THE LINDSELL TRAIN INVESTMENT TRUST PLC

Annual Report and Financial Statements

For the year ended 31 March 2020

Company Summary

The Company

The Lindsell Train Investment Trust plc (the "Company") is an investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies ("AIC").

The Company is a UK Alternative Investment Fund ("AIF") under the European Union Alternative Investment Fund Managers' Directive ("AIFMD"). The Board is the Small Registered UK Alternative Investment Fund Manager ("AIFM") of the Company.

Management

The Company has appointed Lindsell Train Limited ("LTL") as its Investment Manager. Accounting, company secretarial and administrative services are provided by Maitland Administration Services Limited as appointed by the Board. Further details of the terms of these appointments are provided on page 78.

Investment Objective

The objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital. The Investment Policy is described on page 10.

Performance and Benchmark

The performance highlights are provided on page 3.

The performance benchmark is the annual average running yield on the longest-dated UK government fixed rate bond (currently UK Treasury 1.625% 2071), calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0% ("the Benchmark").

Dividend

A final dividend of £41.39 per Ordinary Share (2019: £27.87) and a special dividend of £2.61 per Ordinary Share (2019: £1.63) is proposed for the year ended 31 March 2020. If these dividends are approved by Shareholders, they will be paid on 8 September 2020 to Shareholders on the register at close of business on 14 August 2020 (ex-dividend 13 August 2020).

Annual General Meeting

A notice of the Annual General Meeting, scheduled for 3 September 2020 at 3rd Floor, 66 Buckingham Gate, Westminster, London SW1E 6AU, is provided on pages 79 to 82. This year the meeting will be closed to Shareholders and will be attended by Directors only. Shareholders are strongly encouraged to vote by proxy and to appoint the Chairman as their proxy.

Capital Structure

The Company's capital structure comprises 200,000 Ordinary Shares of 75 pence each. Details are given in note 14 to the Financial Statements on page 61.

THIS DOCUMENT IS IMPORTANT and, if you are a holder of Ordinary Shares, requires your immediate attention. If you are in doubt as to what action to take, you should seek advice from your own independent personal financial advisor. If you have sold or otherwise transferred all of your Ordinary Shares in the capital of the Company you should send this document, and the Form of Proxy which accompanies it, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected.

Contents

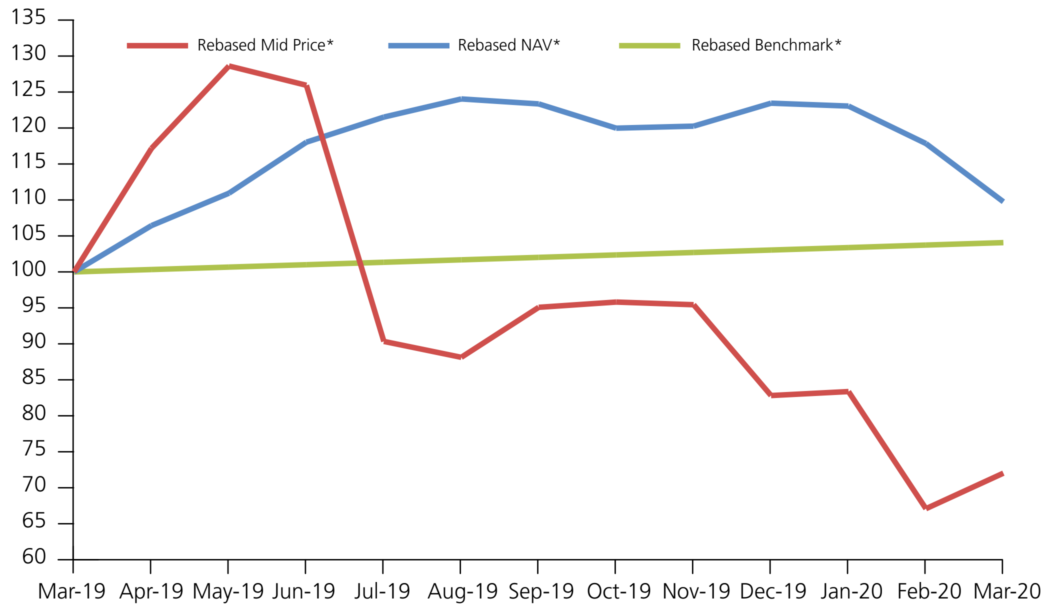
Strategic Report

The Directors present their Strategic Report for the Company for the year ended 31 March 2020. The Report contains: a review of the Company's strategy, an analysis of its performance during the financial year, comment on its future outlook and details of the principal risks and challenges that it faces.

Reviews of the financial year and commentary on the future outlook are presented in the Chairman's Statement on pages 3 to 5 and the Investment Manager's Report on pages 8 and 9. The Company's Investment Objective and Investment Policy are set out on page 10.

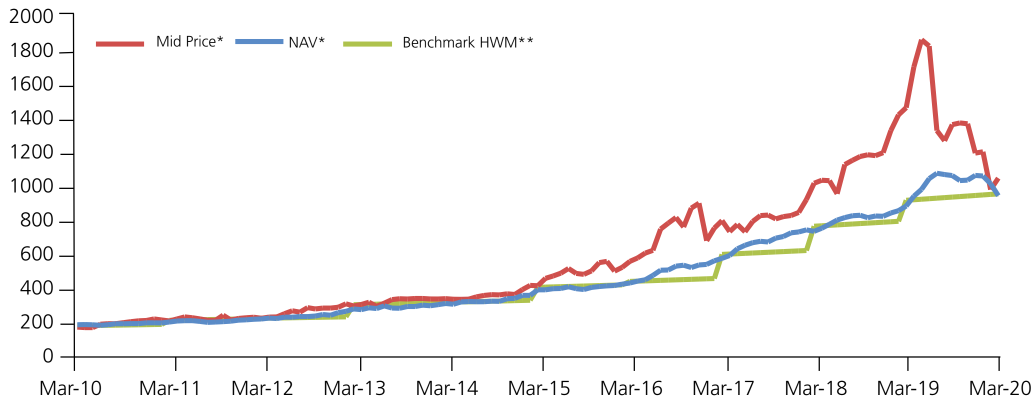
Performance

Share price performance compared to the Net Asset Value and the Benchmark for the year ended 31 March 2020 (based on total performance with reinvested net dividend)



** Figures are rebased to show the performance per £100 invested.*

Share price performance compared to the Net Asset Value and the Benchmark for ten years to 31 March 2020



Note: The chart is based on monthly raw data. When a performance fee is paid, the Benchmark is adjusted up to the high watermark ("HWM") at that point. This only occurs annually, if at all, on 31 March.

** The NAV and share price are unadjusted for dividends.*

*** The Benchmark is adjusted for inclusion of the HWM. Please note that the inclusion of the HWM means that, at the financial year end, if a performance fee has been paid, the Benchmark is adjusted to the same level as the NAV or the share price whichever is lower. If the Benchmark performs better than the NAV and/or the share price, or a performance fee has not been paid, no adjustment is made.*

Source: Bloomberg and LTL

Strategic Report

Highlights for the Year

Performance comparisons	Change
Middle market price per Ordinary Share*	(26.5%)
Net Asset Value per Ordinary Share*	9.8%
Benchmark†	4.0%
MSCI World Index (Sterling)	(5.8%)
UK RPI Inflation (all items)	2.6%

* Calculated on a total return basis. The Net Asset Value and the share price at 31 March 2020 have been adjusted to include a dividend of £27.87 per Ordinary Share and a special dividend of £1.63 per Ordinary Share paid on 9 September 2019.

† The annual average running yield on the longest-dated UK government fixed rate bond (currently UK Treasury 1.625% 2071), calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0%.

Source: Datastream, Lindsell Train Limited, Morningstar and Bloomberg

Chairman's Statement

After a number of years of successive advances in the Company's net asset value ('NAV') and share price, the year to 31 March 2020 proved to be one of dramatic highs and lows. Over the year the NAV total return was 9.8%, exceeding the benchmark return of 4% and also comparing favourably to the fall in world markets (as measured by the MSCI World Index in Sterling) of 5.8%. However, these relatively benign results disguised extreme volatility in the share price. The shares began the year at £1,475, a 65% premium to NAV, rose to a premium of 100% (reaching £2,000 per share), only to fall in recent months on the back of the market rout to a low in mid-March, when they hit an 18% discount to NAV. Finally, having recovered somewhat from these lows, the share price ended the year at 31 March 2020 down 26.5%, at £1,060, an 11% premium to NAV. This degree of volatility in the premium/discount is unusual for an Investment Trust but in part explainable by the large unlisted holding in Lindsell Train Limited whose business itself is largely dependent on the performance of markets, which were themselves extremely volatile.

Long-term investors can take comfort from the steady rise in the NAV but new shareholders, particularly those who bought at times in 2019, will be smarting from an abrupt loss of value from the fall in the share price. In light of this, and to reinforce the alignment of interest with shareholders instilled since the Company's inception, the Manager has chosen not to take the performance fee of £448,679 it was due. However, the high watermark set at 31 March 2019 will not be adjusted upwards, which will allow the Manager to earn the fee in future periods, provided appropriate returns are achieved.

My predecessor as Chairman and I have, over the last six years, cautioned investors (via the Company's Annual and Interim Reports) to think carefully before buying shares in the Company when they are trading at a premium to NAV. The Directors themselves have certainly desisted but this year the brief move from a premium to a discount at last gave us the opportunity to buy shares, something we have all wanted to do since joining the Board. All directors now own shares in the Company, cementing our alignment of interest with shareholders.

Strategic Report

Chairman's Statement continued

Turbulent markets present a challenge in valuing any unlisted company and the Board focuses with great care on its valuation of Lindsell Train Limited, not least because it remains the most significant investment in the Company's portfolio at 46.8% (45.9% at 31 March 2019) of NAV. At the end of March 2020 the Board decided to apply an adjustment to the inputs used to calculate LTL's valuation. The aim was to ensure that the valuation captured the full effect of the decline in LTL's funds under management ('FUM') as markets fell, and to reflect the sharp fall in the values of listed fund managers. The Board has used two methodologies to value the company, weighted equally. One values LTL at 1.5% of its FUM and this input remains unchanged. The other element uses an estimate of LTL's historical annual notional earnings. The earnings based valuation took time to capture the effects of declining FUM as it was based on three month rolling data. From 31 March 2020 valuation and into the future, the Board has decided to calculate LTL's notional earnings with reference to LTL's most recent end month FUM (see page 75). In the month of March this resulted in a 17.2% decline in the earnings calculation and a 13.4% decline in LTL's overall valuation.

I am glad to report that despite the turbulence in markets impacting its FUM, LTL made good progress in a difficult year for the industry in general. Its valuation increased by 8.7% despite the adjustment mentioned above. Add to that the dividends paid and its total return for the year to 31 March 2020 was 21.4%. This made LTL once again the largest contributor to the Company's returns over the year. It proved to be a year of two distinct halves for LTL's FUM, which rose to a peak of £22.7bn in August only to plateau and then decline in the first quarter of 2020 due to both market moves and net outflows. LTL's FUM at 31 March 2020 was £18.2bn, almost the same level as at 31 March 2019, having recorded net inflows of £759m over the year. Throughout all the turbulence LTL's investment performance has remained impressive. Provided this continues it bodes well for the future even against a difficult background for the active management industry. The ongoing progress in LTL's FUM sourced from the USA is also encouraging; they increased again this year and show every sign of building further in the future.

A detailed resumé of LTL's financials and fund performance can be found in Appendix 1 on page 69. Reflecting LTL's record year for revenues and profits, its dividend was up 47.3% and its contribution to the Company's revenues was even higher this year at 84%. It is this contribution more than any other that has led the 48% increase in the Company's profits. The increase in the Company's proposed total dividend per share from £29.50 to £44.00 remains in keeping with the Company's policy to retain the highest percentage of earnings that Investment Trust regulations allow. The payment is made up of an ordinary dividend of £41.39 and a special dividend of £2.61 in respect of the proportion of LTL's income attributable to performance fees, which remain unpredictable.

Whilst it is pleasing to declare the rise in the dividend I should caution you that the flow of LTL profits to LTL dividends and then onto the Company's revenues and its dividends is predominantly formulaic. In other words if LTL's profits were to fall due to falling FUM so would the LTL dividend. As this is such a large percentage of the Company's revenues, a falling LTL dividend, were it to occur, would most probably lead to a reduction in the Company's dividend at some point in the future. It is also likely that dividends from our other investee companies, although a smaller part of our revenues, will fall this year as a result of the business disruption arising from the coronavirus lockdowns worldwide.

The listed portfolio remained almost exactly the same as it was last year, with just some small additions to the Company's most recently introduced holding of Laurent-Perrier. As the year progressed different companies vied for the position as the largest listed holding, with both Nintendo and Diageo bearing that accolade at times; but by the end of the year it was passed to the London Stock Exchange, at 9.4% of NAV, as a result of it generating a total return of 55% over the year. Shareholders have been rewarded with a staggering 29.7% annualised return from the company over the last ten years, a testament to a wonderful core business and a series of value creating acquisitions.

It is likely that the coronavirus pandemic and its subsequent effect on economies worldwide will dictate the prospects for all the investments owned by the Company over most of the next year. Without any historical template on which to base forecasts, trying to predict what will happen is futile. However, what we can say is that our listed investments are well established businesses and over their history have the experience of operating in many different conditions, often in more challenging circumstances than today. The Board remains confident that the companies in which we are invested are well-placed to survive, with the ability to prosper once the crisis is behind us.

LTL is a relatively young business (albeit now almost 20 years' old) without the heritage of most of the companies in the quoted portfolio. There is still a reliance on its two founders, but significant steps have been taken to address succession, with James Bullock and Madeline Wright taking on more responsibility for portfolio management and investment decisions. From a purely financial perspective we hope it is of some reassurance for the Company's shareholders that LTL's biggest cost, salaries, would automatically fall if revenues declined, due to LTL's salary and bonus cap. Therefore when revenues fall profit margins hold up, as fixed costs are only c.5% of revenues. It is also a reassurance that LTL is so well capitalised, with substantial net cash on its balance sheet as is evident from the details in Appendix 1.

I am sorry to report that Rory Landman has signalled his wish to step down from the Board after nine years as a director and will therefore not be standing for re-election at the Annual General Meeting in September. Rory has given the Company invaluable service and we will miss his incisive contribution and particularly his forensic attention to detail. I will personally greatly miss his support.

The coronavirus pandemic and the associated requirement for social distancing has made it impractical to conduct the Company's Annual General Meeting in the traditional way. This year the meeting will be held at LTL's offices at 2.30 pm on 3 September 2020 but shareholders are requested not to attend in person and instead only Directors will be present. Shareholders are strongly encouraged to vote by proxy, appointing the Chairman as your proxy. LTL will arrange an interactive, internet enabled presentation on the Company and its prospects at 3.00 pm on the same day. All shareholders are encouraged to log in and attend. We would ask you register in advance by completing the enclosed form or emailing kirsty.banks@lindselltrain.com.

Julian Cazalet
Chairman
15 June 2020

Strategic Report

Portfolio Holdings at 31 March 2020

(All ordinary shares unless otherwise stated)

Holding	Security	Fair value £'000	% of net assets	*Look-through basis % of net assets†*
6,450	Lindsell Train Limited	89,479	46.77	*46.77*
246,500	London Stock Exchange	17,925	9.37	*9.57*
41,000	Nintendo	12,711	6.64	*6.90*
420,500	Diageo	10,870	5.68	*5.85*
222,000	Unilever	9,037	4.72	*4.89*
101,000	PayPal	7,795	4.07	*4.08*
161,552	Mondelez International	6,523	3.41	*3.57*
363,000	RELX	6,285	3.29	*3.46*
1,263,393	A.G. Barr	6,064	3.17	*3.19*
89,000	Heineken	5,493	2.87	*2.95*
3,288,767	Lindsell Train Japanese Equity Fund – B	5,031	2.63	*2.38*
420,000	Finsbury Growth & Income Trust	3,159	1.65	*0.64*
28,093	Laurent-Perrier	1,854	0.97	*0.97*
74,050	eBay	1,795	0.94	*0.94*
300,000	Pearson	1,657	0.87	*0.89*
	Total investments	185,678	97.05	*97.05*
	Net current assets	5,652	2.95	*2.95*
	Net Assets	191,330	100.00	*100.00*

† Look-through basis: This adjusts the percentages held in each security upwards by the amount held by LTL managed funds and adjusts the fund's holdings downwards to account for the overlap. It provides Shareholders with a measure of stock specific risk by amalgamating the direct holdings of the Company with the indirect holdings held within the LTL funds.

Leverage

We detail below the equity exposure of these funds managed by LTL as at 31 March 2020:

Fund	Equity Exposure
Lindsell Train Japanese Equity Fund	96.90%
Finsbury Growth & Income Trust	101.05%

Analysis of Investment Portfolio at 31 March 2020

Breakdown by location of listing

(look-through basis)^

Japan	9%
Europe	4%
UK*	75%
USA	9%
Emerging	0%
Cash and Equivalents	3%
	100%

Breakdown by location of underlying company revenues

(look-through basis)^

Japan	4%
Europe**	27%
UK**	36%
USA**	20%
Emerging	10%
Cash and Equivalents	3%
	100%

Breakdown by sector

(look-through basis)^

Consumer Staples	23%
Communication Services	8%
Industrials	3%
Financials*	57%
Healthcare	1%
Information Technology	4%
Consumer Discretionary	1%
Cash and Equivalents	3%
	100%

* LTL accounts for 47% and is not listed.

