Lindsell Train Investment Trust PLC

All data at 30 November 2018

Market Capitalisation
£238.5m

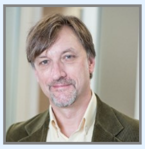
Share Price: £1,192.50

Net Asset Value: £837.09

Premium (Discount): 42.5%

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 (%) 30 November 2018	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
Lindsell Train Investment Trust NAV	+1000.5	+205.1	+112.0	+20.0	+16.5	-0.2	+1.2
Lindsell Train Investment Trust Price	+1440.9	+267.7	+122.3	+45.6	+44.5	+2.4	-0.4
MSCI World Index £	+167.6	+77.3	+50.7	+6.2	+4.8	-4.0	+1.3
Benchmark*	+119.2	+22.2	+12.6	+4.0	+3.7	+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)	46.8
Diageo	7.1
AG Barr	6.0
London Stock Exchange	5.9
Nintendo	5.9
Unilever	5.3
PayPal	4.1
RELX	3.2
Heineken Holdings	3.0
LT Japanese Equity Fund	2.9

Allocation (% NAV)	
Equities:	
Consumer Franchises	24.4
Financials	6.0
Media	15.8
Unlisted Securities	46.8
Funds	7.3
Cash & Equivalent	-0.3
Total	**100.0**

Lindsell Train sector definitions

Fund Exposure %	*Equity*	*Funds*	*Cash*	*Total*
UK	76.0	1.9	-0.3	**77.6**
USA	7.1	-	-	**7.1**
Europe (ex UK)	4.0	-	-	**4.0**
Japan	5.9	2.9	-	**8.8**
Global	-	2.5	-	**2.5**
Total	**93.0**	**7.3**	**-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 Lindsell *
Richard Hughes
Nicholas Allan

* non independent

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Portfolio Manager's Comments

You may recall if you were around in the late 20th Century two well-known but unconnected brands: Lifebuoy soap and Horlicks malted drinks? The former took off the top layer of skin in the shower and the latter smoothed the path to contented sleep after a bedtime story. Both brands are hardly seen on the shelves in the UK today but have growing resonance in the Indian subcontinent. Lifebuoy is one of Unilever's biggest selling product in India, with its antiseptic qualities particularly revered in a nation where standards of hygiene lag well behind those taken for granted in developed countries. Horlicks is the malted milk drink invented 140 years ago by two Gloucestershire brothers. It came to India as a dietary supplement for the Indian soldiers of the British Army returning from the First World War. Well to do Indians adopted it as a premium drink in the 1940's and 1950's. Today it is the most widely consumed packaged beverage in India after bottled water and represents 85% of the sales of GlaxoSmithKline Consumer Healthcare India ('GSK India').

Unilever has now bought Horlicks, along with some of GSK's other consumer healthcare nutrition brands. To do so, it merged with GSK India using shares of its Indian subsidiary, Hindustan Unilever ('HUL'), bought outright an 82% stake in GSK Bangladesh and secured the brand's rights to additional markets with a further payment of €470m. All in all the transaction value is €3.3bn for annual sales of currently €550m. The high cost of c.6x sales and over 35x earnings is somewhat alleviated by using highly priced HUL paper currently trading at 11x sales and at a price earnings ratio of c.55x. By using HUL paper Unilever plc only pays €640m but also cedes a 5.3% reduction in its shareholding in HUL to 62%. There will be synergies, through scale efficiencies and supply chain optimisation and a significant growth opportunity as Unilever believe this to be an underpenetrated category, with rising affluence and disposable incomes more able to support persistent nutritional needs. It's still costly, but in our view worth it given the rare opportunity and the uniqueness of the brand.

It demonstrates again that when businessmen are obliged to value a strong franchise such as this one, the value is significantly higher than usually attributed to such assets by the stock market. The return that a businessman earns will be driven by the cumulative cash flow from the investment, which in the case of the Horlicks brand should compound over many years. He is therefore committed to investing for years if not for decades. In contrast, most portfolio investors far prefer the certainty of successful near term results and the positive valuation effect that can materialise in the stock market. By then trading out of the investment the portfolio investor is able to bank the profit before redeploying capital elsewhere. But in doing so they may fail to capture the cash flows typically generated by exceptional businesses, thus missing out on the compounding effect that can prove so powerful in ultimate value creation.

This gets to the core hypothesis behind Lindsell Train's investment approach: that durable business franchises can sustain higher than average valuations. This is not generally acknowledged by other investors or the market, which allows us to build our portfolios around the best businesses at what we believe to be often significantly undervalued prices. Exploiting this anomaly then gives us the opportunity to earn excess returns over time.

Michael Lindsell, Lindsell Train Ltd

For the month of November the top three contributors to the Fund are Lindsell Train Ltd, Diageo and A G Barr and the top three detractors from the Fund are Nintendo, Global Equity LLC and London Stock Exchange.

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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