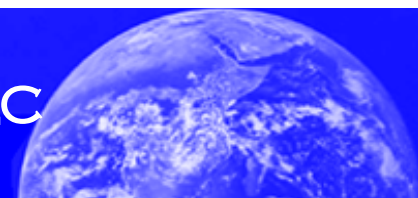


LINSELL TRAIN INVESTMENT TRUST PLC



Market Capitalisation

£268m

Share Price: £1,340.00

Net Asset Value: £854.92

Premium (Discount): 56.7%

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

Portfolio Manager



Nick Train

Fund Objective

To maximise long-term total return subject to the avoidance of loss of absolute value and with a minimum objective to maintain the real purchasing power of Sterling capital, as measured by the annual average running yield on the longest-dated UK government fixed rate bond.

All data at 31 January 2019

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 January 2019	Since Launch	5yr	3yr	1yr	YTD	3m	1m	
Lindsell Train Investment Trust NAV	+1023.9	+207.1	+113.4	+18.1	+2.3	+3.3	+2.3	
Lindsell Train Investment Trust Price	+1631.4	+316.5	+174.1	+58.9	+10.7	+11.9	+10.7	
MSCI World Index £	+158.5	+74.7	+48.5	+1.0	+4.4	-2.2	+4.4	
Benchmark*	+120.7	+22.1	+12.6	+4.0	+0.3	+1.0	+0.3	

Source: Linsell 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)

Linsell Train Limited (unlisted)	46.0
Diageo	7.1
London Stock Exchange	6.6
Nintendo	5.7
AG Barr	5.6
Unilever	5.2
PayPal	4.0
RELX	3.6
Heineken Holdings	3.4
Mondelez	3.3

Allocation (% NAV)

Equities:	
Consumer Franchises	25.7
Financials	6.6
Media	15.9
Unlisted Securities	46.0
Funds	4.5
Cash & Equivalent	1.3
Total	100.0

Linsell Train sector definitions

Fund Exposure %	Equity	Funds	Cash	Total
UK	75.7	1.9	1.3	78.9
USA	8.4	-	-	8.4
Europe (ex UK)	4.4	-	-	4.4
Japan	5.7	2.6	-	8.3
Total	94.2	4.5	1.3	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:

0.65% 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 Linsell *

* non independent

Corporate Secretary & Registered Office:

Maitland Administration Services Limited, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Phone: 01245 398950

Investment Manager & Promoter:

Linsell Train Ltd, 66 Buckingham Gate, London, SW1E 6AU
Phone: +44 20 7808 1210 / info@linselltrain.com

Registrars:

Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Portfolio Manager's Comments

Here is a brief update on Pearson that rather surprisingly was one of the better performing holdings of 2018, up 30% over the year. 2018's performance is however cold comfort in the knowledge that the share price was trading at the current level in 2010 when it represented a bigger part of the portfolio than today.

The digital transformation on which so much hangs is continuing. Now 55% of US higher education courseware sales - Pearson's largest and highest margin business - are pure digital, up from 50% a year ago, but nonetheless overall sales are still falling reflecting declining higher value textbook sales. We await the moment when growing digital sales outstrip declining textbook revenues. Key to accelerating digital sales is the rollout of Pearson's global learning platform that will allow digital courseware subscribers to engage with a single online platform. As the platform will support and interact with the software, providing greater utility to student and faculty alike, Pearson has been reluctant to roll out its digital software without it in place. Once the platform is up and running, we expect to see an acceleration in the sales of Pearson's core courseware offerings which include Revel for qualitative subjects and an updated and enhanced MyLab & Mastering suite of products for quantitative subjects. This should all begin during 2019.

In the meantime the company is cutting out costs, ditching legacy systems and conserving cash. Net debt is at its lowest level for years. 2018's results matched market expectations but only because additional cost cutting helped profitability. Sceptics think that once costs have been cut to the bone, sales declines will be directly reflected in profit declines as the rising competition from lower value and undifferentiated digital products undercuts the profitability of the whole business. We are more optimistic. We see sales of Pearson's subscription based digital product helping to bridge the gap between Pearson's share of usage in the US higher educational courseware market at c.35% and share of revenue at c.20%. The difference is currently bridged by second hand sales of textbooks, largely its own, which over time should be superseded by digital product. We would emphasise that educational courseware is a critical part of any lecturer's toolkit, which through digital enhancement can provide significantly greater utility to both the student and teacher and in time, through a subscription model, greater predictability to the revenue stream of the company. The shares have fallen since the results. We have added tentatively, bringing the weighting up to where it was at the end of the year.

We sold the Trust's position in the LT Global Equity LLC. We first invested at launch in 2014 as a seed investor. Now, five years on, the fund's net assets have risen to \$180m, it has a competitive OCF and a number of promising new prospects that give us the confidence that it has the potential to grow more in the future. We have stated before how we would like to reduce the Trust's positions in Lindsell Train managed funds once those funds have achieved critical mass. The sale of the LLC continues this policy. We now have 4.5% of net assets in Lindsell Train managed funds with strategic holdings remaining in the Lindsell Train Japanese Equity Fund and the Finsbury Growth & Income Trust. Having sold, we reinvested the proceeds by bulking up our existing positions in Mondelez, RELX, Heineken Holdings and Unilever.

Michael Lindsell, Lindsell Train Ltd

For the month of January the top three contributors to the Fund are Lindsell Train Ltd, London Stock Exchange and Nintendo and the top three detractors from the Fund are A G Barr, Unilever and Pearson.

Risk Warning

Past performance is not a guide or guarantee to future performance. Investments carry a degree of risk and the value of investments and income from them as a result of market or currency fluctuations may go down as well as up and you may not get back the amount you originally invested.

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