake in Lindsell Train Limited (LTL), our unquoted fund management company.

Below I share some of the key points we made, though emphasising that nothing here is new information and it is available in the Trust's latest Report and Accounts.

The long term NAV total return on your company since launch is 14.5%pa (to end March 2019). That can be contrasted with our benchmark, which is a proxy for UK inflation plus a premium for safety, running at 4.5%pa and the return on the MSCI World Equity Index over the period of 5.7%pa in Sterling.

Since your company began paying a dividend, in 2003, the annualised rate of dividend growth has been 21.5%.

The returns generated by your company have become increasingly driven by the success of LTL. Last year over 80% of the dividends received by LTIT came from the stake in LTL. And since the inception of LTIT in 2001 something like half the total return can be ascribed to the gain in value and dividends paid by LTL. LTIT paid a dividend this year of £29.50 which represents a yield of 29.5% on its launch price.

LTL now represents c50% of the NAV of LTIT, as high as it has ever been.

Although we say so ourselves, LTL has been notably successful as a business over the last few years. Equity markets have by and large gone up and added to that conditions have turned out to be favourable for our style of investing. As a result LTL's funds under management have increased threefold since 2015/16, to over £22bn today. You can begin to understand why LTL's profits and hence the dividends we can pay to LTIT have risen strongly.

Current investment performance across our three strategies (Global, UK and Japan) is competitive*. But we cannot legislate for continued outperformance. We note that the premium above NAV that LTIT's shares have traded at for some years has narrowed meaningfully during 2019. We take this as shareholders recognising the very strong run enjoyed by LTL in all aspects and presumably worrying if good things can go on forever.

James gave a presentation on valuation theory and specifically the valuation of the quoted companies in LTIT's portfolio. Although James is fully involved in the day-to-day pragmatics of running LTL's portfolios, especially Global, he brings an academic rigour to our investment approach that I, for one, cannot match. It's reassuring, for us at least, that James's work suggests that "our" stocks still offer decent strategic value, with the caveat that value will likely only be realised for patient shareholders.

I concluded proceedings by reiterating the case for very long term time horizons when investing in high quality businesses. It's our contention that investors underestimate the value that such companies can create for their owners over decades or more. I quoted the work of writers on equity investment, Thomas Phelps and his disciple Christopher Mayer, that demonstrates the surprisingly large number of companies whose shares rise 10, 50 and even 100-fold – if held for long enough. Such gains seem a distant prospect for most investors, but as Thomas Phelps wrote: Few of us profit from 100-1 stocks because

"First, we do not try to do so; and second, that even when we are wise or lucky enough to buy one we do not hold on."

With all humility – because we do not have a single holding in a quoted company in LTIT that has risen even 10 times on book cost, let alone 100 – I asserted this was the effect we're looking to capture. For instance, the AGM coincided with a renewed strong gain in the shares of our largest quoted investment, the London Stock Exchange – which has subsequently received a takeover approach. At today's price LSE shares are nearly 5 times above their book cost in LTIT and that excludes the dividends the company has paid over the many years we have owned them. Of course, there have been periods of underperformance for LSE shares during our ownership and possibly times when they looked "expensive". But it is now clear that the durable competitive position of the LSE and the exceptional profitability of the company should have been a higher consideration for investors than, say, tactical worries about where the shares might go over the next quarter. Not all our holdings will be as successful as the LSE, of course, but it's an illustration of what we hope to do for our clients.

Nick Train, Lindsell Train Ltd

16 September 2019

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

The top three contributors to the Fund's performance in August were Lindsell Train Ltd, London Stock Exchange and Unilever and the top three detractors were A G Barr, Heineken Holdings and Pearson.

**Lindsell Train Fund performance. Returns are based on NAV, net of fees. All data to 31 August 2019. Source: Morningstar Direct.*

Calendar Year Performance (%)	***2014***	***2015***	***2016***	***2017***	***2018***	***YTD 2019***
LF Lindsell Train UK Equity Fund (Acc) (GBP)	7.3	11.5	11.3	20.7	-1.1	25.8
FTSE All Share TR (GBP)	1.2	1.0	16.8	13.1	-9.5	11.1
Lindsell Train Global Equity Fund (B Class) (GBP)	10.5	19.5	23.8	26.1	11.1	28.2
MSCI World (Developed Markets) (GBP)	11.5	4.9	28.2	11.8	-3.0	20.4
Lindsell Train Japanese Equity Fund (A Yen) (JPY)	8.1	24.2	2.9	33.3	-6.4	5.1
TOPIX (JPY)	10.3	12.1	0.3	22.2	-16.0	2.6