** LTL accounts for 25 percentage points of the UK figure, 17 percentage points of the Europe figure and 5 percentage points of the US figure.

^ Look-through basis: This adjusts the percentages held in each asset class, country or currency by the amount held by LTL managed funds. It provides Shareholders with a more accurate measure of country and currency exposure by aggregating the direct holdings of the Company with the indirect holdings held by the LTL funds.

Strategic Report

Investment Manager's Report year ended 31 March 2020

I suppose I must write about the pandemic. My heart sinks. In part because this is such a distressing topic. It has affected us all in such a personal, intimate way that I feel it almost inappropriate to discuss it dispassionately, from the perspective of an investor. But to the best of our ability we must keep our investment objectivity and try to find a response that best protects the value of the capital entrusted to us.

So, let me report that we have neither initiated any new holding, nor disposed of any existing holding as a result of the crisis. This is the case not just for your Company, but across all of Lindsell Train Limited's strategies. This does not mean we have been completely inactive. Where we held cash, or welcomed new subscriptions, we have responded to price falls by adding to holdings. And of course, when we have seen outflows from our open-ended accounts we have been sellers.

But the absence of new buys or sells is significant. There are two reasons for it. First, in all humility – We Do Not Know. We are not epidemiologists and therefore have no insight into the duration or severity of the epidemic. Of course there are enormous ramifications for investment assets depending on the duration and severity. But there seems little justification to place what would be, for us, speculative bets on outcomes where we have no special insight. Sometimes doing nothing is rational.

The second reason for us doing nothing is that we hope Lindsell Train's investment principles and process mean we were already owning the right sort of company for a crisis. We have always placed a high value on the durability, predictability and plain "survivability" of the companies we invest in. That preference has meant that, to date, our portfolios have avoided the worst of the value loss in stock markets. We know that every company we hold is being challenged today and may face future challenges we have not yet considered. Nonetheless, your portfolio, built around companies of the "survivability" of Diageo, Heineken, London Stock Exchange, Nintendo, Mondelez, PayPal, RELX and Unilever, seems resilient to us.

On the question of the resilience of these companies - we are often asked what worries us most today. Our answer is that our biggest worry remains the same question we had on the 1st January 2020 and, indeed, the 1st January 2019. Namely – Is technology change the friend or the enemy of the companies we have chosen to invest in? What does seem clear about this crisis is the way it has accelerated both the decline of some industries and business models (high street retail most obviously) and accelerated the adoption of digital tools and services. Being on the right side of this change has never felt more important. To that point we sincerely hope that the multi-year investment that Pearson has made in building its digital learning products and services begins to pay off over the next few academic years. That possibility is the reason we have retained our holding.

Despite my warning above, I am going to stray into the dangerous territory of prediction. We were grateful to JP Morgan for its recent piece of research which pointed out that the age of the average European is 43 years old. Meanwhile, the age of the average inhabitant of Latin America is 31, of India 26 years 8 months and of Africa, 19 years and 7 months. There have been precious few positive surprises about this wretched virus. But tentatively, perhaps a positive surprise for the world will be that the relative youth of the majority of the world's population means that the virus' mortal effects will be less severe in the Emerging Markets than elsewhere. This may be an unexpected plus for companies that serve young consumers in these regions.

In conclusion we sincerely hope all the world's young people will enjoy one hell of a party after their deliverance from this ordeal. Investors should go long booze, chocolate and party frocks.

We hope to join them at these festivities, along with all our shareholders.

Nick Train
Investment Manager
Lindsell Train Limited
15 June 2020

Strategic Report

Company Profile

Investment Objective

The objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital.

Investment Policy

The Investment Policy of the Company is to invest:

- in a wide range of financial assets including equities, unlisted equities, bonds, funds, cash and other financial investments globally with no limitations on the markets and sectors in which investment may be made, although there may be bias towards Sterling assets, consistent with a Sterling-dominated investment objective. The Directors expect that the flexibility implicit in these powers will assist in the achievement of the absolute returns that the investment objective requires;
- in Lindsell Train managed fund products, subject to Board approval, up to 25% of its gross assets; and
- in LTL and to retain a holding, currently 24.23%, in order to benefit from the growth of the business of the Company's Investment Manager.

The Company does not envisage changing its objective, its investment policy, or its management for the foreseeable future. The current composition of the portfolio as at 31 March 2020, which may be changed at any time (excluding investments in LTL and LTL managed funds) at the discretion of the Investment Manager within the confines of the policy stated above, is shown on pages 6 and 7.

Diversification

The Company expects to invest in a concentrated portfolio of securities with the number of equity investments averaging fifteen companies. The Company will not make investments for the purpose of exercising control or management and will not invest in securities of or lend to any one company (or other members of its group) more than 15% by value of its gross assets at the time of investment. The Company will not invest more than 15% of gross assets in other closed-ended investment funds.

Gearing

The Directors have discretion to permit borrowings up to 50% of the Net Asset Value. However, the Directors have decided that it is in the Company's best interests not to use gearing. This is in part a reflection of the increasing size and risk associated with the Company's unlisted investment in LTL, but also in response to the additional administrative burden required to adhere to the full scope regime of the Alternative Investment Fund Managers Directive ("AIFMD").

Dividends

The Directors' policy is to pay annual dividends consistent with retaining the maximum permitted earnings in accordance with investment trust regulations.

Key Performance Indicators

Net Asset Value and Share Price Total Return are measured against the Benchmark and provide the key performance indicators for assessing the development and performance of the Company.

Principal Data

	31 March 2020	31 March 2019	% change
Shareholders' funds (£'000)	**191,330**	179,185	6.8
NAV per Ordinary Share	**£956.65**	£895.93	6.8
Premium to NAV	**10.80%**	64.63%	
Closing mid-market price per Ordinary Share	**£1,060.00**	£1,475.00	(28.1)
Recommended final dividend per Ordinary Share	**£41.39**	£27.87	48.5
Recommended special dividend per Ordinary Share	**£2.61**	£1.63	60.1
Dividend yield*	**4.15%**	2.00%	
Ongoing Charges*	**0.83%**	0.88%	
Earnings per Ordinary Share – basic	**£90.23**	£170.65	(47.1)
Revenue	**£52.99**	£35.86	47.8
Capital	**£37.24**	£134.79	(72.4)
NAV total return†	**9.8%**	23.2%	
Share price total return†	**(26.5%)**	45.7%	
Benchmark**†	**4.0%**	4.0%	

* These are Alternative Performance Measures.
** See Company Summary on inside front cover.
† These are percentage change figures for the year to 31 March
Please see Glossary on pages 84 and 85 for an explanation of terms used.

Five Year Historical Record

To 31 March	Gross income £'000	Net revenue available for Ordinary Shares £'000	Dividends on Ordinary Shares Cost £'000	Dividends on Ordinary Shares Rate (£)	Basic net asset value per Ordinary Share (£)	Mid-market price per Ordinary Share (£)
2016	3,358	2,320	1,780	8.90	443.13	570
2017	4,887	3,900	3,160	15.80	588.21	809.98
2018	6,505	5,283	4,360	21.80	747.08	1,030
2019	8,680	7,172	5,900	29.50	895.93	1,475
2020	**12,395**	**10,598**	**8,800**	**44.00**	**956.65**	**1,060**

Ongoing Charges

The ongoing charges (excluding the performance fee) for the year ended 31 March 2020 amounted to £1,722,000 (2019: £1,459,000) equivalent to 0.83% (2019: 0.88%), based on average undiluted net assets of £207,946,000 (2019: £166,566,000).

There was no performance fee charged for the year to 31 March 2020 as LTL did not take the performance fee due other than £3,000 in respect of an adjustment for the prior year. The charge for the performance fee for the year to 31 March 2019 amounted to £2,433,000, equivalent to 1.5% of average assets of £166,566,000, based on an increase in NAV of 23.2%.

Strategic Report

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal identified risks facing the Company, including those that would threaten its objective, future performance, solvency or liquidity. The Board considers at each Board meeting the key risks and its Investment Manager also closely monitors them. In the event that any factor poses a potential material risk to the Company, the Board will consider what action (if any) should be taken.

The key risks affecting the Company are described below. Further detail on financial risks and how these are managed are discussed in note 17 to the Financial Statements on pages 62 to 68.

Market risk: Equity price risk is the largest component of market risk. The other lesser components of market risk are foreign exchange risk and interest rate risk, which are discussed in note 17 to the Financial Statements on pages 62 and 63. Market risk is monitored by the Board on a quarterly basis and on a continuous basis by the Investment Manager.

Investment performance: The Company is an investment trust and to generate returns for Shareholders it may invest in a range of different companies and sectors. Investors should be aware of certain factors which apply to the Company:

- The investment approach of the Company involves investing in a concentrated portfolio of securities (averaging around fifteen companies). When compared to most other investment trusts the number of investments is relatively few.
- The Company retains a holding in LTL, currently 24.23%, and has benefited over the years from the growth of the Company's Investment Manager. The holding in LTL now represents 46.8% of the Company's NAV; there is no guarantee that this growth will continue at the same pace or at all.
- The Investment Manager will invest in securities on the Company's behalf that it believes to be attractively valued. There is no guarantee that the perceived value of the underlying investments will be crystallised in any expected timeframe or at all.
- The Company's portfolio is constructed in a manner that does not seek to mirror any stock market index. Consequently there will be periods where performance will be quite unlike that of any index or the Benchmark and there is no guarantee that this divergence will be to the Company's advantage.
- Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity of shares issued by larger companies traded on the London Stock Exchange. The Company's Ordinary Shares are traded on the London Stock Exchange Main Market but it is possible that there may not always be a liquid market in them and investors may have difficulty in selling.

The Board meets formally with the Investment Manager on a quarterly basis when the investment performance, the performance of the Company's holding in LTL and portfolio transactions are discussed and reviewed. The Company is dependent on the services of the Investment Manager for the implementation of its investment policy.

Loss of key personnel: The Board considers that the roles undertaken by Nick Train and Michael Lindsell are central to the performance of the Company and the loss of either would be likely to have an adverse effect on both the Company and its major investment in LTL. It is intended that key-man insurance will be secured by the Company to help mitigate this risk. The Board is also encouraged by the continued development of investment management staff at LTL who are now taking on greater responsibility at a more senior level.

Protection of assets: The Company's assets are protected by the use of an independent custodian, Northern Trust Company. The Board monitors the custodian to ensure assets remain protected. In addition, the Investment Manager and Administrator are both asked to demonstrate their internal controls including for the safeguarding of assets.

Economic Conditions: Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political events and trends and tax legislation, can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio. The Board has reviewed the risks arising from the impact of the Covid-19 pandemic. The pandemic has affected, and will continue to affect, the value of the portfolio companies and has created uncertainty around levels of future revenue from dividends. The investment objective and policy has not changed. The Company's service providers have implemented business continuity plans to ensure their services remain as unaffected as possible and, as such, the Board does not expect there to be changes in the level of service provided.

Regulatory risk: The Company must abide by section 1158 of the Corporation Tax Act 2010 to maintain its investment trust status. The Board monitors and also seeks assurance from the Administrator that investment trust status is being maintained. The Board also reviews a schedule of regulatory risk items at quarterly meetings in order to monitor and take action to address any regulatory changes.

Political risk: Changes in the political landscape could substantially affect the Company's prospects and the value of its portfolio companies. There are risks associated with the departure of the UK from the European Union ("EU") and the nature of future trading relationships remains unclear. Potential changes to the UK's policies and regulatory landscape following the UK's departure from the EU could also impact the Company in the future. The Board continues to monitor developments to assess any potential consequences for the Company.

Climate change risk: The Board and Investment Manager consider how climate change could affect the Company's portfolio companies and shareholder returns.

The coronavirus pandemic: The Board notes that the pandemic is impacting economies and financial markets worldwide. It has already reduced the value of the Company's investments, could do so further and will likely also impact on the Company's revenues in the forthcoming year and beyond into the future.

Viability Statement

The Board reviews the performance and progress of the Company in depth at each quarterly Board meeting over historic periods and uses these assessments, regular investment performance updates from the Investment Manager and a continuing programme of monitoring risk to assess the future viability of the Company. The Directors consider that a period of three years is the most appropriate time horizon to consider the Company's viability and, after careful analysis, the Directors believe that the Company is viable over a three year period, taking into account the potential impact of the potential risks and uncertainties it faces, including the impact of the Covid-19 pandemic as detailed in the Chairman's Statement, Investment Manager's Report and Principal Risk sections of this Report. The following facts support the Directors' view.

Strategic Report

Viability Statement continued

- The Company has a liquid investment portfolio in relation to investments in UK and internationally listed securities and has some short-term cash on deposit. These liquid assets represent 53% of net assets, the other 47% is the unlisted investment in LTL, which is not readily realisable.
- The founder directors of LTL, in which the Company holds 24.23%, have given their verbal assurance that they remain committed to the business for the foreseeable future.
- The Company has decided not to use gearing.
- Revenue expenses of the Company are covered five times by investment income.

In order to maintain viability, the Company has a robust risk control framework for the identification and mitigation of risk which is reviewed regularly by the Board. The Directors also seek reassurance from service providers that their operations are well managed and they are taking appropriate action to monitor and mitigate risk. The Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Companies Act Section 172 Statement

The Directors are conscious of their duties to promote the success of the Company for the benefit of its shareholders, whilst considering the interests of its wider stakeholders, as per section 172 of the Companies Act 2006. The matters set out in section 172(1) (a) to (f) are:

(a) the likely consequences of any decision in the long term;
(b) the interests of the company's employees;
(c) the need to foster the company's business relationships with suppliers, customers and others;
(d) the impact of the company's operations on the community and the environment;
(e) the desirability of the company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly between members of the company.

The Board acknowledges that engagement with key stakeholders assists the Board in meeting these obligations and has identified its key stakeholders below. The following outlines the Board's engagement with stakeholders, the impact on decision making where appropriate, and cross refers to relevant detail provided elsewhere in the Report.

Shareholders – The Board recognises the importance of communication with shareholders. A presentation is made by the Investment Managers on the performance and prospects of the Company at the Annual General Meeting. However this year, owing to the coronavirus pandemic, the Annual General Meeting on 3rd September 2020 is to be closed to shareholders and only Directors will attend. Shareholders are strongly encouraged to vote by proxy, appointing the Chairman as their proxy. The Investment Manager will arrange an interactive internet enabled presentation following the AGM at 3.00 pm which will provide shareholders with the opportunity to engage with and put questions to the Board and the Investment Manager (see further detail on page 30). In addition, shareholders have access to the Board, directly and via the Company Secretary, throughout the year. These communications help the Board make informed decisions when considering how to promote the success of the Company for the benefit of shareholders over the long term. Further detail on how the Company engages with shareholders is provided on page 30.

Investment Manager – The Board recognises the critical role of the Investment Manager in the Company's success. The Investment Manager is invited to attend Board and Audit Committee meetings, where open and transparent discussions are encouraged, as is an appropriate level of challenge. The Board and Investment Manager communicate regularly outside of these meetings to ensure a collegiate approach. Furthermore, Michael Lindsell is a Director of both the Company and of the Investment Manager. The aim is to maintain a strong relationship between the Board and Investment Manager when considering the interests of the Company's stakeholders, whilst upholding the Company's values. The Investment Manager's performance is evaluated informally on a regular basis, with a formal review carried out on an annual basis by the Management Engagement Committee. The Investment Management Agreement is reviewed as part of this process as referred to on page 30.

Portfolio companies – The Investment Manager invests in a concentrated portfolio of durable business franchises with the intention of holding these positions for a considerable time. The Investment Manager engages with the management of these companies on a periodic basis and reports its impressions on the prospects of the companies to the Board.

Service providers – The Company looks to build long term partnerships and collaborate with its key service providers by communicating regularly with, and providing feedback to, each of the providers. The key service providers' performance is evaluated by the Management Engagement Committee on an annual basis, or more often if appropriate. The terms and conditions underlying the relationship between the service providers are reviewed as part of this process as referred to on page 30.This approach is taken to enhance service levels and strengthen relationships between the Company and its providers to ensure the interests of the Company's stakeholders are best served by maintaining a high level of service whilst keeping costs proportionate.

Regulators – The Board ensures compliance with rules and regulations as relevant to the Company. A review of the Company's compliance is carried out on an annual basis.

Key decisions during the year, which have required the Directors to consider applicable section 172 factors, are as follows:

- The Investment Manager did not take a performance fee for the year to 31 March 2020, in response to a negative share price total return of 26.5% over the year, as detailed on page 55. The Board believes this enhances value for shareholders and promotes the long standing alignment of interests between shareholders and the Investment Manager. This decision was made in relation to the financial year ending 31 March 2020 only and, therefore, a performance fee may be taken in future years.
- In response to volatility in the market, the Board took the decision to apply an adjustment to the inputs in the valuation formula used to calculate the value of the Company's most significant investment in its portfolio, LTL. Further details of this are set out on pages 4 and 75. The aim of this was to ensure that the valuation captured the full effect of the decline in LTL's funds under management ('FUM') as markets fell in early 2020, and to reflect the sharp fall in the values of quoted fund managers, due to the impact of the coronavirus pandemic. The Board believes this adjustment increases the accuracy of the calculation of the unlisted investment, increasing the transparency of the Company to its shareholders and enabling them to make informed investment decisions. Determining the valuation of LTL is a key judgement undertaken by the Board. The methodology used to calculate the LTL Valuation is regularly monitored and formally reviewed by the Board on an annual basis.

