Lindsell Train Investment Trust PLC

All data at 31 July 2018

Market Capitalisation
£228m

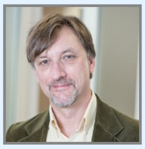
Share Price: £1,140.00

Net Asset Value: £827.83

Premium (Discount): 37.7%

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 July 2018	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+959.9	+190.4	+108.4	+24.5	+12.2	+8.2	+1.8
Lindsell Train Investment Trust Price	+1347.4	+274.8	+125.8	+44.3	+35.7	+8.8	+17.8
MSCI World Index £	+172.8	+81.9	+53.8	+12.4	+6.8	+8.9	+3.8
Benchmark*	+116.4	+22.2	+12.6	+4.0	+2.3	+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)	43.0
Diageo	7.1
London Stock Exchange	6.5
Nintendo	6.2
Unilever	5.5
AG Barr	5.2
PayPal	3.8
LT Japanese Equity Fund	3.6
Heineken Holdings	3.3
RELX	3.2

Allocation (% NAV)	
Equities:	
Consumer Franchises	24.1
Financials	6.5
Media	16.1
Unlisted Securities	43.0
Funds	8.2
Cash & Equivalent	2.1
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	72.2	2.1	2.1	**76.4**
USA	6.9	-	-	**6.9**
Europe (ex UK)	4.4	-	-	**4.4**
Japan	6.2	3.6	-	**9.8**
Global	-	2.5	-	**2.5**
Total	**89.7**	**8.2**	**2.1**	**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

Heineken has been in the news lately, announcing its half year results and latterly an important deal with China Resources Beer ('CRB').

Its results showed good underlying growth in sales volumes, especially of the Heineken brand which was up 7.5% over the year. We think that Heineken is leading the race to be THE global beer brand. Other brands may sell more but they do so in restricted geographies (e.g. Snow and Tsingtao in China, Budweiser in the USA and Skol in Brazil). When it comes to reach, Heineken wins hands down with a presence in more than 190 countries and meaningful presence in more than 70. Heineken's share of the global premium beer segment, at 20%, is double that of its nearest competitor, Corona.

Underpinning the brand the company has been clever in striking sponsorship deals, especially with the UEFA Champions League and Formula 1, that help reinforce Heineken's global appeal. The successful global launch of Heineken 0.0, its alcohol free version of the brand, emphasises the ability of the company to bring product to market on a global scale.

Profits on the other hand disappointed in the short term, undermined in part by the consolidation of Kirin Brasil. Margins here are much lower but should rise to near group averages over the next five years. Following the combination of its existing business with Kirin's, Heineken now has the second largest market position in Brazil and a 20% market share, although it's dwarfed by the market leader Ambev. In a well tried and tested strategy the company will look to grow sales of the Heineken brand by piggybacking on the distribution of a range of acquired local brands. To date Heineken has really only been sold around Rio de Janeiro and Sao Paulo but now the company can expand its footprint countrywide, and forecasts as much as a doubling of Heineken brand sales over the next few years.

The deal with CRB could prove transformational. CRB is the market leader in beer in China and owns its biggest brand, Snow. At the moment Heineken has limited exposure in China, the world's largest market for beer focussed around mainstream brands. The market is changing as middle class consumers trade up to premium beer. To take advantage of this trend CRB brings distribution, scale and its market-leading route to market and Heineken its premium international beer brands. The two have established a joint venture company to which Heineken will transfer its Chinese assets (including three breweries in Fujian province where Heineken has its biggest presence today) and licence its brands. It will require a net investment of €2bn from Heineken for an effective economic interest of 21% in CRB. The companies expect the premium share of the market to more than double from 11% in 2016 over the next seven years and to reap higher profitability as premium share grows. At a stroke Heineken goes from having minimal exposure to China to participating in the fastest growing premium opportunity in the world, centred around its brands, for the cost of approximately one year's cash flow.

Michael Lindsell, Lindsell Train Ltd