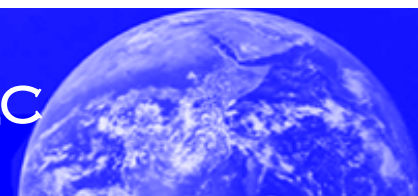


LINSELL TRAIN INVESTMENT TRUST PLC



Market Capitalisation
£238m

Share Price: £1,187.50

Net Asset Value: £841.42

Premium (Discount): 41.1%

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 30 September 2018

Fund Performance (GBP)

<i>Calendar Year Performance (%)</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>		
Linsell Train Investment Trust NAV	+25.9	+15.2	+23.0	+31.1	+37.6		
Linsell 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		
<i>Cumulative Performance (%)</i> <i>30 September 2018</i>	<i>Since Launch</i>	<i>5yr</i>	<i>3yr</i>	<i>1yr</i>	<i>YTD</i>	<i>3m</i>	<i>1m</i>
Linsell Train Investment Trust NAV	+1006.2	+217.5	+122.3	+26.3	+17.1	+6.3	+0.3
Linsell Train Investment Trust Price	+1434.4	+267.8	+152.3	+43.4	+43.9	+24.9	+1.9
MSCI World Index £	+179.4	+93.6	+70.0	+14.4	+9.4	+6.3	+0.2
Benchmark*	+118.5	+22.2	+12.6	+4.0	+3.4	+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)	45.7
Nintendo	6.8
Diageo	6.8
London Stock Exchange	6.7
AG Barr	5.4
Unilever	5.3
PayPal	4.0
RELX	3.1
LT Japanese Equity Fund	3.1
Heineken Holdings	3.0

Allocation (% NAV)

Equities:	
Consumer Franchises	23.5
Financials	6.7
Media	16.7
Unlisted Securities	45.7
Funds	7.7
Cash & Equivalent	-0.3
Total	100.0

Linsell Train sector definitions

<i>Fund Exposure %</i>	<i>Equity</i>	<i>Funds</i>	<i>Cash</i>	<i>Total</i>
UK	74.6	2.0	-0.3	76.3
USA	7.1	-	-	7.1
Europe (ex UK)	4.1	-	-	4.1
Japan	6.8	3.1	-	9.9
Global	-	2.6	-	2.6
Total	92.6	7.7	-0.3	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)
Vivien Gould
Rory Landman
Michael Linsell *
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:

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

Registrars:

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

Portfolio Manager's Comments

Aside from the holding in Lindsell Train Limited that now makes up 45.7% of net assets one of the Trust's largest quoted holdings is AG Barr at 5.4% of NAV. AG Barr makes soft drinks. Its signature brand Irn-Bru claims the highest carbonated soft drinks share in Scotland, one of the few jurisdictions in the world where Coke does not lead. Its century old heritage in Scotland and its leading market position with Irn-Bru gives Barr the cash flows to expand its business into other categories and markets, with recently acquired brands such as Rubicon's exotic drinks, Strathmore water and Funkin cocktail mixers. Ten years ago before the price off LTL took off, Barr was the largest holding making up c.10% of the Trust. Recently its star has been rising with its share price up 10% since the end of March having reached a new all-time high. There has been no particular catalyst for the move other than the continued strong operating performance with sales rising at a 4-5% clip and a recent successful negotiation of the sugar tax implementation. The company has successfully introduced reduced sugar re-formulations of its drinks that have been received well by its consumers and, as evidence, market share has continued to grow.

We first invested in Barr in 2001 on the Trust's inception. Together with Nintendo it is the Trust's longest standing quoted holding. This is how it has fared since 2001:

- Revenues are up 5.5% pa
- Operating Profits up 7.4% pa
- Net profits up 8.2% pa
- Dividends up 9.0% pa
- Average Return on Equity over the period has been 19%
- The total return from January 2001 to September 2018 has been 17.7% pa

The company possesses all the characteristics of what we look for in a Lindsell Train investment. Modest growth - but nevertheless consistent growth ahead of inflation; some operating leverage; minimal debt - the company had £10m of net debt in 2001 and currently has £20m of net cash; and high and sustainable returns on capital that have provided the foundation for strong dividend growth. What was unusual was the valuation when we first bought the shares. The PE ratio in January 2001 was 8x and that compares to 23x today. January 2001 proved to be an exceptionally favourable entry point to begin a holding. Notwithstanding the material uplift in valuation since 2001 the dividend contribution to annualised total returns was approximately two thirds, with the increase in valuation accounting for the remainder. It emphasises the importance of dividend contributions over the long-term to total annualised returns even when increases in valuation seem at first glance to dominate.

Although the valuation is less favourable today we are as enthusiastic about Barr's long term prospects as ever. The company has plenty of headroom for growth with its leading market share in Scotland of c.20% compared to a market share of just 3.3% in the UK as a whole. It's quite conceivable that today's PE ratio will contract in the future but even if it does we think that effect will be dwarfed by the return contribution from growing dividends over the long-term provided the company can sustain its high returns on capital.

Michael Lindsell, Lindsell Train Ltd

Source: Bloomberg & A G Barr

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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