Strategic Report

Purpose, Values and Culture

The Company's culture is driven by its values of integrity, knowledge, skill and frank and courteous conduct. It focuses on achieving returns for shareholders in line with the Company's Investment Objective, as set out on the inside front cover.

As the Company has no employees, its culture is represented by the values, conduct and performance of the Board, the Investment Manager and its key service providers.

Employees, Social, Human Rights and Environmental Matters

The principal activity of the Company is to invest in line with the Investment Policy set out on page 10. The Company has no employees and accordingly it has no direct social, human rights or environmental impact from its operations. It does not hold sufficiently large proportions of portfolio companies to be able to influence their social or environmental footprints.

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers but does engage service providers. Due diligence is carried out on key service providers prior to their engagement. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Company's Directors and Employees

The number of Directors and employees at the financial year end was 6 (2019: 6).

	2020		2019	
	Male	**Female**	Male	Female
Directors (Non-Executive)	**5**	**1**	5	1

There were no Executive Directors or employees during the year.

Board Diversity

When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board acknowledges the benefits of greater diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. As such, the Board is minded to increase the diversity of its Board and in particular the proportion of female directors.

The following key objectives for the appointment process for new Directors have been established:

- all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective;
- candidates selected must have sufficient time to devote to their duties as a Director of the Company; and
- long lists of potential non-executive directors should include diverse candidates of appropriate merit.

Approval Statement

The Strategic Report of the Company, comprising pages 2 to 17 of this Report, has been approved by the Board.

For and on behalf of the Board

Julian Cazalet
Chairman
15 June 2020

Governance

Directors

Julian Cazalet*^†, Chairman, is a director of Deltex Medical Group plc and trustee of a number of charitable trusts. Previously he was a Managing Director – Corporate Finance at J.P. Morgan Cazenove until his retirement in December 2007. During his corporate finance career he advised many investment trusts in addition to his work with industrial and commercial companies. A qualified Chartered Accountant, he has an M.A. in economics from Cambridge University.

Nicholas Allan*^† is a non-executive director of Walled City Hotels Pte Limited (India), Kangra Valley Garden Hotels Pte Limited (India), Indian Room with a View Pte Limited (Singapore), Asian Resort Developments Limited (Mauritius) and Pixton Woodlands Limited (UK). He has significant experience of investment management, namely at Boyer Allan Investment Management and Kleinwort Benson. He was joint founder of Boyer Allan Investment Management and joint fund manager of the Boyer Allan Pacific Fund Inc. He was a director of Boyer Allan Investment Services Limited from 1998 to 2016 and a director of Dresdner Kleinwort Securities Limited from 1992 to 1998.

Vivien Gould*^†, Audit Committee Chairman, is a non-executive director of Baring Emerging Europe PLC, Schroder AsiaPacific Fund plc and National Philanthropic Trust UK. She has worked in the financial services sector since 1981. She was a founder director of River & Mercantile Investment Management Limited (1985) and served as a senior executive and Deputy Managing Director with the Group until 1994. She then worked as an independent consultant and served on the boards of a number of investment management companies, listed investment trusts, other financial companies and charitable trusts.

Richard Hughes*^† is a non-executive director of Middlefield Canadian Income PCC. He also serves as a non-executive director of Edentree Asset Management Limited, chairs its Investment Committee and is a member of its Risk and Audit Committee. He has significant experience with closed-end funds, namely M&G's Investment Trust business of which he was a director. He managed a number of funds, including M&G Smaller Companies Fund, M&G Recovery Fund and M&G Charifund. He was a director of M&G Group plc and Managing Director of M&G Investment Management Limited. He was a director of M&G Limited and M&G Group plc from 1994 to 2000, and a director of M&G Recovery Trust plc from 1992 to 1998.

Rory Landman*^† is the Senior Bursar of Trinity College, Cambridge, and was previously a senior director and the head of global emerging market equities at Baring Asset Management. He was a founding partner of the Nevsky emerging market equities team at Thames River Capital. A qualified Chartered Accountant, he has an M.A. in Law from Cambridge University.

Michael Lindsell joined the investment department of Lazard Brothers in 1982 after obtaining a BSc (Hons) degree in zoology from Bristol University. In 1985 he moved to Scimitar Asset Management in Hong Kong where he ran Pacific and Japanese mandates before specialising in Japan. In 1989 he moved to Warburg Asset Management where he was a director and head of Mercury Asset Management's Japanese fund management division. In 1992 he joined GT Management's Tokyo office where he held the post of chief investment officer with responsibility for GT's Japanese funds, and global funds sourced out of Japan. He returned to the UK in 1997 and following the acquisition of GT by INVESCO in 1998, he was appointed head of the combined global product team. He left INVESCO to set up LTL in 1999.

All Directors are non-executive.

* Independent ^ Audit Committee member † Management Engagement Committee member

M Lindsell was appointed on 13 July 2006. R Landman was appointed on 20 July 2011 and will retire on 3 September 2020. J Cazalet and V Gould were both appointed on 29 January 2015. N Allan and R Hughes were both appointed on 18 September 2018.

Investment Manager

LTL acts as as discretionary Investment Manager of the Company's assets. However, the Board retains ultimate discretion over the holding in LTL and LT managed fund products. Decisions on these holdings are based on advice and information received from the Investment Manager.

Administrator and Company Secretary

Maitland Administration Services Limited is the Administrator and Company Secretary

Governance

Report of the Directors

The Directors present their report together with the audited financial statements of the Company for the year ended 31 March 2020.

Status

The Company is registered in England & Wales under number 04119429. It is an investment company as defined in Section 833 of the Companies Act 2006.

The Company has been confirmed by HM Revenue & Customs as having approved investment trust status under the Investment Trusts (Approved Company) (Tax) Regulations 2011, subject to it continuing to comply with the Regulations. The Directors conduct the affairs of the Company with a view to maintaining this approved investment trust status in order to preserve the Company's exemption from UK capital gains tax.

The Board has been approved by the Financial Conduct Authority to be a Small Registered UK Alternative Investment Manager ('AIFM').

The Alternative Investment Fund Managers' Directive ('AIFMD') requires certain disclosures to be made in respect of any remuneration policy for the AIFM, leverage, risk disclosures and pre-investment disclosures. The Board is the AIFM, and receives no remuneration in this regard. The Company does not use gearing, makes sufficient risk disclosure within the Report, and there have been no material changes to investment policy or objectives. Therefore, it is considered that separate disclosures are not required.

The Company is a member of the Association of Investment Companies ('AIC').

Investment Policy and Objective

Details of the Company's investment policy and objective of the Company are set out above.

Results and Dividend

The revenue return for the financial year ended 31 March 2020 after taxation amounted to £10,598,000 (2019: £7,172,000). A final dividend of £41.39 per Ordinary Share (2019: £27.87) and a special dividend of £2.61 per Ordinary Share (2019: £1.63) is proposed for the year ended 31 March 2020. If these dividends are approved by Shareholders at the forthcoming Annual General Meeting they will be paid on 8 September 2020 to Shareholders on the register at close of business on 14 August 2020 (ex-dividend 13 August 2020).

Use of Financial Instruments

The Company's use of financial instruments is disclosed in note 17 to the Financial Statements.

Share Capital

Full details of the Company's Ordinary Share capital are provided in Note 14 of the Financial Statements.

Supplier Agreements

Details of the Company's supplier agreements can be found in Appendix 3.

Substantial Shareholdings

As at the dates below the Company had received notifications (DTR 5.1.2R) and/or become aware of the following shareholdings representing 3% or greater of the Ordinary Share capital of the Company:

	No. of Shares at 31 March 2020	*No. of Shares at 22 May 2020*	*% of issued capital*
Hargreaves Lansdown Asset Management	34,829	34,165	17.08
Interactive Investor	17,102	17,258	8.63
Mr N Train	12,280	12,280	6.14
Mr M Lindsell (including non-beneficial interests)	10,945	10,945	5.38
A J Bell Group	10,025	9,726	4.86
Finsbury Growth & Income Trust plc	10,000	10,000	5.00
Rathbone Investment Management Limited	9,402	9,431	4.72
Brewin Dolphin	7,373	7,312	3.66

Directors

Details of the Directors of the Company who served during the year are set out on page 18. Particulars of their remuneration are given on pages 34 to 39. Rory Landman will be retiring at the Company's forthcoming Annual General Meeting having served on the Board for nine years. All of the other Directors as at the date of this Report will stand for re-election.

Powers of the Directors

The powers of the Directors are contained in the Company's Articles of Association, which are publicly available at Companies House. Subject to the provisions of the Companies Acts and the Company's Articles, the Directors may exercise all powers within their scope to manage the business of the Company and may delegate any of those powers to a Director, Committee or Agent.

The Directors may exercise the Company's authority to borrow, to pay fees, expenses and additional remuneration or salary for special duties undertaken by any Director, and vote the shares of portfolio companies.

Directors' Interests

The interests of the Directors, and connected persons, in the Ordinary Shares of the Company are shown in the Directors' Remuneration Report on page 38.

Directors' Indemnification and Insurance

Articles 165 and 166 of the Company's Articles of Association provide that, insofar as permitted by law, every Director shall be indemnified by the Company against all costs, charges, expenses, losses or liabilities incurred in the execution and discharge of the Directors' duties, powers or office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors. This cover was in place during the year and also to the date of signing this report.

Governance

Report of the Directors continued

Given the importance of the investment in LTL, the Company intends to take out a new policy to insure the lives of the founders and key managers, Michael Lindsell and Nick Train, for £10m each. Currently there is a policy in place to insure Michael Lindsell for a premium of £19,337 and we anticipate there will be one in place shortly to insure Nick Train. In the unfortunate event of a claim being made the proceeds would partly offset the likely fall in the value of the investment in LTL.

Disclosure of Interests

Save as disclosed below and in note 6 to the Financial Statements, no Director was a party to, or had an interest in, any contract or arrangement with the Company.

Michael Lindsell is a director of the Investment Manager, LTL, and the beneficial holder of 36.33% of the issued share capital of that company. He is actively involved in the management of the Lindsell Train Japanese Equity Fund in which he invests, and in which the Company also invests. Details of the Company's investment in this fund can be found on page 6 of the Annual Report.

All of the Directors are non-executive and no Director had a contract of service with the Company at any time during the year.

Corporate Governance

The Corporate Governance Statement, which forms part of this Report of the Directors, is set out on pages 26 to 30.

Employment, Social, Human Rights and Environmental Statements

The Strategic Report on pages 2 to 17 includes statements on social, economic, human rights and environmental issues.

Disclosure Concerning Greenhouse Gas Emissions

The Company itself has no greenhouse gas emissions to report on from its activities.

Streamlined Energy and Carbon Reporting

The Company is categorised as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company's energy and carbon information is therefore not disclosed in this Report.

Stakeholder Engagement

While the Company has no employees, suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders, in particular with shareholders and service providers. The effect of this consideration upon the principal decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on pages 14 and 15.

Annual General Meeting

The Annual General Meeting of the Company will be held on 3 September 2020 at 2.30 pm. In accordance with the AIC Code, the Notice of Meeting is circulated more than twenty working days before the meeting. The Meeting will be held at 3rd Floor, 66 Buckingham Gate, Westminster, London SW1E 6AU.

The coronavirus pandemic and the associated requirement for social distancing has made it impractical to conduct the Company's Annual General Meeting in the traditional way. This year the meeting will be closed to shareholders and will be attended by Directors only. Shareholders are encouraged to vote by proxy and to appoint the Chairman as their proxy.

The Directors recommend that Shareholders vote in favour of all Resolutions being put to the Annual General Meeting, as they themselves intend to do in respect of their own holdings representing 5.6% of total voting rights.

Special business at the Annual General Meeting

Directors' Remuneration Policy
Resolution 11 is proposed as an Ordinary Resolution to receive and adopt the Directors' Remuneration Policy.

Share buyback authority
Resolution 12 is proposed as a Special Resolution and would, if passed, renew the authority to permit the Company to buy back through the stock market up to a maximum of 29,980 Ordinary Shares of 75p each (equivalent to 14.99% of the Ordinary Shares in issue at the date of this report). Purchases will only be made through the market for cash at prices below the prevailing NAV per Ordinary Share, thereby resulting in an increased NAV per Ordinary Share.

Shares bought back may be held in treasury and are then eligible for subsequent resale or cancellation. No voting rights or entitlement to distribution (either dividend or on a winding up) applies to shares held in treasury.

Authority to sell treasury shares
Resolution 13 authorises the Directors to sell back into the market shares held in treasury. Treasury shares would not be resold at a price below that at which they had been bought back nor below NAV.

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- make judgments and estimates that are reasonable and prudent;

Governance

Report of the Directors continued

- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors have delegated responsibility to the Administrators for the maintenance and integrity of the corporate and financial information included on the Company's page on the LTL website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors

Following a formal tender process, led by the Company's Audit Committee, the Board appointed PricewaterhouseCoopers LLP as the Company's Auditors in January 2018. PricewaterhouseCoopers LLP has expressed its willingness to continue to act as the Company's independent auditors ("the Auditors"). A resolution to appoint PricewaterhouseCoopers LLP as the Auditors to the Company and to authorise the Directors to determine the Auditors' remuneration will be proposed at the forthcoming Annual General Meeting.

Audit information

Each of the persons who were Directors at the date of approval of this Annual Report confirm, in accordance with the provisions of Section 418 of the Companies Act 2006, that:

- so far as each is aware there is no relevant audit information (as defined in the Companies Act 2006) of which the Auditors are unaware; and
- each has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Auditors are aware of that information.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are described in the Chairman's Statement and in the Investment Manager's Report. The Company has adequate financial resources including readily realisable equity securities and cash and the value of its assets is greater than its liabilities. Additionally, after reviewing the Company's budget including the current financial resources and projected expenses for the next 12 months and its medium-term plans, the Directors believe that the Company's resources are adequate for continuing in business for the foreseeable future. Notwithstanding the challenges arising from the impact of Covid-19, the Investment Manager and its other service providers continue to operate, administer and calculate the net asset value of the Company in accordance with relevant accounting standards. At the time of writing, investment markets are experiencing high levels of daily volatility and it is likely that this volatility will continue for the foreseeable future.

Accordingly, having assessed the principal risks and the other matters set out in the Viability Statement, the Directors believe that the Company is well placed to manage its business risks successfully and it is thus appropriate to prepare the Annual Report and Financial Statements on a going concern basis. The Investment Manager will continue to monitor fund liquidity and market volatility to ensure the Company is managed in the best interests of shareholders and to ensure that it remains a going concern. Where appropriate the Administrator will value assets on a "fair value" basis in accordance with the Regulations. The Company does not have a fixed life.

The Directors consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and it provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Directors' Confirmation Statement

The Directors, as the persons responsible within the Company, hereby confirm to the best of their knowledge:

a) that the Financial Statements within the Annual Report of which this statement forms part have been prepared in accordance with applicable UK Accounting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

b) the Strategic Report includes a fair review of the development and performance of the business and position of the Company, together with the principal risks and uncertainties which the Company faces.

By order of the Board

Maitland Administration Services Limited
Secretary
15 June 2020

Governance

Corporate Governance Statement

The Corporate Governance Statement forms part of the Report of the Directors.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance 2019 ("AIC Code"), addresses all the principles set out in the UK Corporate Governance Code ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting in line with the principal recommendations of the AIC Code will provide better information to Shareholders. The Financial Reporting Council has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code.

The Board confirms that it complies with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

UK Corporate Governance Code	Additional Information
• the role of the chief executive; • executive directors' remuneration; and • the need for an internal audit function.	The Board considers these provisions are not relevant to the Company, as it is an externally managed investment company. All of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

AIC Code	Additional Information
• the appointment of a senior independent director	The Board does not consider it necessary to appoint a senior independent director. The Chairman's performance is considered annually at the Nomination Committee.
• the Board should establish a Remuneration Committee	The Board does not consider this provision relevant as the Company has no employees and there are no executive Directors. Non-executive Directors' remuneration is determined by the Board in line with the Directors' Remuneration Policy.

Board Structure

The Board recognises that its prime purpose is to direct the business so as to maximise Shareholder value within a framework of proper controls. The Board at the date of this Report currently comprises six members, five of whom are male and one who is female. All directors are non-executive and five are independent of the Investment Manager.

The Directors normally meet as a Board on a quarterly basis. The Board lays down guidelines within which the Investment Manager implements investment policy and has a schedule of matters reserved exclusively for resolution by the Directors. All Board members have access to the advice and services of the Company Secretary, the removal or replacement of whom is a matter for the Board as a whole. The Directors are also able to take independent professional advice at the Company's expense.

The Investment Manager, Company Secretary and Administrator all operate in a supportive and cooperative manner and representatives of each attend Board meetings.

The number of meetings of the Board and Committees for the year under review is given below, together with individual Director's attendance at those meetings:

	Board (regular meetings)	Audit Committee	Management Engagement Committee	Nomination Committee
Total number of meetings	**4**	**2**	**1**	**1**
Julian Cazalet	4	2	1	1
Nicholas Allan	4	2	1	0
Vivien Gould	4	2	1	1
Richard Hughes	4	2	1	1
Rory Landman**	4	2	1	1
Michael Lindsell	4	2*	–	–

** Present as an attendee and not a member of Committee.*
*** Rory Landman will be retiring at the forthcoming Annual General Meeting, having served on the Board for nine years.*

Board Performance Evaluation

The Board evaluates the performance of the Board, Committees, individual Directors and third party service providers using a structured questionnaire and without recourse to an external facilitator. The Board is satisfied from the results of these that the Board, its Committees and its third party providers function effectively, both collectively and individually, and contain an appropriate balance of skills and experience for the effective management of the Company.

