Lindsell Train Investment Trust PLC

All data at 31 May 2018

Market Capitalisation
£209.0m

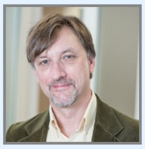
Share Price: £1,045.00

Net Asset Value: £788.46

Premium (Discount): 32.5%

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 (%)	*2013*	*2014*	*2015*	*2016*	*2017*
Lindsell Train Investment Trust NAV	+25.9	+15.2	+23.0	+31.1	+37.6
Lindsell Train Investment Trust Price	+21.5	+8.7	+54.3	+61.9	-6.2
MSCI World Index £	+24.3	+11.5	+4.9	+28.2	+11.8
Benchmark*	+4.0	+4.3	+4.0	+4.0	+4.0

Cumulative Performance (%) 31 May 2018	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+909.5	+192.8	+104.0	+25.2	+6.8	+4.4	+3.0
Lindsell Train Investment Trust Price	+1226.8	+244.6	+125.8	+35.2	+24.4	+11.9	-0.2
MSCI World Index £	+160.9	+78.6	+43.1	+8.2	+2.2	+3.1	+4.2
Benchmark*	+115.0	+22.2	+12.6	+4.0	+1.7	+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)	41.2
Nintendo	8.0
Diageo	7.4
London Stock Exchange	7.0
Unilever	5.5
AG Barr	5.4
PayPal	3.9
LT Japanese Equity Fund	3.9
RELX	3.4
Heineken Holdings	3.4

Allocation (% NAV)	
Equities:	
Consumer Franchises	24.5
Financials	7.0
Media	18.3
Unlisted Securities	41.2
Funds	8.5
Cash & Equivalent	0.5
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	71.6	2.1	0.3	**74.0**
USA	7.1	-	-	**7.1**
Europe (ex UK)	4.3	-	0.2	**4.5**
Japan	8.0	3.9	-	**11.9**
Global	-	2.5	-	**2.5**
Total	**91.0**	**8.5**	**0.5**	**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)
Vivien Gould
Rory Landman
Michael Lindsell *
Michael Mackenzie

* non independent

Corporate Secretary & Registered Office: **Maitland Institutional Services Limited, Springfield Lodge, Colchester Road, ESSEX CM2 5PW**
Phone: 01245 398950

Investment Manager & Promoter: **Lindsell Train Ltd, 66 Buckingham Gate, London, SW1E 6AU**
Phone: +44 20 7808 1210 / info@lindselltrain.com

Registrars: **Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU**

Portfolio Manager's Comments

One holding that continues to rise as a percentage of the Trust's portfolio is the London Stock Exchange ('LSE'). It is now over 7% of net asset value. We last added to the position in April 2016 hoping that the Company would merge with the Deutsche Bourse. That failed, hindered we think by Brexit, and in the wake of that failure and the subsequent row over the resignation of the CEO we might have expected the shares to perform much worse than they actually have. Looking back the shares were up 8% in 2016, 32% in 2017 and are up 19% so far this year, one of our best performers over that extended time period.

This Teflon like performance can be largely put down to the successful diversification of the business from one dependent on fees earned from market trading and listings to a range of businesses all with connections to markets but with more predictable revenue streams.

Arguably the best is the index business built around the FTSE indices, representing over a third of total revenues. LSE bought out its joint partner, Pearson, and then acquired Russell in a complicated transaction that required the disposal of Russell's consultancy and fund management businesses. The compensation for the hassle was a cheap price for the index business. Since then there have been further bolt on acquisitions, the latest being the Citi indices and the Yield Book (providing fixed income analytics). Now FTSE/Russell is the leading index provider, with growth being driven by greater use of benchmarks, indices data and analytics which in turn is being driven by the increasing use of smart beta products and ETFs.

The other initiative was to expand into clearing through the acquisition of LCH Clearnet, which offers an open access clearing platform to market participants, many of whom were aligned with LSE as minority shareholders of LCH. This model allowed the Company to bag dominant market share (95%) in clearing interest rate swaps ('IRS') through Swapclear at a time that regulators mandated a move to centralised clearing to boost transparency. There is now a move to clear foreign exchange in the same way and although it is not mandated by regulators as yet, there is an economic incentive to do so if institutions can reduce the collateral committed to backing up positions. LCH Clearnet today represents 36% of LSE's revenues. Other initiatives abound, including Curve Global that offers LCH clients portfolio margining benefits. Like Swapclear it has been established in collaboration with its customers to encourage its adoption.

LSE now has a new CEO, David Schwimmer from Goldman Sachs. We expect continued growth and little change in the Company's strategy other than new innovations around these existing businesses. Notwithstanding the diversity introduced with these strategic investments outlined above, LSE's success is based on the foundation of benign financial markets. Thankfully global markets tend to rise - at 8% per annum in US dollars, if the last 117 years is anything to go by! When that trend changes for short periods of time, as it inevitably will someday, LSE will be subject to the volatility one would expect for any Company that is a proxy for the growth of global capital markets.

Michael Lindsell, Lindsell Train Ltd