Lindsell Train Investment Trust PLC

All data at 30 November 2019

Market Capitalisation
£276.0m

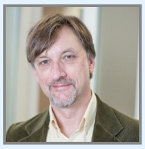
Share Price: £1,380.00

Net Asset Value: £1,048.26

Premium (Discount): 31.65%

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 (%) 30 November 2019	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1316.5	+234.5	+112.0	+28.7	+29.0	-3.1	+0.2
Lindsell Train Investment Trust Price	+1723.6	+296.2	+65.7	+18.4	+16.6	+7.8	-0.4
MSCI World Index £	+202.3	+75.8	+37.0	+13.0	+22.1	+1.4	+2.8
Benchmark*	+128.1	+21.8	+12.6	+4.0	+3.7	+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)	51.7
London Stock Exchange	8.1
Diageo	6.3
Nintendo	5.8
Unilever	4.8
PayPal	4.0
A G Barr	3.5
RELX	3.2
Heineken	3.1
Mondelez	3.1

Allocation (% NAV)	
Equities:	
Consumer Franchises	21.9
Financials	8.1
Media	15.0
Unlisted Securities	51.7
Funds	4.3
Cash & Equivalent	-1.0
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	78.7	1.8	-1.0	**79.5**
USA	8.1	-	-	**8.1**
Europe (ex UK)	4.1	-	-	**4.1**
Japan	5.8	2.5	-	**8.3**
Total	**96.7**	**4.3**	**-1.0**	**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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Registrars: **Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU**

Portfolio Manager's Comments

It is noticeable that the Trust's net asset value ('NAV') has begun to lag behind the performance of world stock markets. Last month the NAV trailed the MSCI World Index by 2.6% and over the last three months by 4.5%. The static price of the Trust's holding in Lindsell Train Limited ('LTL') (up 0.2% over three months), now over 50% of net assets, has not helped but most of the underperformance is due to the quoted shares.

What's caused this reversal in performance? The prevailing view (at least as reported in the press) appears to conclude that it's the beginning of a reversal in the trend of outperformance of 'growth' over 'value' styles. These are convenient badges labelling investment strategies that broadly define *growth* investors as investors in expensively rated companies whose sales and profits grow from one year to the next and *value* investors as investors in cheaply rated companies not necessarily dependant for their success as investments on growth or consistent business performance. These badges can be overly simplistic and misleading. We would not want to be pigeon-holed as either value or growth to the exclusion of the other. In our analysis, growth is a vital input to our assessment of the value of any company. It is true we may appear more tolerant of "higher" valuations but only for companies that pass a high quality threshold and have the ability to earn higher than average returns on capital that can be sustained for extended periods of time. Average or lower quality businesses in our view deserve to be more lowly valued and investing in them can consign you to lower returns in the longer term. James Bullock alluded in his talk at our recent Annual Update to another badge that describes an investor style - 'quality'. It is one that to my knowledge has only come into existence in the last few years and which to us best describes our style of investing. Even then one investor's definition of quality can differ materially from another's. As James pointed out, of the top ten holdings in the MSCI World Quality index none are held in our fund. And to complete the lexicon of badges, many of our consumer franchises are described as 'defensive' companies, ones that are more likely to be in a position to continue to grow sales and profits in difficult times and downturns. Yet many of these companies have also proven to generate top decile returns over extended periods of time, arguably a more important characteristic that is often ignored or underappreciated to the detriment of their valuations.

It's axiomatic that performance of the Trust relative to any broad market index will be different from the performance of the index. In addition to the one unquoted holding in LTL we run a highly concentrated portfolio of other quoted positions. The Fund currently has 12 quoted holdings and two investments in LTL managed pooled funds; all holdings are drawn from a narrow range of industry groupings: consumer franchises, media content and platforms and marketplaces. So performance isn't so much determined by whether 'growth' or 'value' is in vogue but more by what is impacting this collection of companies. Take the last three months. Since the end of August, Sterling has strengthened significantly, diminishing the value of foreign currency (non-UK) earnings in Sterling terms in the short term and providing a drag on performance. Most of our major consumer franchises and many of our media content companies earn the vast majority of their revenues in foreign currencies. Indeed only 23% of the aggregate sales of the quoted portfolio are derived from the UK. Then there are the individual disappointments which when they occur have a bigger impact than for a more diversified portfolio. eBay (whose price is down 12% over the three months) and Pearson (-22%) have both reported underwhelming or poor recent results. It's the combination of these factors that has led to our poor recent performance, not necessarily some style shift that fails to capture adequately the essence of what we do.

Michael Lindsell, Lindsell Train Ltd

16 December 2019

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

The top three contributors to the Fund's performance in November were Nintendo, AG Barr and PayPal and the top three detractors were Lindsell Train Ltd, London Stock Exchange and Pearson.