Board Responsibilities

It is the responsibility of the independent members of the Board, led by the Chairman, to ensure the effectiveness of the Investment Manager and other third party service providers. The Board receives accurate, timely and clear information to assist it in its decision making, and no one Director has unfettered powers of decision.

Governance

Corporate Governance Statement continued

Matters Reserved for the Board

The Board is responsible for setting the Company's investment objectives, strategy and benchmark. It also decides on the appointment and replacement of key suppliers including the Investment Manager, the Auditors (subject to Shareholder approval), Registrar, Custodian, Company Secretary, Administrator and Tax Services Supplier.

The Board determines what items will be put to Shareholders at general meetings, approves financial results and any communications/announcements relating to the Company. Within the authority granted by Shareholders the Board approves allotments and buy-backs of Ordinary Shares and increases/reductions of Ordinary Shares in issue and in treasury.

The Board monitors key risks and ensures that there is a structure of internal controls in place to mitigate the likelihood of risks materialising. These are explained in greater detail below. Authority has been delegated to the Investment Manager to take decisions on the purchase and sale of individual investments. However, the Board retains discretion in relation to the investment in LTL and LTL managed funds. The Board has also delegated authority to the Committees listed on pages 29 and 30 and has established Terms of Reference which are available on the Company's page on LTL's website and from the Registered Office of the Company.

A schedule of matters reserved for the Board is also available on the Company's page on LTL's website and from the Registered Office of the Company.

Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing those risks which are significant for the Company (particularly operational risks) and that this process reflects the guidance provided by the FRC. This process has been in place for the year ended 31 March 2020 and up to the date of the Annual Report and Financial Statements, and is regularly reviewed by the Board. The review covers all material financial, operational and compliance controls and risk management systems.

The Board has ultimate responsibility for the system of internal control and for reviewing its effectiveness. The key elements of the system are the appointment of an independent custodian with responsibility for safeguarding the Company's assets and clearly defined responsibilities between the Board, the Custodian and the Investment Manager, all of whom have detailed operating procedures in place. The controls operated by the Board include the authorisation of the investment strategy and regular reviews of the investment performance and financial results. The system is designed to manage rather than eliminate the risk of being unable to meet business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews the operation and effectiveness of the Company's internal controls regularly through identification and assessment of key risks and there is an annual review of how these are managed.

The Board has delegated the management of the investment portfolio to the Investment Manager, LTL, other than maintaining ultimate discretion over the holdings in LTL and LTL managed funds. LTL and the Board regularly discuss the investments in LTL and LTL funds. The day-to-day administration and the Company Secretarial requirements are contractually delegated to Maitland Administration Services Limited, and the custodial services including the safeguarding of assets to Northern Trust Company (see note 17). These contracts have been entered into after full consideration by the Board of the services undertaken and are reviewed annually. The Investment Manager, Administrator and Custodian all maintain their own systems of internal and financial controls.

The Investment Manager has established a framework to provide reasonable assurance on the effectiveness of internal controls operated on behalf of its clients. The Investment Manager's compliance officer assesses and reports to the Board on that effectiveness and on the various business risks that may be encountered by the Investment Manager.

The Company Secretary and Administrator also has established internal controls and have procedures in place to monitor them.

The Audit Committee reviews, at least annually, a detailed analysis of the activities and potential risks to which the Company might be exposed and the key controls in place to minimise risk.

The Board is satisfied that its approach to managing internal control and risk conforms to the recommendations of the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014).

The Board notes that the coronavirus pandemic has affected the operations of all its service providers but is satisfied that all have been able to adjust their business practices to accommodate the disruption and to continue to provide a satisfactory service to the Company.

As the Company's investment management, administration and custodial activities are carried out by third party service providers, the Board does not consider it necessary to have an internal audit function or whistleblowing procedures. The Audit Committee reviews annually the whistleblowing procedures of the Investment Manager and the Administrator.

Nomination Committee

The Board has established a Nomination Committee which will meet annually, or more often, if necessary. The Company's Nomination Committee during the year comprised Julian Cazalet (Chairman), Rory Landman, Vivien Gould, Nicholas Allan and Richard Hughes.

The Directors have many years' experience within the industry between them and a broad knowledge of individuals who would have the necessary skills to promote and develop the Company. Accordingly the Nomination Committee has not considered it necessary to engage the services of third party search consultants.

The Board's policy on diversity, including gender, is described in more detail on page 16.

The Board's policy on tenure is that Directors' appointments are reviewed through the regular board performance evaluations. There is no requirement for Directors to stand down after a fixed period of time as the Company values experience over a number of investment cycles.

Governance

Corporate Governance Statement continued

Remuneration Committee

The Company has no executive Directors and the Board as a whole fulfils the function of a Remuneration Committee.

Audit Committee

The Company's Audit Committee during the year comprised Vivien Gould (Chairman), Julian Cazalet, Rory Landman, Nicholas Allan and Richard Hughes. Although Mr Cazalet is Chairman of the Board, the Board considers it desirable that he continues as a member of the Committee. The Audit Committee has set out a formal Report on pages 31 to 33 of the Annual Report.

Management Engagement Committee

The Company's Management Engagement Committee during the year comprised Julian Cazalet (Chairman), Rory Landman, Vivien Gould, Nicholas Allan and Richard Hughes.

The Committee reviews LTL's performance against comparator indices and market peers and considers whether terms of the contract, fees and other remuneration payable to LTL remain appropriate on at least an annual basis.

The Committee also considers the performance, terms, fees and other remuneration payable to the Administrator, the Custodian, Northern Trust Company and the Registrar, Link Asset Services.

Shareholder Relations

The Company, through the Investment Manager (in accordance with its stated policy on stewardship), has regular contact with its institutional Shareholders. The Board supports the principle that the Annual General Meeting should be used to communicate with private investors but recognises that this year the coronavirus pandemic and the associated requirement for social distancing has made it impractical to conduct the Company's Annual General Meeting in the traditional way. The meeting will be held at LTL's offices but shareholders are requested not to attend in person and instead only Directors will be present. Shareholders are strongly encouraged to vote by proxy, appointing the Chairman as their proxy.

LTL will arrange an interactive internet enabled presentation on the Company and its prospects at 3.00 pm on 3 September 2020. All shareholders are encouraged to log in and attend. We would ask you to register in advance by completing the enclosed form or emailing kirsty.banks@lindselltrain.com.

The Board has elected to provide shareholders with a printed summary of proxy voting to shareholders that request it. The results of voting will be placed on the Company's page on the LTL website as soon as practicable after the Annual General Meeting.

Shareholders may contact the Board through either the Investment Manager or the office of the Company Secretary, contact details for whom are given on page 83.

Report of the Audit Committee

This report to Shareholders for the year ended 31 March 2020 has been prepared in accordance with guidance issued by the Financial Reporting Council and the UK Corporate Governance Code issued by it in September 2014.

Composition of the Committee

The Audit Committee during the year comprised five Directors all of whom are members of the Board. All of the members of the Committee are independent and considered to have sufficient recent and relevant experience to enable the Committee to function effectively. Julian Cazalet, Rory Landman and Richard Hughes have current experience in relation to accounting and financial matters. The Company Secretary is Secretary to the Committee.

Role of the Committee

The principal activities undertaken by the Audit Committee are:

- to monitor and review the effectiveness of all aspects of the Company's financial reporting;
- to satisfy itself as to the integrity of the full year and half year reports to Shareholders;
- to advise the Board that such reports are fair, balanced and understandable and comply with applicable laws and regulations;
- to monitor the effectiveness of internal controls operated by third party service providers appointed by the Board to undertake the day-to-day activities and administration of the Company's business;
- to consider significant issues (if any) which are identified by the Auditors and to determine such action (if any) as needs to be recommended to the Board in connection therewith;
- to meet, at least annually, with the Auditors and review the audit plan proposed by them; including areas of risk they will look particularly at, their level of materiality and the fee proposed by them for the statutory audit work;
- to make recommendations to the Board on the appointment, reappointment, replacement or removal of the Auditors;
- to consider all proposals and fees for non-audit work, which may include tenders from independent third parties as well as proposals from the Auditors to undertake such work, the fees for such work and their suitability to undertake the work involved;
- to monitor and satisfy itself as to the independence, objectivity, resources and qualifications of the Auditors at least annually;
- to consider, at least annually, whether or not the Company should have an internal audit function.

Meetings

The Audit Committee normally meets twice each year. Meetings are held to consider the full year and half year results. Before each year end, the Board review the Auditors' proposed plans, scope of work and costs for the ensuing full year audit. Representatives of the Investment Manager and the Administrator attend meetings to provide input and respond to questions. The Committee also holds meetings with the Auditors without any of the Company's third party service providers present at which any aspect of the Auditors' work may be discussed.

The Audit Committee operates under written Terms of Reference, copies of which are available on the Company's page on LTL's website and from the Registered Office of the Company.

Governance

Report of the Audit Committee continued

Internal Controls

The Committee is responsible for ensuring that suitable controls are in place to prevent and detect fraud, error and misstatement of financial information. As the Company outsources all of its functions to third parties, neither the Committee nor the Company has any internal control structure in place but instead requires its third party service providers to report on their internal controls. These reports are received at least annually, including reports which have been independently verified by the relevant service provider's independent auditors.

Audit process

The Committee reviews at least annually whether the Company should have an internal audit function. It has recommended to the Board that, given the size, structure and nature of the Company's activities, and that all operations are carried out by third party service providers, an internal audit function is not appropriate. The Board has endorsed the recommendation of the Committee.

PricewaterhouseCoopers LLP are the Auditors and were appointed in March 2018. The Committee is not aware of any contractual or other restrictions which would impinge on the Committee's ability to select independent auditors.

The Partner responsible for the audit affairs of the Company has been in position for three audit cycles and is subject to change at least every five years.

The Committee satisfies itself as to the independence of the Auditors, and in particular takes into account any non-audit work undertaken by the Auditors. When considering whether to appoint the Auditors to undertake non-audit work the Committee takes into account any potential impairment of independence or impartiality, knowledge of the Company and their proposed fee. The Committee may also put non-audit work out to tender.

Tax Compliance

The Company has engaged ACA Compliance Group to assist with the Company's tax compliance matters. In particular, the preparation and submission of the Company's corporation tax computation and tax return.

Significant issues in relation to Financial Statements

When planning the statutory audit, the Committee identified the following areas of particular significance which might require particular audit emphasis:

- ownership of investments and assets included in the portfolio;
- valuation of positions in the portfolio, especially any which are illiquid or unlisted; and
- accuracy and completeness of the recognition of revenue.

Ownership of investments

The Administrator has highlighted no issues and confirmed that all additions, disposals and corporate actions were agreed to contract notes or other supporting documentation. In addition, a list of holdings was checked against an independent statement provided by the Company's custodian.

Valuation of investments

The Audit Committee considered the valuation methodology of the unlisted investment in LTL that represented 47% of net assets at the financial year end. From the 31 March 2020 valuation and into the future the Board decided to amend one of the inputs by estimating LTL's annual notional earnings with reference to LTL's most recent month end funds under management ('FUM') (see page 75). This more readily captures the change in earnings brought about by changes in FUM.

The other 53% of the Company's net assets are quoted investments and cash. The valuation of these investments is a material matter in the production of the Financial Statements.

The Audit Committee noted that the coronavirus pandemic has had a malign impact on economies and stock markets worldwide and that the valuations of all its investments, both listed and unlisted, have been impacted. The Audit Committee reviewed the procedures in place for ensuring the accuracy of the values and is content that these procedures remain robust.

The results of the valuation of all investments were discussed with the Auditors. No material issues were identified.

Revenue

Dividend income is reviewed by the Administrator to ensure it is appropriately accounted for and allocated correctly to revenue or capital. The Audit Committee has also reviewed the Auditors' approach to revenue recognition prior to the commencement of the audit. The results of the audit in this area were discussed with the Auditor and there were no significant issues arising.

Independence and effectiveness of the Auditors

The Committee is satisfied with the independence, objectivity and impartiality of the Auditors. In order to fulfil the Committee's responsibility regarding the independence of the Auditors, we reviewed the Auditors arrangements concerning any conflicts of interest, the extent of any non-audit services, and the statement by the Auditors that they remain independent within the meaning of the regulations and their professional standards. No non-audit services were provided by the Auditors.

The Committee is also satisfied that the audit process was effective. In order to consider the effectiveness of the audit process, we reviewed the Auditors' fulfilment of the agreed audit plan, the report arising from the audit and feedback from those involved in the audit process.

Reappointment of the Independent Auditors

The Committee is satisfied that the independence, objectivity and impartiality of the Auditors has not been compromised. Accordingly a resolution to reappoint Pricewaterhouse Coopers LLP as the Auditors will be proposed at the forthcoming Annual General Meeting.

The Committee has decided not to put the Company's audit work out to tender as it has been satisfied with the services it has been provided with and the audit fees paid are in line with expectations.

Vivien Gould
Chairman – Audit Committee
15 June 2020

Governance

Directors' Remuneration Report

This Remuneration Report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It describes the Company's Directors' Remuneration Policy ("Policy"), and how the Policy was implemented for the year to 31 March 2020.

The Board does not consider it necessary or appropriate to establish a separate Remuneration Committee as the Company has no employees, the Board is small, and there are no executive Directors. Non-executive Directors' remuneration is determined by the Board in line with the Directors' Remuneration Policy (below).

Remuneration Policy

This Directors' Remuneration Policy ("Policy") sets out details of the Company's policy on the remuneration of Directors of the Company.

The Policy is subject to a triennial binding vote. However, the Board has resolved that, for good governance purposes, the Policy vote will be put to Shareholders every year. Accordingly, a resolution to approve the Policy will be put to Shareholders at the 2020 Annual General Meeting. The Policy, subject to the vote, is set out in full below and is currently in force.

The Company has only non-executive directors and no employees. The Directors of the Company are entitled to such rates of annual fees as the Board at its discretion determines, subject to aggregate annual fees not exceeding £220,000 under the Company's Articles of Association ("Articles"). No change to this ceiling is currently envisaged. Each Director abstains from voting on the specific remuneration to be paid to them.

In addition to fees, Directors are entitled to reimbursement of reasonable expenses incurred by them in the performance of their duties. In line with the majority of investment trusts, no component of any Director's remuneration is subject to performance factors. There are no provisions in Directors' Letters of Appointment for recovery or withholding of fees or expenses. Annual fees are pro-rated where a change takes place during a financial year.

The Board reviews annually the remuneration paid by other similar investment trusts and considers research from third parties. The Board considers it important to pay sufficient compensation in order to promote the long-term success of the Company. The following table of remuneration components was approved with effect from 1 January 2020.

Table of Directors' Remuneration Components

Component	Annual Rate (£)	Purpose and operation
Basic Annual Fee: Each Director	24,000	In recognition of the time and commitment required by Directors of public companies. The basic fee is reviewed against those paid for peer companies to ensure that it reflects fair and adequate compensation for the role.
Additional Fee: Chairman of the Board	11,000	For the additional time, commitment and responsibility required on the Company's business issues; and providing leadership as Chairman of the Board.
Additional Fee: Audit Committee Chairman	4,000	For the greater time required on the financial and reporting affairs of the Company.
Additional Fee: Each Director	Variable	In the event that the Company undertakes a complex or large project, such additional fee as will fairly compensate for the additional time and commitment required by a Director.
Expenses: Each Director	Variable	Reimbursement of expenses properly incurred by Directors in attending meetings and/or otherwise in the performance of their duties to the Company.

Notes:
1. The Board only exercises its discretion to fix fees after an analysis of fees paid to directors of other companies of a similar size to that of the Company.
2. As the Company has no employees, there are no differences in policy between the remuneration of Directors and the remuneration of employees.
3. None of the Directors are entitled to receive any remuneration which is performance-related.

The table below shows the rate of annual fees payable to the Chairman, who is the highest paid Director, and all other non-executive Directors as at 31 March 2020 and as at 31 March 2019:

Fees	2020 (£)	2019 (£)
Chairman	35,000	32,000
Chairman of Audit Committee	28,000	26,000
Board Member	24,000	22,000

Recruitment Remuneration Principles
1. The remuneration package for any new Chairman or non-executive Director will be the same as the prevailing rates determined on the bases set out above. The fees and entitlement to reclaim reasonable expenses will be set out in Directors' Letters of Appointment.
2. The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director. However, it may engage the services of search & selection specialists in connection with the process of appointing new non-executive Directors.
3. The Company does not intend appointing any non-executive Directors in the foreseeable future.
4.The aggregate maximum fees currently payable to all Directors is £220,000 per annum.

Governance

Directors' Remuneration Report continued

Service Contracts
None of the Directors has a service contract with the Company. Non-executive Directors are engaged under Letters of Appointment.

Loss of Office
Directors' Letters of Appointment expressly prohibit any entitlement to payment or compensation on loss of office.

Scenarios
All remuneration of the Chairman and non-executives Directors' is fixed at annual rates and there are no performance related scenarios where remuneration will vary. It is accordingly not considered appropriate to provide different remuneration scenarios for each Director.

