Lindsell Train Investment Trust PLC

All data at 31 March 2019

Market Capitalisation
£295.0m

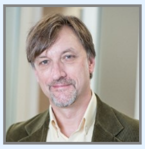
Share Price: £1,475.00

Net Asset Value: £895.94

Premium (Discount): 64.6%

Source: Lindsell 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.

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 March 2019	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1077.8	+215.1	+116.3	+23.2	+7.2	+7.2	+3.2
Lindsell Train Investment Trust Price	+1805.9	+356.2	+171.3	+45.7	+21.9	+21.9	+3.0
MSCI World Index £	+172.3	+77.6	+49.6	+12.0	+9.9	+9.9	+3.4
Benchmark*	+122.2	+22.0	+12.6	+4.0	+1.0	+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)	46.0
Diageo	7.4
London Stock Exchange	6.5
AG Barr	5.7
Unilever	5.4
Nintendo	5.0
PayPal	4.5
Heineken Holdings	3.8
Mondelez	3.5
RELX	3.3

Allocation (% NAV)	
Equities:	
Consumer Franchises	26.7
Financials	6.5
Media	15.4
Unlisted Securities	46.0
Funds	4.6
Cash & Equivalent	0.8
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	75.7	1.9	0.8	**78.4**
USA	9.1	-	-	**9.1**
Europe (ex UK)	4.8	-	-	**4.8**
Japan	5.0	2.7	-	**7.7**
Total	**94.6**	**4.6**	**0.8**	**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 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

There is no doubt that global equity markets have been aided this year by the accommodating policy from the US Federal Reserve. Strong signals that US interest rates will not rise again this year, together with the proposal to end the formulaic reduction in the size of the Federal Reserve's balance sheet in September, have initiated a strong start to the year from stock markets worldwide - with the USA leading, up 11%. Of course on the other side of the coin these signalled moves are in reaction to concerns over slowing growth and lower inflationary expectations. Indeed the yield curve in the USA is now inverted, with 10 year bond yields at 2.4% lower than those for three month money. More extreme, in Japan the 10 year bond yield has fallen to a yield of -0.4%, below that of overnight money. German 10 year yields are also negative. Clearly fears of deflation still abound. For some companies lower growth and low or no inflation translates into lower profits but as our February monthly review highlighted that is not necessarily the case for all. Most of our concentrated portfolio of consumer brands and well known franchises still seem able to grow sales at an impressive clip. Such growth while it lasts proves even more valuable to investors with the background of benign interest rates, especially as other companies are burdened by the consequences of a hostile pricing environment that squeezes their margins. So after underperforming in January, the fund's NAV return has picked up since it is still lagging the performance of the MSCI World Index year to date.

We have no idea whether this recent low growth/disinflationary environment will persist and if so for how long. Indeed it's just as likely that these super benign monetary conditions could in time help spur growth once again. With the US and UK economies at almost full employment it's not inconceivable that interest rates would then resume their upward trajectory. These 'what if's' that are difficult to predict and almost impossible to answer correctly, illustrate why we put these macro considerations to the back of our mind and instead concentrate on the attributes of the companies we own. What excites us most is the prospect of growth driven not by price nor necessarily market share gain but by an expansion and development of the market itself as this is likely to be most enduring. For instance our companies exposed to sales in emerging markets are most obviously benefitting from rapid population increases as well as an incremental advance in wealth, as the examples below highlight:

- The use of what we regard as everyday products in the West such as toothpaste, deodorant, shampoo and conditioner should expand exponentially. At a recent meeting with Unilever's senior management, we heard that they believe their sales of deodorant could expand as much as 4x in Asia if they make the same headway there as they have in Brazil.

- One of Heineken's biggest markets outside its home base of the Netherlands is Vietnam, which has been an important source of growth for the last ten years. Heineken owns the premium market with Heineken Premium beer capturing 4% of volumes and Tiger a huge 25%. A country that could in future emulate the success of Vietnam is Ethiopia, which has a growing population (2017: 105m) where beer consumption per capita is just 20% of Vietnam's. Heineken launched a new mainstream brand Walia in Ethiopia in 2015 and has since increased its market share of the Ethiopian beer market to over a third behind Castel and Diageo. Premium brands such as Heineken don't yet have a real opportunity in the country today but on a 20 year view would expect to find one as per capita consumption increases.

- Most of Diageo's sales in India, through its subsidiary United Spirits, are local Indian whisky brands – McDowell's and Bagpiper. Sales of its core international brands are tiny relatively. Today punitive duties are a hurdle but looking into the future the prospect of even a small fraction of wealthier Indians aspiring to trade up could be transformational.

- Nintendo has historically only sold its game franchises to developed market consumers. That's changing. Pokémon Go and Mario Run, two smartphone games, have been downloaded 800m and 300m times each, with many new consumers from emerging markets engaging for the first time.

- For PayPal the competition from other payment systems is not the main issue. As Dan Schulman PayPal's CEO reminds us on most investor calls, the real competition is from cash that still retains an 85% market share in transactions worldwide.

Economies will ebb and flow, as will the level of interest rates and currencies, and in doing so influence market prices perhaps significantly and for extended periods of time. But in our view the fundamental changes in consumption patterns are much more significant and, as far as we can see, set fair for longer - underpinned by a world that globalises ever faster with the help of the application of new technologies.

Michael Lindsell, Lindsell Train Ltd

For the month of March the top three contributors to the Fund are Lindsell Train Ltd, Diageo and Unilever and the top three detractors from the Fund are RELX, Pearson and eBay.