Statement of consideration of conditions elsewhere in the Company
The Company has no employees, nor does it have any subsidiaries or associated companies which have employees, and accordingly a process of consulting with employees on the setting of the Company's Remuneration Policy is not applicable.

Other Items
None of the Directors has any entitlement to pensions or pension related benefits, medical or life insurance schemes, share options, long-term incentive plans or any form of performance related payments. No Director is entitled to any other monetary payment or any assets of the Company except in their capacity (where applicable) as Shareholders of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company, at the Company's expense, on behalf of all Directors.

The Company has also provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

The Directors' interests in contractual arrangements with the Company are as shown in the Annual Report on Remuneration below. No Director had any interest in any contracts with the Company during the year to 31 March 2020 or subsequently other than as stated in the Report of the Directors.

Annual Report on Remuneration

A Resolution to adopt this Annual Report on Remuneration will be put to the forthcoming Annual General Meeting. The vote is advisory only and not binding on the Company, but does give Shareholders a chance to inform the Board of their views on Directors' remuneration. The Board has proposed no significant changes to the way the remuneration policy will be implemented in the next financial year.

The rates of fees paid to Directors were reviewed during the year,using external benchmarking, and were increased. The directors' fees (effective from 1 January 2020) are equivalent to the following annual rates: Julian Cazalet (Chairman of the Board) £35,000; Vivien Gould (Chairman of the Audit Committee) £28,000; and other directors £24,000 each with the exception of Michael Lindsell who, because of his connection with the Investment Manager, waived his entitlement to fees.

Directors' emoluments

The single total figure of remuneration for each Director for the year to 31 March 2020 is detailed below together with the prior year comparative.

Single Total Figure Table (audited information)

Name of Director	**Fees paid/Total (£)***	
Year to 31 March:	**2020**	2019
Julian Cazalet	**32,750**	32,000
Nicholas Allan	**22,500**	11,700
Vivien Gould	**27,000**	26,000
Richard Hughes	**22,500**	11,700
Rory Landman	**22,500**	22,000
Michael Lindsell	**–**	–
Michael Mackenzie**	**–**	8,500
TOTALS	**127,250**	111,900

** There were no taxable benefits.*
*** Michael Mackenzie resigned on 29 August 2018.*

None of the Directors are entitled to pensions or pension related benefits, medical or life insurance, share options, long-term incentive plans, and any form of performance related pay. Also, no Director has any right to any payment by way of monetary equivalent to an entitlement or to any assets of the Company except in their capacity as Shareholders.

As the Company does not have a Chief Executive Officer or any executive Directors, there are no percentage increases to disclose in respect of their Single Total Figure.

Sums paid to Third Parties (audited information) – There were no sums paid to third parties during the year ended 31 March 2020 (2019: nil).

Directors' & Officers' insurance is maintained by the Company, at the Company's expense, on behalf of all Directors, in accordance with Article 173 of the Company's Articles of Association.

Taxable benefits – None of the Directors received any taxable benefits other than fees.

Expenses – Under the Articles of Association, Directors are entitled to reimbursement of reasonable expenses incurred by them in connection with attendance at Board and General Meetings, the performance of their duties, and any additional work or duties they undertake at the Company's request.

Pensions related benefits – Although Article 109 of the Company's Articles of Association permits the Company to provide pensions and/or similar benefits for Directors and employees of the Company, no schemes or arrangements have been established and no Director is entitled to any pension or similar benefits.

Loss of office

Directors do not have service contracts with the Company but are engaged under Letters of Appointment. These expressly exclude any entitlement to compensation upon leaving office for whatever reason.

Governance

Directors' Remuneration Report continued

Statement of Directors' shareholding and share interests (audited information)

Neither the Articles nor the Directors' Letters of Appointment require any Director to own shares in the Company. The interests of the Directors and their connected persons in the equity securities of the Company at 31 March 2020 and 31 March 2019 are shown in the table below:

	Ordinary Shares of 75p 31 March 2020	Ordinary Shares of 75p 31 March 2019
J Cazalet	**25**	–
N Allan	**50**	–
V Gould	**25**	–
R Hughes	**25**	–
R Landman	**100**	100
M Lindsell	**7,345**	7,155
M Lindsell (non-beneficial)*	**3,600**	3,600

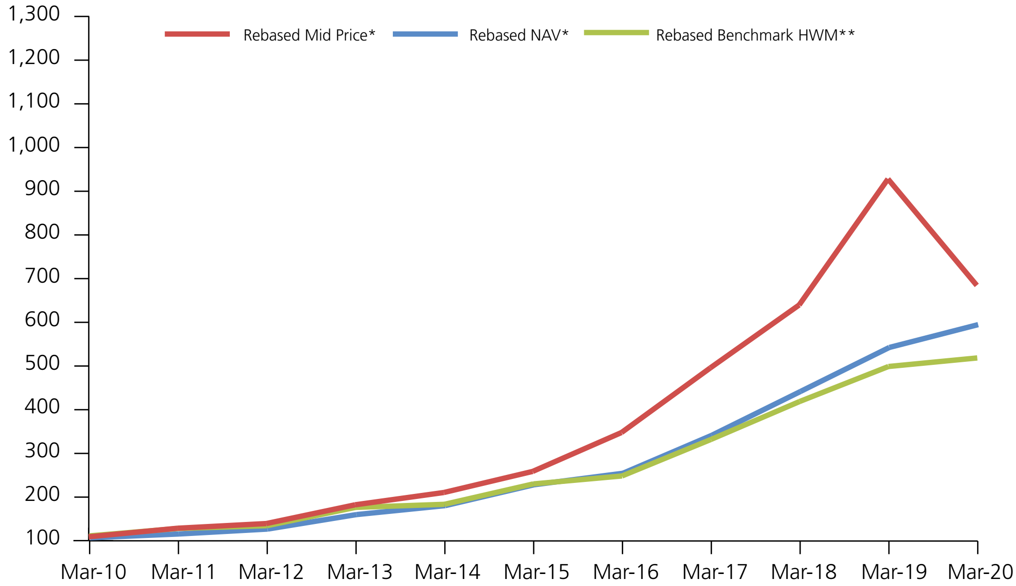
** Mr Lindsell's non-beneficial shares relate to him acting as a trustee of a family trust.*

No changes in the above interests occurred between 31 March 2020 and the date of this Report. None of the Directors has been granted, or exercised, any options or rights to subscribe for Ordinary Shares of the Company.

Share Price Total Return

The chart below illustrates the total Shareholder return for a holding in the Company's shares as compared to the Benchmark between the relevant dates. The Board has adopted this as the measure for both the Company's performance and that of the Investment Manager for the year.

Share price performance compared to the Net Asset Value and Benchmark for ten years to 31 March 2020 (based on total return performance with net dividends reinvested)



Note: The chart is rebased to 100 from March 2010, includes dividends and is plotted yearly so this smooths out the high watermark's effect on the Benchmark.

** Figures are rebased to show the performance per £100 invested.*

*** The Benchmark is adjusted for inclusion of the HWM. Please note that the inclusion of the HWM means that, at the financial year end, if a performance fee has been paid, the Benchmark is adjusted to the same level as the NAV or the share price whichever is lower. If the Benchmark performs better than the NAV and/or the share price, or a performance fee has not been paid, no adjustment is made.*

Source: Bloomberg and LTL

Relative Importance of Spend on Pay

The table below shows the amount of the Company's income spent on Directors' remuneration in comparison with investment management and performance fees paid and dividends paid to Shareholders.

	Year to 31 March 2020 £	Year to 31 March 2019 £	Increase (decrease) %
Directors' remuneration	**127,250**	111,900	13.7%
Investment management fees and other expenses	**1,722,000**	1,459,000	18.0%
Performance fees (charged to capital)	**3,000**	2,433,000	(99.9%)
Dividends to Shareholders (final and special)	**8,800,000**	5,900,000	49.2%

Voting at Annual General Meeting

A binding Ordinary Resolution approving the Directors' Remuneration Policy and a non-binding Ordinary Resolution adopting the Annual Report on Directors' Remuneration for the year ended 31 March 2019 were approved by Shareholders at the Annual General Meeting held on 4 September 2019. The votes cast by proxy were as follows:

Remuneration Policy

For – % of votes cast	*96.44%*
Against – % of votes cast	*3.56%*
At Chairman's discretion – % of votes cast	*0.00%*
Total votes cast	*55,671*
Number of votes withheld	*10*

Annual Report on Directors' Remuneration

For – % of votes cast	*96.43%*
Against – % of votes cast	*0.01%*
At Chairman's discretion – % of votes cast	*3.56%*
Total votes cast	*55,679*
Number of votes withheld	*0*

Statement by the Chairman of the Board

The Directors confirm that the Directors' Remuneration Policy and the Annual Report on Directors' Remuneration set out above provide a fair and reasonable summary for the financial year ended 31 March 2020 of:

a) the major decisions on Directors' remuneration;
b) any changes relating to Directors' remuneration made during the year; and
c) the context in which those changes occurred and the decisions which have been taken.

By order of the Board

Julian Cazalet
Chairman
15 June 2020

Independent auditors' report to the members of The Lindsell Train Investment Trust plc

Report on the audit of the Financial Statements

Opinion

In our opinion, The Lindsell Train Investment Trust plc's Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2020; the Income Statement, Cash Flow Statement, the Statement of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 April 2019 to 31 March 2020.

Our audit approach

Overview

Materiality	• Overall materiality: £1.91m (2019: £1.79m), based on 1% of Net Asset Value.
Audit scope	• The Company is a standalone Investment Trust Company and engages Lindsell Train Limited (the "Manager") to manage its assets. • We conducted our audit of the Financial Statements with the assistance of Maitland Administration Services Limited (the "Administrator") to whom the Directors have delegated the provision of certain administrative functions. • We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates. • We obtained an understanding of the control environment in place at the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.
Key audit matters	• Valuation and existence of unlisted investments. • Valuation and existence of listed investment. • Income from investments. • Consideration of impacts of COVID-19.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Capability of the audit in detecting irregularities, including fraud
Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the ongoing qualification as an Investment Trust under the Corporation Tax Act 2010 (see Note 8 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the preparation of the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with the laws and regulation and fraud;
- Reviewing relevant Board meeting minutes, including those of the Audit Committee;
- Assessment of the Company's compliance with the requirements of s1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of the unlisted investment (see related key audit matter below);
- Identifying and testing journal entries posted throughout the year and in particular manual year end journal entries posted during the preparation of the Financial Statements. This included, but was not limited, to testing journals with unusual account combinations, inappropriate users or reviewers and journals posted at unusual times; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of unlisted investments Refer to page 32 (Audit Committee Report), page 52 (Accounting Policies) and page 59 (notes). The investment portfolio at 31 March 2020 included one unlisted investment. We focused on the valuation and existence of the unlisted investment as this investment represented a material balance in the Financial Statements (£89.5 million) and the valuation requires significant judgements and estimates to be made by the Directors such that changes to the methodology or key inputs can result in a material change to the valuation of the unlisted investment.	We understood and evaluated the valuation methodology applied, by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Directors in determining the fair value of the unlisted investment. Reading the Board meeting minutes where the valuation of the unlisted investment was discussed and agreed and attended relevant Audit Committee meetings where the valuation of the unlisted investment was discussed. We assessed the impact of COVID-19 on the valuation of the unlisted investment. This together with our knowledge of the investee entity, FRS 102 and the AIC SORP, enabled us to discuss with and challenge the Directors as to the appropriateness of the methodology and key inputs used in the valuation. Supported by our internal valuation experts, we tested the appropriateness of the key assumptions, including discount rate and earnings multiples being used. We found that the valuation of the unlisted investment was consistent with the accounting policies and that the assumptions used to derive the valuation within the Financial Statements were appropriate based on the investee's circumstances. We tested the existence of the unlisted investment by agreeing the holding to independently obtained third party confirmations as at 31 March 2020. No differences were identified.
Valuation and existence of listed investments Refer to page 32 (Audit Committee Report), page 52 (Accounting Policies) and page 59 (notes). The investment portfolio at 31 March 2020 comprised listed equity investments of £96.2 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the Financial Statements.	We tested the valuation of all the listed investments by agreeing the prices used in the valuation to independent third party sources. No significant exceptions were identified by our testing. We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independently obtained third party confirmations as at 31 March 2020. No differences were identified.
Income from investments Refer to page 32 (Audit Committee Report), page 53 (Accounting Policies) and page 54 (notes). ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as capital rather than revenue due to the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the valuation of investments with respect to gains on investments and the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP').	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end (see above), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. In addition, we tested dividend receipts by agreeing the dividend rates from investments to independent third party sources. No significant exceptions were identified by our testing which required reporting to those charged with governance.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

Key audit matter	How our audit addressed the key audit matter
	Income from investments (continued) To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We did not find any material special dividends that were not treated in accordance with the AIC SORP.
Consideration of impacts of COVID-19 Refer to the Chairman's Statement (page 5), Principal Risks and Uncertainties (page 13), the Viability Statement (page 13), the Going Concern Statement (page 24), which disclose the impact of the COVID-19 pandemic. From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first quarter of 2020 and to date. The coronavirus impacted global capital markets significantly in March 2020. The Company's net assets were £191.3 million as at 31 March 2020. The Directors have prepared the Financial Statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market fall and the related uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.	We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by: • Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19. • Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the Financial Statements. • Testing the impact of COVID-19 on the valuation of investments, including the post year movement in share price and net asset value. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report. • We obtained evidence to support the key assumptions and forecasts driving the Directors' going concern assessment. This included reviewing the Directors assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third party service providers. We assessed the disclosures presented in the Annual Report in relation to COVID-19 by: • Reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the Financial Statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall materiality	£1.91m (2019: £1.79m).
How we determined it	1% of Net Asset Value.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practise for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year on year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £95,000 (2019: £90,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	**Outcome**
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Report of the Directors and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 March 2020 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors. *(CA06)*

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 26 to 30) about internal controls and risk management systems in relation to financial reporting processes in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in this information. *(CA06)*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 26 to 30) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. *(CA06)*

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. *(CA06)*

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 12 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 24 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have responsibility to report when:

- The statement given by the Directors, on page 25, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 30 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.
- We have nothing to report in relation to these matters.

Directors' Remuneration

- In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Independent auditors' report to the members of The Lindsell Train Investment Trust plc continued

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 1 March 2018 to audit the Financial Statements for the year ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 March 2018 to 31 March 2020.

Christopher Meyrick *(Senior Statutory Auditor)*
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
15 June 2020

Financial Statements

Income Statement for the year ended 31 March 2020

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Gains on investments held at fair value through profit or loss	11	–	7,457	7,457	–	29,414	29,414
Exchange (losses)/gains on currency		–	(6)	(6)	–	(24)	(24)
Income	2	12,395	–	12,395	8,680	–	8,680
Investment management fees	3	(1,298)	(3)	(1,301)	(995)	(2,433)	(3,428)
Other expenses	4	(424)	(1)	(425)	(464)	–	(464)
Net return before finance costs and tax		10,673	7,447	18,120	7,221	26,957	34,178
Interest payable and similar charges	7	–	–	–	–	–	–
Return before tax		10,673	7,447	18,120	7,221	26,957	34,178
Tax	8	(75)	-	(75)	(49)	–	(49)
Return after tax for the financial year		10,598	7,447	18,045	7,172	26,957	34,129
Return per Ordinary Share	10	£52.99	£37.24	£90.23	£35.86	£134.79	£170.65

All revenue and capital items in the above statement derive from continuing operations.

The total columns of this statement represent the profit and loss accounts of the Company. The revenue and capital return columns are supplementary to this and are prepared under the guidance published by the Association of Investment Companies.

The Company does not have any other recognised gains or losses. The net gains for the year disclosed above represent the Company's total comprehensive income.

No operations were acquired or discontinued during the year.

The notes on pages 52 to 68 form part of these Financial Statements.

Statement of Changes in Equity for the year ended 31 March 2020

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2020					
At 1 April 2019	150	19,850	148,035	11,150	179,185
Return after tax for the financial year	–	–	7,447	10,598	18,045
Dividends paid (see note 9)	–	–	–	(5,900)	(5,900)
At 31 March 2020	150	19,850	155,482	15,848	191,330

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2019					
At 1 April 2018	150	19,850	121,078	8,338	149,416
Return after tax for the financial year	–	–	26,957	7,172	34,129
Dividends paid (see note 9)	–	–	–	(4,360)	(4,360)
At 31 March 2019	150	19,850	148,035	11,150	179,185

The notes on pages 52 to 68 form part of these Financial Statements.

Financial Statements continued

Statement of Financial Position at 31 March 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments held at fair value through profit or loss	11		185,678		177,693
Current assets					
Other receivables	12	415		293	
Cash at bank and in hand		5,390		3,782	
		5,805		4,075	
Creditors: amounts falling due within one year					
Other payables	13	(153)		(2,583)	
Net current assets/(liabilities)			5,652		1,492
Net assets			191,330		179,185
Capital and reserves					
Called up share capital	14		150		150
Special reserve	15		19,850		19,850
			20,000		20,000
Capital reserve	15		155,482		148,034
Revenue reserve			15,848		11,151
Total Shareholders' funds			191,330		179,185
Net Asset Value per Ordinary Share	16		£956.65		£895.93

The Financial Statements on pages 48 to 68 were approved by the Board on 15 June 2020 and were signed on its behalf by:

Julian Cazalet
Chairman
The Lindsell Train Investment Trust plc
Registered in England & Wales, No: 4119429

The notes on pages 52 to 68 form part of these Financial Statements.

Cash Flow Statement for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Operating Activities			
Net return before finance costs and tax		18,120	34,178
Gains on investments held at fair value		(7,457)	(29,414)
Losses on exchange movements		6	24
(Increase)/decrease in other receivables		(33)	24
Increase in accrued income		(88)	(57)
Decrease in other payables		(2,430)	(377)
Purchase of investments held at fair value		(581)	(4,414)
Sale of investments held at fair value		53	5,088
Net cash inflow from operating activities before interest and taxation		7,590	5,052
Interest paid		–	–
Taxation on investment income		(76)	(49)
Net cash inflow from operating activities		7,514	5,003
Financing activities			
Equity dividends paid	9	(5,900)	(4,360)
Net cash outflow from financing activities		(5,900)	(4,360)
Increase in cash and cash equivalents		1,614	643
Cash and cash equivalents at beginning of year		3,782	3,163
Losses on exchange movements		(6)	(24)
Cash and cash equivalents at end of year		5,390	3,782

The notes on pages 52 to 68 form part of these Financial Statements.

Financial Statements

Notes to the Financial Statements

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

(a) Basis of accounting

The Financial Statements of the Company have been prepared under the historical cost convention modified to include the revaluation of fixed assets in accordance with United Kingdom Company law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and with the Statement of Recommended Practice ("SORP") "Financial Statements of Investment Trust Companies and Venture Capital Trusts", issued by the Association of Investment Companies (issued November 2014 and updated in February 2018 with consequential amendments).

After considering a schedule of the Company's current financial resources and liabilities for the next twelve months, and as a majority of the net assets of the Company are securities which are traded on recognised stock exchanges, the Directors have determined that its resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the Financial Statements on a going concern basis. The Company does not have a fixed life.

(b) Reporting currency

The Financial Statements are presented in Sterling which is the functional currency of the Company because it is the currency of the primary economic environment in which the Company operates.

(c) Dividends

Under Section 32 of FRS 102, final dividends should not be accrued in the Financial Statements unless they have been approved by Shareholders before the balance sheet date.

Dividends payable to Shareholders are recognised in the Statement of Changes in Equity when they have been approved by Shareholders and have become a liability of the Company. Interim dividends are only recognised in the Financial Statements in the period in which they are paid.

(d) Valuation of fixed asset investments

The Company's investments are classified as held at fair value through profit or loss in accordance with Section 11 and 12 of FRS 102 and are managed and evaluated on a fair value basis in accordance with its investment strategy.

When a purchase or sale is made under a contract, the terms of which require delivery within the time frame of the relevant market, the investments concerned are recognised or derecognised on the trade date.

Investments are held through profit or loss and accordingly are valued at fair value, deemed to be bid or last market prices depending on the convention of the exchange on which they are listed. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, investments are held through profit or loss on initial recognition at fair value. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Board.

Lindsell Train fund products are valued daily using prices supplied by the administrator of these funds.

The unlisted investment in Lindsell Train Limited is valued by the Directors at fair value using a valuation methodology adopted by the Board. The formula is monitored by the Board to ensure its ongoing appropriateness. In 2018 and 2020 the Board sought external advice to verify its approach. Please refer to note 1(j) for further information.

Accounting policies continued

The investment in LTL (representing 24.23% of the Investment Manager) is held as part of the investment portfolio. Accordingly, the shares are accounted for and disclosed in the same way as other investments in the portfolio. The valuation of the investment (see note 17) is calculated at the end of each month on the basis of fair value as determined by the Directors of the Company. The valuation process is based upon a methodology that takes into account, inter alia, the value of the funds under LTL's management and an estimate of its annual earnings.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

(e) Income

Dividends are credited to the revenue column of the Income Statement on an ex-dividend basis. Where an ex-dividend date is not available, dividends are recognised when the Company's right to receive payment is established. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective interest rate on the debt security. Bank and deposit interest is accounted for on an accruals basis.

(f) Expenses

All expenses are accounted for on an accruals basis. Finance costs are accounted for on an accruals basis using the effective interest rate method. Expenses are charged through the revenue column of the Income Statement except as follows:

– expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement;

– expenses are charged to the realised capital reserve, via the capital column of the Income Statement, where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and

– performance fees payable to the Investment Manager are charged 100% to capital.

(g) Taxation

Deferred taxation is provided on all differences which have originated but not reversed by the balance sheet date, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be recovered.

In line with recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented in the capital column of the Statement of Comprehensive Income is the marginal basis under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue column of the Income Statement then no tax relief is transferred to the capital column.

Financial Statements

Notes to the Financial Statements continued

Accounting policies continued

(h) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates as at the date of the transaction. Assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital or revenue column of the Income Statement depending on whether the gain or loss is of a capital or revenue nature respectively.

(i) Capital reserve

The following are taken to this reserve:

- Gains and losses on the disposal of investments;
- Exchange differences of a capital nature;
- Expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies; and
- Investment holding gains being the increase and decrease in the valuation of investments held at the year end.

Revenue reserve

The revenue reserve reflects all income and expenditure which are recognised in the revenue column of the income statement.

Special reserve

The special reserve arose following Court approval in September 2002 to transfer £19,850,000 from the share premium account. This reserve can be used to finance the redemption and/or purchase of shares in issue.

In accordance with the Company's Articles of Association, the capital reserve and special reserve may not be distributed by way of a dividend but may be utilised for the purposes of share buyback. The Company may only distribute by way of dividend accumulated revenue profits within the revenue reserve.

(j) Significant judgments and estimates

The key significant estimate to report is the valuation of the investment in LTL where material judgments are made. Please refer to notes 1(d) and 17 for details of how this holding is valued.

Other than this, in the course of preparing the Financial Statements, no material judgments have been made in the process of applying the Company's accounting policies, except those that involve estimations.

(k) Registered address and nature of business

The Company is an investment company defined in Section 833 of the Companies Act 2006. Its registered office address is provided on page 83.

2 Income

	2020 £'000	2019 £'000
Income from investments		
Overseas dividends	650	434
UK dividends		
– Lindsell Train Limited	10,442	7,099
– Other UK dividends	1,303	1,147
	12,395	8,680
Total income comprises:		
Dividends	12,395	8,680
	12,395	8,680

3 Investment Management fees

	2020 £'000	2019 £'000
Investment management fee	**1,351**	1,066
Investment Manager's performance fee – charged to capital	**3**	2,433
Rebate of investment management fee (see below)	**(53)**	(71)
Total management fee	**1,301**	3,428

In accordance with an Investment Management Agreement dated 21 December 2000 (last revised in March 2016) between the Company and LTL, LTL has been providing investment management services to the Company. For their services, LTL receive an annual fee of 0.6% (reduced from 0.65% from 1 July 2019), calculated on the lower of the Adjusted Market Capitalisation and the Adjusted Net Asset Value of the Company, calculated using weekly data and payable in arrears in respect of each calendar month. The amount charged during the year is shown above, and £102,862 (2019: £93,180) of the fee for the year was outstanding as at the balance sheet date.

A performance fee is payable at the rate of 10 per cent of the amount by which the growth in the lower of (i) the Adjusted Market Capitalisation per Ordinary Share of the Company and (ii) the Adjusted Net Asset Value per Ordinary Share of the Company in each performance period exceeds the annual average running yield on the longest-dated UK government fixed rate bond, currently Treasury 1.625% 2071, calculated using weekly data, plus a premium of 0.5% over the period, subject to a minimum yield of 4%, and to a high watermark. The Company has twelve month performance periods, ending on 31 March in each year. The performance fee is payable in arrears in respect of each performance period.

The performance fee for the year to the 31 March 2020 was £3,000 (2018 £2,433,000). This payment represents an adjustment in respect of the fee to the 31 March 2019. The performance fee accrued for the year to 31 March 2020 was £448,679 but was not taken by LTL on account of the Company's 26.5% negative share price total return over the year.

For the avoidance of double charging management fees, the Investment Manager has agreed to rebate any periodic management fee that it receives from the Company by the amount of fees receivable by it from Lindsell Train fund products and other fund products where LTL is the Investment Manager in respect of the Company's investments in those funds. The amounts rebated on the Investment Management fee are shown above, of which £35,176 (2019: £33,725) relates to the Company's investment in the Lindsell Train Japanese Equity Fund, £0 (2019: £22,395) relates to the Company's investment in the Lindsell Train Global LLC and £18,050 (2019: £14,975) relates to the Company's investment in the Finsbury Growth & Income Trust PLC.

Financial Statements

Notes to the Financial Statements continued

4 Other expenses

	2020 £'000	2019 £'000
Directors' emoluments (see note 5)	127	112
Administration fee	80	80
AIFM monitoring fee	20	11
Auditors' remuneration for:		
– audit of the Financial Statements of the Company*	25	25
Tax Compliance fee	3	3
Safe custody fees	19	19
Printing fees	11	16
Registrars' fees	42	27
Listing fees	16	15
Legal fees	15	3
Employer's National Insurance	9	7
Directors' liability insurance	7	7
Key man insurance	22	21
Sundry	28	82
VAT irrecoverable	–	36
	424	464
Capital charges	1	–
	425	464

* Excluding VAT

In accordance with an administration agreement dated 1 July 2019 between the Company and Maitland Administration Services Limited ("Maitland"), Maitland has been appointed to provide administration and company secretarial services to the Company for which Maitland receives an annual fee of £80,000. Maitland also receives an annual fee of £20,000 for AIFM monitoring.

5 Directors' emoluments

There were no Director's emoluments assigned to a consultancy during the financial year. These are reflected in the table below:

	2020 £'000	2019 £'000
Directors' fees	127	112

Since 1 January 2020, the Chairman of the Board, Chairman of the Audit Committee, and other Directors receive set fees at rates of £35,000, £28,000 and £24,000 respectively per annum, and have no entitlement to any performance fees. Directors' fees amounting to £22,500 (2019: £22,000) have been waived by Mr Michael Lindsell in view of his connection with the Investment Manager.

There were no pension contributions paid or payable.

6 Disclosure of interests

As at 31 March 2020 the Company had investments in the following Lindsell Train managed funds: 3,288,767 shares in Lindsell Train Japanese Equity Fund at a cost of £1,382,594; 420,000 shares in Finsbury Growth & Income Trust PLC at a cost of £758,721.

LTL is also the Investment Manager of Finsbury Growth & Income Trust PLC in which the Company has an investment (see page 6).

LTL's appointment as Investment Manager to the Company is subject to termination by either party on twelve months' notice.

7 Interest payable and similar charges

	2020 £'000	2019 £'000
On foreign currency cash balances	**–**	–
	–	–

8 Taxation

The tax charge on the profit on ordinary activities for the year was as follows:

	2020 Revenue £'000	**2020 Capital £'000**	**2020 Total £'000**	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
UK corporation tax	**–**	**–**	**–**	–	–	–
Overseas tax	**82**	**–**	**82**	54	–	54
Overseas tax recoverable	**(7)**	**–**	**(7)**	(5)	–	(5)
Tax charge per accounts	**75**	**–**	**75**	49	–	49

The current taxation charge for the year is the same as the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Net return before tax	**18,120**	34,178
Theoretical tax at UK corporation tax rate of 19% (2019: 19%)	**3,443**	6,494
Effects of:		
– UK dividends which are not taxable	**(2,232)**	(1,567)
– Overseas dividends which are not taxable	**(124)**	(82)
– Capital gains not subject to corporation tax	**(1,416)**	(5,584)
– Current year excess expenses	**327**	277
– Unutilised capital expenses	**1**	462
– Overseas tax suffered	**82**	54
– Overseas tax recoverable	**(6)**	(5)
Total tax charge	**75**	49

As an investment trust the Company, whilst it obtains exemption under Sections 1158/1159 Corporation Tax Act 2010, is not subject to UK taxation on capital gains. In the opinion of the Directors, the Company has complied with the requirements of Section 1159 Corporation Tax Act 2010.

Financial Statements

Notes to the Financial Statements continued

8 Taxation continued

Factors that may affect future tax charges

The Company has not recognised a deferred tax asset of £4,165,000 (2019: £3,838,000) arising from management expenses exceeding taxable income. These expenses could only be utilised if the Company were to generate taxable profits in the future.

9 Dividends paid and payable

	2019 £'000	2018 £'000
Final dividend paid for the year ended 31 March 2019 of £27.87 per Ordinary Share (2018: £21.29 per Ordinary Share)	5,574	4,258
Special dividend paid for the year ended 31 March 2019 of £1.63 per Ordinary Share (2018: £0.51 per Ordinary Share)	326	102
Total Dividends	5,900	4,360

The total dividend payable in respect of the financial year is set out below. This complies with the requirements of Section 1158 Corporation Tax Act 2010.

	2020 **£'000**	2019 £'000
Final dividend payable for the year ended 31 March 2020 of £41.39 per Ordinary Share (2019: £27.87 per Ordinary Share)	**8,278**	5,574
Special dividend payable for the year ended 31 March 2020 of £2.61 per Ordinary Share (2019: £1.63 per Ordinary Share)	**522**	326
Total Dividends	**8,800**	5,900

10 Total return per Ordinary Share

	2020	2019
Total return per Ordinary Share		
Total return	**£18,045,000**	£34,129,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Total return per Ordinary Share	**£90.23**	£170.65

The total return per Ordinary Share shown above can be further analysed between revenue and capital, as below:

	2020	2019
Revenue return per Ordinary Share		
Revenue return	**£10,598,000**	£7,172,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Revenue return per Ordinary Share		
Capital return per Ordinary Share	**£52.99**	£35.86
Capital return	**£7,447,000**	£26,957,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Capital return per Ordinary Share	**£37.24**	£134.79

11 Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Investments listed on a recognised investment exchange	96,200	95,333
Unlisted investment	89,478	82,360
Valuation at year end	185,678	177,693
Opening book cost	33,418	31,095
Opening investment holding gains/(losses)	144,275	117,855
Opening Fair Value	177,693	148,950
Analysis of transactions made during the year		
Purchases at cost	581	4,414
Sales proceeds received	(53)	(5,085)
Gains/(losses) on investments	7,457	29,414
Closing fair value	185,678	177,693
Closing book cost	33,997	33,418
Closing investment holding gains/(losses)	151,681	144,275
Closing Fair Value	185,678	177,693

The company received proceeds of £53,000 (2019: £5,085,000) from investments sold in the year. The book cost of these investments when they were purchased was £2,000 (2019: £2,091,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Investment transaction costs on purchases and sales of investments during the year to 31 March 2020 amounted to £232 and £3 respectively (2019: £7,064 and £2 respectively).

During the year the investment holding gain attributable to the Company's holding in LTL amounted to £7,162,144 (2019: £20,014,000).

The disclosure of gains on investments has been amended to comply with the requirements of the AIC Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in October 2019).

Financial Statements

Notes to the Financial Statements continued

11 Investments held at fair value through profit or loss continued

Significant holdings

Included in the above are the following investments in which the Company has an interest exceeding 10% of the nominal value of the shares of that class in the investee company as at 31 March 2020.

Investments	Country of registration or incorporation	Class of capital	% of class held
Lindsell Train Limited*	England	Ordinary Shares of £100	24.23%

*As at 31 January 2020, the latest year end for LTL, the audited aggregate capital and reserves amounted to £66,735,000, (2019: £50,251,000) and the profit for that year ended amounted to £59,646,000 (2019: £45,000,000). The total amount of dividends paid during the year was £43,162,540, equating to dividends of £1,619 per share. The earnings per share were £2,237. The cost of the investment in LTL was £64,500.

LTL is the only related undertaking of the Company. LTL's registered office address is 66 Buckingham Gate, London SW1E 6AU.

LTL has been accounted for as an investment in accordance with the accounting policy in note 1(d).

The Company has arrangements in place with the Investment Manager to avoid double charging of fees and expenses on investments made in other Lindsell Train fund products (see note 3).

12 Other receivables

	2020 £'000	2019 £'000
VAT recoverable	31	–
Prepayments and accrued income	384	293
	415	293

13 Other payables

	2020 £'000	2019 £'000
Accruals and deferred income	153	2,583
	153	2,583

14 Called up share capital

	2020 No. of shares 000's	2020 £'000	2019 No. of shares 000's	2019 £'000
Authorised:				
Ordinary Shares of 75p each	200	150	200	150
Allotted, called up and fully paid:				
Ordinary Shares of 75p each	200	150	200	150

There has been no change in the capital structure during the year to 31 March 2020.

15 Capital reserve

The capital reserve includes investment holding gains of £151,681,000 (2019: £144,275,000).

Revenue reserve

The revenue reserve reflects all income and expenditure which are recognised in the revenue column of the income statement.

Special reserve

The special reserve arose following Court approval in September 2002 to transfer £19,850,000 from the share premium account. This reserve can be used to finance the redemption and/or purchase of shares in issue.

In accordance with the Company's Articles of Association the capital reserve and special reserve may not be distributed by way of a dividend but may be utilised for the purposes of share buybacks. The Company may only distribute by way of dividend accumulated revenue profits within the revenue reserve.

The Institute of Chartered Accountants in England and Wales has issued guidance stating that profits arising out of a change in fair value of assets, recognised in accordance with Accounting Standards, may be distributed provided the relevant assets can be readily convertible into cash. Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash. In accordance with the Company's Articles of Association the capital reserve and special reserve may not be distributed by way of dividend but may be utilised for the purposes of share buybacks and the Company may only distribute by way of dividend accumulated revenue profits.

Financial Statements

Notes to the Financial Statements continued

16 Net Asset Value per Ordinary Share

The Net Asset Value per Ordinary Share and the Net Asset Value at the year end calculated in accordance with the Articles of Association of the Company were as follows:

	Net Asset Value per share attributable		Net Asset Value attributable	
	2020	2019	**2020**	2019
	£	£	**£'000**	£'000
	956.65	895.93	**191,330**	179,185

The movements during the year of the assets attributable to each Ordinary Share are disclosed in the Statement of Changes in Equity on page 49.

The Net Asset Value per Ordinary Share is based on net assets of £191,330,000 (2019: £179,185,000) and on 200,000 Ordinary Shares (2019: 200,000), being the number of Ordinary Shares in issue at the year end.

17 Financial instruments and capital disclosures

Risk management policies and procedures

The investment objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital. In pursuit of this objective, the Company may be exposed to various forms of risk, as described below.

The Board sets out its principal risks on pages 12 and 13 and its investment policy including its policy on gearing (bank borrowing), diversification and dividends on page 10.

The Board and its Investment Manager consider and review the number of risks inherent with managing the Company's assets which are detailed below.

Market risk

The fair values or future cash flows of the Company's financial instruments may fluctuate due to changes in market risk. Market risk encompasses mainly equity price risk but also foreign exchange risk and interest rate risk which are discussed below.

At 31 March 2020, the fair value of the Company's assets exposed to market price risk was £185,678,000 (2019: £177,694,000). If the fair value of the Company's investments at the Statement of Financial Position date increased or decreased by 10%, whilst all other variables remained constant, the capital return and net assets attributable to shareholders as at 31 March 2020 would have increased or decreased by £18,568,000 or 92.84p per share (2019: £17,769,000 or 88.85p per share).

Market risk is reviewed by the Board on a quarterly basis and monitored on a continuous basis by the Investment Manager.

The coronavirus pandemic is impacting economies and financial markets worldwide. It has already reduced the value of the Company's investments, could do so further and may also impact on the Company's revenues in the forthcoming year and beyond.

17 Financial instruments and capital disclosures continued

Foreign currency exposure as at 31 March 2020

	Sterling £'000	US$ £'000	Euro £'000	JPY £'000	Total £'000
Short-term debtors	204	32	8	171	415
Cash at bank	5,390	–	–	–	5,390
Short-term creditors	(153)	–	–	–	(153)
Foreign currency exposure on net monetary items	5,441	32	8	171	5,652
Investments held at fair value through profit or loss that are equities	144,476	16,113	7,347	17,742	185,678
Total net foreign currency exposure	149,917	16,145	7,355	17,913	191,330

Foreign currency exposure as at 31 March 2019

	Sterling £'000	US$ £'000	Euro £'000	JPY £'000	Total £'000
Short-term debtors	125	27	7	132	291
Cash at bank	3,783	–	–	–	3,783
Short-term creditors	(2,583)	–	–	–	(2,583)
Foreign currency exposure on net monetary items	1,325	27	7	132	1,491
Investments held at fair value through profit or loss that are equities	139,100	16,353	8,519	13,722	177,694
Total net foreign currency exposure	140,425	16,380	8,526	13,854	179,185

Over the year against all of the Company's principal investing currencies, Sterling weakened against the US Dollar by 4.84% (2019: weakened by 7.15%), weakened against the Euro by 2.62% (2019: strengthened by 1.92%) and weakened against the Japanese Yen by 7.19% (2019: weakened by 3.25%).

A 5% decline or rise of Sterling against foreign currency denominated (i.e. non Sterling) assets held at the year end would have increased/decreased the Net Asset Value by £2,071,000 or 1.08% of Net Asset Value (2019: £1,938,000 or 1.08% of Net Asset Value). The impact on the profit and loss account is difficult to estimate, since the profit and loss is the net result of all the transactions in the portfolio throughout the year.

Interest rate risk
There is no material exposure to interest rate risk.

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

Liquidity risk

Liquidity risk is not considered significant under normal market conditions in relation to the Company's investments which are listed on recognised stock exchanges and and are, for the most part, readily realisable securities which can be easily sold to meet funding commitments if necessary. The Company's unlisted investment in LTL is not readily realisable.

As of March 2020, 46% (2019: 47%) of the investment portfolio (92% of the listed portfolio) could be liquidated within five business days , based on 20% of 90 days' average daily trading volume obtained from Bloomberg. The Company would be able to sell all of its listed holdings within five business days, with the exception of two securities representing 3.5% of NAV.

Credit risk

Cash at bank and other debtors of the Company at the year end as shown on the Balance Sheet was £5,805,000 (2019: £4,075,000).

Counterparty risk

Northern Trust Company (the "Bank") is the appointed custodian of the Company. It provides securities clearing, safe-keeping, foreign exchange, advance credits and overdrafts, and cash deposit services. The Bank has a credit rating for long-term deposits/debt of Aa2 from Moody's and AA- from Standard & Poor's.

As cash placed at the Bank is deposited in its capacity as a banker not a trustee in line with usual banking practice, such cash is not held in accordance with the Financial Conduct Authority's client money rules.

Fair values of financial assets and financial liabilities

The tables below set out fair value measurements of financial instruments as at the year end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets/liabilities at fair value through profit or loss

At 31 March 2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments	**96,199**	**–**	**89,479**	**185,678**
	96,199	**–**	**89,479**	**185,678**

At 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	95,333	–	82,360	177,693
	95,333	–	82,360	177,693

Note: Within the above tables, the entirety of level 1 comprises all the Company's ordinary equity investments, and level 3 represents the investment in LTL, including the one share in LTL against which an option had been granted.

The valuation techniques used by the Company are explained in the accounting policies note on pages 65 to 67.

17 Financial instruments and capital disclosures continued

LTL valuation methodology

LTL's shares are valued at the end of each month by LTIT's directors using a methodology first adopted by the Board in October 2007, after taking professional advice and further reviewed by professional advisers in 2018. The Board reviews the LTL valuation at its quarterly Board meetings. In 2018, the valuation methodology was independently assessed and it was decided no change of approach was required. It uses a simple average of two different components:

- 1.5% of LTL's most recent funds under management ("FUM"); and
- LTL's net earnings (adjusted for a notional increase in staff costs to 45% of revenues excluding performance fees) calculated on a three month rolling basis, one month in arrears and annualised, divided by the annual average running yield on the longest dated UK government fixed rate bond (currently UK Treasury 1.625% 2071), calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4%, plus an equity risk premium of 4.5%.

The calculation was amended from 31 March 2020 and into the future by estimating LTL's annual notional earnings with reference to LTL's most recent end month FUM. The change was made by the Board after consultation with professional advisors.

The calculation of the LTL valuation as at 31 March 2020 using this methodology is provided in full on page 75 (unaudited).

The valuation matrix below shows the sensitivity of the valuation of each LTL share, which as at 31 March 2020 was £13,873 per share, to changes to key assumptions in the LTL valuation methodology. The horizontal axis shows the impact when the percentage of LTL's FUM (currently 1.5%) is changed. The vertical axis shows the impact when the discount rate (currently 8.5%) is changed.

LTL Valuation Matrix at 31 March 2020
LTL valuation per share using differing valuation assumptions

Discount rate	**Funds under Management Multiple**				
	0.50%	**1.00%**	**1.50%**	**2.00%**	**2.50%**
7.0%	£12,319	£14,032	**£15,744**	£17,457	£19,170
7.5%	£11,612	£13,325	**£15,037**	£16,750	£18,462
8.0%	£10,993	£12,706	**£14,419**	£16,131	£17,844
8.5%	**£10,448**	**£12,160**	**£13,873**	**£15,585**	**£17,298**
9.0%	£9,962	£11,675	**£13,387**	£15,100	£16,813
9.5%	£9,528	£11,241	**£12,953**	£14,666	£16,378
10.0%	£9,137	£10,850	**£12,562**	£14,275	£15,988
10.50%	£8,784	£10,496	**£12,209**	£13,921	£15,634
11.00%	£8,462	£10,175	**£11,887**	£13,600	£15,313
11.50%	£8,169	£9,881	**£11,594**	£13,307	£15,019
12.00%	£7,900	£9,612	**£11,325**	£13,038	£14,750

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

Another valuation matrix shows the sensitivity of the per share valuation of LTL to changes in the weighting of the two components of the LTL valuation calculation. It shows both the resultant valuation as a percentage of FUM and in terms of the earnings yield at different weightings.

LTL valuation using different weightings of the two components of the LTL valuation calculation at 31 March 2020

	Valuation based on FUM					
Valuation based on earnings	100%	75%	50%	25%	0%	% of FUM
0%	£10,275					1.5%
25%		£12,074				1.8%
50%			£13,873			2.0%
75%				£15,671		2.3%
100%					£17,470	2.6%
Earnings Yield	14.5%	12.3%	10.7%	9.5%	8.5%	

LTL valuation using different weightings of the two components of the LTL valuation calculation at 31 March 2019

	Valuation based on FUM					
Valuation based on earnings	100%	75%	50%	25%	0%	% of FUM
0%	£10,364					1.5%
25%		£11,563				1.7%
50%			£12,762			1.8%
75%				£13,961		2.0%
100%					£15,160	2.2%
Earnings Yield	12.4%	11.1%	10.1%	9.2%	8.5%	

17 Financial instruments and capital disclosures continued

The following scenarios show the sensitivity of the Company's NAV to changes in the valuation of LTL arising from a change of 10% or 20% in LTL's FUM.

	31 March 2020**		31 March 2019*	
	LTL Valuation £'000	LTIT NAV £'000	LTL Valuation £'000	LTIT NAV £'000
	89,479	191,330	82,317	179,186
	LTL Change in valuation (estimated)	LTIT Change in NAV (estimated)	LTL Change in valuation (estimated)	LTIT Change in NAV (estimated)
10% change in LTL's FUM	+/-10.6%	+/-5.0%	+/-4.1%	+/-1.9%
20% change in LTL's FUM	+/-21.3%	+/-9.9%	+/-8.1%	+/-3.7%

* The estimates assume that the LTL valuation was based on the same methodology used to calculate the 31 March 2019 valuation.

** The estimates assume that the LTL valuation is based on the same methodology used to calculate the 31 March 2020 valuation.

Note:
Both estimates assume that the issued share capital of the Company remains 200,000 shares and the shareholding in LTL remains unchanged.

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 March 2020 and 31 March 2019. A reconciliation of fair value measurements in Level 3 is set out below.

Level 3 Financial assets at fair value through profit or loss at 31 March

	2020 £'000	2019 £'000
Opening fair value	82,360	62,346
Purchases at cost	–	–
Sales proceeds	(43)	–
Total gains or losses included in gains on investments in the Income Statement		
– on sold assets	43	–
– on assets held at the end of the year	7,119	20,014
Closing fair value	89,479	82,360

Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital through an appropriate balance of equity capital and debt. The Directors have discretion to permit borrowings up to 50% of the Net Asset Value. However, the Directors have decided it is in the best interests of the Company not to use gearing.

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis.

The Company's objectives, policies and processes for managing capital are unchanged from last year.

The Company is subject to externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by UK company law.

These requirements are unchanged since last year and the Company has complied with them at all times.

The Company intends to renew its authority to repurchase shares at a discount to Net Asset Value in order to enhance value for Shareholders at the next Annual General Meeting.

18 Guarantees, financial commitments and contingent liabilities

There were no financial commitments or contingent liabilities outstanding at the year end (2019: None)

19 Ongoing charges

	2020		2019	
	£'000	%	£'000	%
Total operating expenses	1,722	0.83	1,459	0.88

Total operating expenses include £49,000 (2019: £71,000) in respect of a management fee waiver (see note 3). They exclude the Manager's performance fee of £3,000, an adjustment in respect of the year to 31 March 2019, charged to capital in 2020 (2019: £2,433,000).

The above total expense ratios are based on the average Shareholders' funds of £207,946,000 (2019: £166,566,000) calculated at the end of each month during the year.

It should be noted that administrative expenses borne by the Lindsell Train funds are excluded from the above.

20 Related Party transactions

Lindsell Train Limited acts as the Investment Manager of the Company. LTL is considered a related party as it has a Director in common with the Company, as well as the Company owning a significant share of LTL. The amounts paid to the Investment Manager are disclosed in note 3 and further details of the relationship between the Company and the Investment Manager are set out in note 6 and note 11. Disclosure of the Directors' interests in the Ordinary Shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 34 to 39.

Appendices

DISCLAIMER

The information contained in these Appendices has not been audited by the Auditors and does not constitute any form of financial statement. The appendices are for information purposes and should not be regarded as any offer or solicitation of an offer to buy or sell shares in the Company.

Appendix 1

Annual Review of Lindsell Train Limited ('LTL') at 31 January 2020

The Manager of The Lindsell Train Investment Trust

Background

LTL was established in 2000 by Michael Lindsell and Nick Train and was founded on the shared investment philosophy that developed while they worked together during the 1990s. The company's aim is to foster a work environment in which the investment team can manage capital consistent with this philosophy, which entails managing concentrated portfolios, invested strategically in durable franchises. Essential to success is maintaining a relatively simple business structure encompassing an alignment of interests between on one side LTL's clients and on the other its founders and employees.

People

LTL's board of directors consists of the two founders Michael Lindsell and Nick Train, the Chief Operating Officer Michael Lim, the Head of Marketing and Client Services Keith Wilson, the Director of Marketing Jane Orr, and James Alexandroff, the only non-executive director. James was a co-founder of a specialist investment boutique, Arisaig Partners, and is a longstanding shareholder in The Lindsell Train Investment Trust. LTL's executive staff number 20, an increase from 17 a year ago with the recruitment of extra resource in investment, compliance and marketing. All staff are based in the UK aside from our North American Marketing and Client Services representative, who works out of Boston.

LTL's board recognises that key employees should share in the ownership of the company whilst furthering the alignment of interests between them, LTIT and the founders. This is achieved by acquiring shares from LTL's major stakeholders and through a recently introduced dedicated profits share scheme.

Business

LTL's strategy is to build excellent long-term performance records for its funds in a way that is consistent with its investment principles and that meet the aims of its clients. Long term performance is detailed below.

Success in achieving satisfactory investment performance should allow the company to expand its funds under management ('FUM') in its three product areas: UK, Global and Japanese equities. LTL aspires to manage multiple billions of pounds in each product whilst recognising that there will be a size per product above which its ability to achieve clients' performance objectives may be compromised. LTL thinks this growth is possible without significantly expanding the investment staff, which stood at six at 31 January 2020.

Appendix 1 continued

To achieve this growth in a manageable way LTL looks to direct new business flows into LT badged pooled funds and to limit the number of separately managed accounts. The open-ended pooled funds represented 73% of FUM at end of January, up from 72% the year before. Additionally, LTL managed 17 separate client relationships, unchanged from a year ago. The largest pooled fund (now the Lindsell Train Global Equity Fund) represented 38% of total FUM and the largest segregated portfolio accounted for 9%.

In the year to 31 January 2020 LTL's total FUM grew 32% from £16.3bn to £21.5bn, of which £2.4bn represented net new inflows, broken down by strategy as Global (net inflow of £2,360m), Japan (net inflow of £241m) and UK (a net outflow of £192m). Performance was satisfactory in all strategies over the 12 months. LTL's long-term annualised excess returns are shown in the table below.

To 31.1.2020	Excess Return	Inception date	Benchmark
UK Equity Fund (GBP)	+6.1% p.a.	July 2006	FTSE All Share
Global Equity Fund (GBP)	+5.6% p.a.	March 2011	MSCI World
Japanese Equity Fund (Yen)	+3.2% p.a.	January 2004	TOPIX

Returns based on NAV. LF Lindsell Train UK Equity Fund Acc share class; Lindsell Train Global Equity Fund B share class; Lindsell Train Japanese Equity Fund A Yen share class.

The Marketing and Client Services team is in contact with institutional clients both directly and through investment consultants, primarily in the UK and the USA. Currently only 5.4% of LTL's FUM derive from North American based clients and LTL believes there is still significant opportunity to grow its institutional client base in that region. LTL's funds are also widely represented on the major UK retail and IFA platforms to the extent that investors through these platforms make up nearly 44% of LTL's FUM.

Financials

In the year to 31 January 2020 LTL's total revenues grew 32%. Annual management fees made up the lion's share, at 96%, with less predictable performance fees the rest. LTL's biggest cost item, direct staff remuneration, is capped at 25% of fees (other than those earned from The Lindsell Train Investment Trust), as governed by LTL's shareholders' agreement. Employer national insurance costs are excluded from the restriction. Total staff remuneration, including employer national insurance, amounted to 31% of total revenues, down from 32% last year. Fixed overheads were up from £2.3m to £3.3m owing primarily to the rising costs associated with increased contributions to the Financial Services Compensation Scheme. Operating profits were up 33%, registering a margin on sales of 66%.

LTL intends to distribute to shareholders dividends equivalent to 80% of its retained profits in respect of each accounting year-end, subject to retaining sufficient working and fixed or regulatory capital to enable it to continue its business in a prudent manner. Total dividends paid in the year to 31 January 2020 were £1,619 per share, up from an adjusted £1,099* per share in 2019.

At the end of January 2020 LTL's balance sheet was made up of shareholders' funds of £66.7m backed by £66.7m of net current assets including £67.6m of cash.

*LTL's shares were split 1:10 during the year resulting in shares in issue increasing from 2,666 to 26,660.The per share figure for 2019 has been retrospectively changed based on 26,660 shares for ease of comparison.

The Future

Having seen net outflows in the latter half of its financial year – as a result of both client-specific and market-related factors – LTL believes it has plenty of headroom to grow its FUM, with a continued focus on its stable of pooled funds. Most growth is currently evident in the Lindsell Train Global Equity LLC, targeted at qualifying US investors. It has grown to £309m at the 31 March, up from £146m a year earlier. In April 2020 we established a new strategy and fund, the LF Lindsell Train North American Fund. It is run consistent with LTL's distinct investment approach and was launched with a view to underpinning succession in the company. It is managed with complete autonomy by James Bullock assisted by Madeline Wright, with the support of the rest of the investment team. Given that the US is a critical market for our Global Equity strategy (with over 40% of our Global Universe represented by US companies), any broadening or deepening of our knowledge should additionally benefit the Global portfolios. The fund has been seeded from LT related sources, including The Lindsell Train Investment Trust. However, we do not plan to promote the fund for the time being or to market it to external investors until it has built up a meaningful track record.

With the support of a stable and dedicated team and a strong performance track record, LTL remains positive about its future. But it is fully aware that there are risks ahead which could have a material impact on the value of LTL and its dividend paying potential. These risks include increasing pressure on the active management industry; weakness in world equity markets (which we have just experienced, reflecting uncertainty about the coronavirus impact in the longer term); and the possibility of a sustained bout of underperformance from LTL's strategies. Perhaps the greatest risk in relation to LTL's performance however remains the demise of either of the founders. They are currently aged 61 and 60, in good health and remain strongly committed to LTL. Furthermore, as described above, it is encouraging to see the team that they have built around them maturing and taking on more responsibility.

All data is based to 31 January 2020 unless stated otherwise. The period from 31 January to 31 March 2020 has been reviewed by the Board and there are no significant matters to highlight other than those detailed in this Report.

Appendix 1 continued

Funds Under Management

FUM by Strategy	**Jan 2020 £m**	Jan 2019 £m
UK	**9,486**	8,311
Global	**11,160**	7,465
Japan	**804**	484
Total	**21,450**	16,260

Largest Client Accounts

	Jan 2020 % of FUM	Jan 2019 % of FUM
Largest Pooled Fund Asset	**38%**	35%
Largest Segregated Account	**9%**	9%

Lindsell Train Fund Performance

Annualised data to 31 January 2020		1 Year %	3 Years %	5 Years %	10 Years %
GBP	UK Equity Fund (Accumulation)	18.0	12.6	10.9	15.3
	FTSE All-Share (total return)	10.7	5.8	6.3	8.2
GBP	Global Equity Fund (B share)	15.7	18.5	18.4	–
	MSCI World (total return)	17.5	9.7	11.9	–
JPY	Japanese Equity Fund (A share)	11.8	12.6	12.4	11.8
	TOPIX (total return)	10.2	5.8	5.8	8.8

Source: Morningstar Direct

Financials

Profit & Loss	**Jan 2020 £'000**	Jan 2019 £'000	% Change
Fee Revenue:			
Investment Management fee	**107,143**	76,317	40%
Performance Fee	**4,717**	8,187	(42%)
Bank Interest	**415**	212	
	112,275	84,716	
Staff Remuneration*	**(35,232)**	(27,467)	28%
Fixed Overheads	**(3,321)**	(2,281)	46%
FX Currency Translation (Loss)/Gain	**(67)**	597	
Operating Profit	**73,655**	55,566	33%
Taxation	**(14,009)**	(10,565)	
Net Profit	**59,646**	45,000	33%
Dividends	**(43,162)**	(29,299)	
Retained profit	**16,484**	15,701	
Capital & Reserves			
Called up Share Capital	**267**	267	
Profit & Loss Account	**66,468**	49,984	
Shareholders' Funds	**66,735**	50,251	
Balance Sheet			
Fixed Assets	**61**	43	
Current Assets (inc cash at bank)	**81,130**	61,036	
Liabilities	**(14,456)**	(10,828)	
Net Assets	**66,735**	50,251	

* No more than 25% of fees (other than LTIT fees) can be paid as staff remuneration. Employer national insurance costs are excluded from this limit.

Appendix 1 continued

Five Year History

	Jan 2020	Jan 2019	Jan 2018	Jan 2017	Jan 2016
Operating Profit Margin	**66%**	66%	62%	68%	63%
Earnings per share (£)*	**2,237**	1,688	1,149	813	607
Dividends per share (£)*	**1,619**	1,099	784	545	352
Total staff costs as % of Revenue	**31%**	32%	34%	30%	34%
Opening FUM (£m)	**16,260**	13,179	8,975	6,189	5,022
Changes in FUM (£m)	**5,190**	3,081	4,204	2,786	1,167
– of market movement	**2,781**	808	2,074	1,179	312
– of net new fund inflows	**2,409**	2,273	2,130	1,607	855
Closing FUM (£m)	**21,450**	16,260	13,179	8,975	6,189
Open ended funds as % of total	**73%**	72%	67%	61%	53%
Client Relationships					
Pooled funds	**4**	4	4	4	4
Separate accounts	**17**	17	15	16	16

Ownership *

	Jan 2020	Jan 2019
Michael Lindsell & spouse	**9,650**	9,670
Nick Train & spouse	**9,650**	9,670
The Lindsell Train Investment Trust plc		**6,450**
6,460		
Other Directors/employees	**910**	860
Total shares	**26,660**	26,660

Board of Directors

Nick Train	Chairman and Portfolio Manager
Michael Lindsell	Chief Executive & Portfolio Manager
Michael Lim	Chief Operating Officer
Keith Wilson	Head of Client Servicing & Marketing
Jane Orr	Director of Marketing
James Alexandroff	Non-Executive

Employees

	Jan 2020	Jan 2019
Investment Team (inc. 3 Portfolio Managers)	**6**	5
Client Servicing & Marketing	**6**	5
Operations & Administration	**8**	7
Non-Executive director	**1**	1
Total number of employees	**21**	18

* On 1 February 2019 LTL undertook a share split with each share subdivided into 10 shares of £10 each. The per share figures are retrospectively changed from January 2016 to January 2019 based on 26,660 shares for ease of comparison.

LTIT Directors' Valuation of LTL (unaudited)

	Mar 2020 £'000	Mar 2019 £'000
Funds under Management excluding LTIT holdings	**18,232,082**	18,421,064
Valuation of LTL based on 1.5% of FUM (A)	**273,481**	276,315
Revenue ex performance fee	**97,542****	82,229*
Notional staff costs (45%)	**(43,894)**	(37,003)
Interest income	**221****	224*
Operating costs	**(5,076)****	(2,507)*
Notional tax	**(9,271)**	(8,589)
Notional post tax earnings	**39,522**	34,354
Benchmark***	**4.0%**	4.0%
Equity risk premium	**4.5%**	4.5%
Total yield + premium (discount rate)	**8.5%**	8.5%
Valuation of LTL based on earnings (B)	**464,961**	404,168
Valuation of LTL (A+B)/2 (C)	**369,221**	340,242
Number of Shares in Issue (D)****	**26,615**	26,660
Valuation per share in LTL (C/D)	**£13,873**	£12,762

* Revenue, interest income and operating costs based on previous three month's data one month in arrears and annualised.
** Revenues based on 31 March LTL FUM mutiplied by LTL's average fee rate for the year to 31 January 2020 and interest income and operating costs based on February 2020 data annualised.
*** As described in the Company summary on the inside front cover.
**** The reduction in shares in issue is on account of a share buyback by LTL. In March 2020 LTL repurchased 45 shares from an employee shareholder.

LTL's valuation is based on a formula first developed at the inception of the company, amended by an independent professional advisor in 2007 and further reviewed by professional external advisors in 2018.

At its core are two methodologies widely used in the industry – a value based on a percentage of LTL's FUM and one on its earnings. The LTIT Board view these methods of valuation to have equal validity and thus equally weight their contribution to the overall calculation.

In calculating the valuation based on LTL's FUM the LTIT Board currently value LTL at 1.5% of FUM. LTL monitors merger and acquisition transactions in the fund management industry and of the 147 transactions since 2009 the median transaction value has been 1.7% of FUM. Transactions from the beginning of 2018 averaged 2.4% and from 2019 1.8%. This confirms a recent downward trend reflected also in the ongoing value of Global quoted fund managers (ex. Alternative Asset Managers) where average values stood at 1.4% of FUM at 31 March 2020.

In calculating the earnings based valuation performance fees are excluded owing to their unpredictability.

For valuations up until 29th February 2020, LTL's notional post tax earnings were calculated with reference to LTL's earnings based on the prior three months data, one month in arrears and annualised. From 31 March 2020 and for all valuations in the future the Board decided to calculate notional earnings with reference to LTL's most recent end month FUM. This more readily captures

Appendix 1 continued

the full effect on the earnings of the company from the change in FUM in any month. The change was made by the Board after consultation with professional external advisors.

Salary and bonus expenses at LTL are restricted by a salary and bonus cap* (see below). Currently the founders of LTL earn rewards for their endeavours from salaries and bonuses together with dividends from their shareholdings. The LTIT Board believe that if it became necessary to replace the founders with individuals with a lesser ownership interest in the company, it may be necessary to increase the salary and bonus cap to compensate them sufficiently. LTL's actual salary and bonus costs have averaged 37% of revenues since 2001 but the LTIT Board judge it necessary to instead apply a notional salary cost at 45% of revenues in calculating earnings. Currently a quoted peer group of fund managers exhibit an average salary cost to revenue ratio of 37% but the salary to revenue ratio of peers with FUM equivalent to LTL are higher at 41%. The LTIT Board believe a notional salary to revenue ratio of 45% makes sufficient allowance for the eventuality described above.

Notional post-tax earnings are discounted by a discount rate made up of two parts: the Company's benchmark - the annual average yield on the longest dated UK Government bond yield, which is a proxy for the risk free rate, with a minimum of 4%, plus an equity risk premium of 4.5%. As the current average annual yield on the longest dated UK Government bond is at c.0.4%, well below the minimum, you could argue that there is an implicit additional risk premium of 3.6%. This part of the calculation will fluctuate but only when long-term interest rates rise above 4%. The 4.5% equity risk premium could change at the LTIT Board's discretion if there was more (or less) certainty that the company could continue beyond the active participation of the founders. While there remains doubt the LTIT Board believe it is prudent to use a higher premium (4.5%). The warranted discount rate amounting to 8.5% is the sum of the risk premium and the benchmark.

The formula is calculated monthly referencing the end month FUM of LTL for both components of the calculation.

* No more than 25% of fees (other than LTIT fees) can be paid as staff remuneration. Employer national insurance costs are excluded from this limit.

Appendix 2

Share Capital

At 31 March 2020 and 31 March 2019, and up to the date of this report, the Company had an authorised and issued share capital comprising 200,000 Ordinary Shares of 75p nominal value each. At 31 March 2020 the Ordinary Share price was £1,060.00 (31 March 2019: £1,475.00).

Income entitlement
The Company's revenue earnings are distributed to holders of Ordinary Shares by way of such dividends (if any) as may from time to time be declared by the Directors and approved by the Shareholders.

Capital entitlement
On a winding up of the Company, after settling all liabilities of the Company, holders of Ordinary Shares are entitled to a distribution of any surplus assets in proportion to the respective amounts paid up or credited as paid up on their shares.

Voting entitlement
Holders of Ordinary Shares are normally entitled to one vote on a show of hands, but this year shareholders are requested not to attend the Annual General Meeting in person and instead only Directors will be present. Shareholders are strongly encouraged to vote by proxy, appointing the Chairman as their proxy. Notices of Meetings and Proxy Forms set out the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote on matters upon which they have an interest, there are no other restrictions on the voting rights of Ordinary Shareholders.

Transfers
There are no restrictions on transfers of Ordinary Shares except: a) dealings by Directors, Persons Discharging Managerial Responsibilities and their connected persons which may constitute insider dealing or are otherwise prohibited by the rules of the UKLA; b) transfers to more than four joint holders; c) transfers to US persons other than as specifically permitted by the Directors; d) if, in the Directors' opinion, the assets of the Company might become "plan assets" for the purposes of US ERISA 1974; and e) transfers which in the opinion of the Directors would cause material legal, regulatory, financial or tax disadvantage to the Company.

Appendix 3

Agreements with Service Providers

Investment Management Agreement

The Investment Manager, LTL, is engaged under the terms of a contract dated 13 August 2014, details of which are given in note 6 to the Financial Statements, terminable on twelve months' notice by either party. Since 1 April 2016, the Investment Management Fee has been calculated by reference to the lower of the Adjusted Market Capitalisation or the Adjusted NAV of the Company. During the year the Directors reviewed the performance of the Investment Manager and consider that the continued engagement of LTL under the existing terms is in the best interests of the Company and Shareholders. Michael Lindsell did not participate in the review as he is an employee and shareholder of the Investment Manager.

In addition to the day to day management of investments, the Investment Manager advises the Board on liquidity and borrowings and liaises with major Shareholders. The Investment Manager has a stated policy on stewardship and engagement with investee companies, which the Board has reviewed and endorses, and provides verbal reports to the Board where any concerns or issues have been raised.

The Administrator and Secretarial Agreement

Accounting, company secretarial and administrative services are provided by Maitland Administration Services Limited ("Maitland") pursuant to an agreement dated 1 July 2019. The agreement is terminable by either party on not less than three months' notice. Details of the fees paid to Maitland are given in note 4 to the Financial Statements. The services provided by Maitland were also reviewed during the year and the Board considered it to be in the best interests of the Company to continue Maitland's appointment under the existing terms.

Other third party service providers

In addition to the Investment Manager and Administrator the Company has engaged Link Asset Services to maintain the share register of the Company and Northern Trust Company, London Office as the Company's custodian. The agreements for these services were entered into after careful consideration of their terms and their cost-effectiveness for the Company.

Shareholder Information

This year the Annual General Meeting will be closed to shareholders and will be attended by Directors only. Shareholders are strongly encouraged to vote by proxy and to appoint the Chairman as their proxy.

Notice of Annual General Meeting

Notice is hereby given that the eighteenth Annual General Meeting of The Lindsell Train Investment Trust plc will be held at the **3rd Floor, 66 Buckingham Gate, Westminster, London SW1E 6AU** on 3 September 2020 at 2.30 pm for the following purposes:

Ordinary business

1. To receive the Financial Statements and Reports of the Directors and the Auditors for the year ended 31 March 2020;
2. To approve the Directors' Remuneration Report for the year ended 31 March 2020;
3. To approve the payment of a final dividend for the year ended 31 March 2020 of £41.39 per Ordinary Share;
4. To approve the payment of a special dividend for the year ended 31 March 2020 of £2.61 per Ordinary Share;
5. To re-elect Mr Julian Cazalet as a Director of the Company;
6. To re-elect Mr Nicholas Allan as a Director of the Company;
7. To re-elect Ms Vivien Gould as a Director of the Company;
8. To re-elect Mr Richard Hughes as a Director of the Company;
9. To re-elect Mr Michael Lindsell as a Director of the Company;
10. To appoint PricewaterhouseCoopers LLP as Auditors to the Company and authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, pass resolution 11 as an Ordinary Resolution:

11. To receive and adopt the Directors' Remuneration Policy.

continued . . .

Shareholder Information

Notice of Annual General Meeting continued

To consider and, if thought fit, pass resolutions 12 and 13 as Special Resolutions:

12. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of 75p each ("Ordinary Shares") in the capital of the Company provided that:

    a. the maximum number of Ordinary Shares hereby authorised to be purchased shall be 29,980;

    b. the minimum price which may be paid for an Ordinary Share shall be 75p;

    c. the maximum price (excluding expenses) which may be paid for an Ordinary Share shall be the higher of (a) 5% above the average of the mid-market values for the Ordinary Shares in the Stock Exchange Daily Official List for the five business days immediately preceding the date of the purchase and (b) the higher of the last independent trade and highest independent bid;

    d. any purchase of Ordinary Shares will be made in the market for cash at prices below the then prevailing Net Asset Value per Ordinary Share;

    e. any Ordinary Shares so purchased shall be cancelled unless the Directors otherwise determine that they shall be held in treasury and treated as treasury shares; and

    f. unless renewed, such authority hereby conferred shall expire at the end of the next following Annual General Meeting of the Company to be held after the passing of this resolution or, if earlier, the date fifteen months from the passing of the resolution, save that the Company may, prior to such expiry, enter into contract(s) to purchase shares which will or may be completed or executed wholly or partly after such expiry.

13. THAT the Directors be and are hereby generally and unconditionally authorised in accordance with Section 573 of the Companies Act 2006 ("Act") to sell and/or transfer Ordinary Shares held by the Company in treasury for cash as if Section 561 of the Act did not apply to such sale or transfer, provided that the authority hereby granted shall expire at the earlier of the conclusion of the next following Annual General Meeting of the Company or the date fifteen months after the passing of this resolution, save that the Directors may before such expiry enter into offer(s) or agreement(s) which may or shall require Ordinary Shares held in treasury to be sold or transferred after such expiry and the Directors shall be entitled to sell or transfer Ordinary Shares pursuant to such offer(s) or agreement(s) as if the authority hereby granted had not so expired.

By order of the Board
Maitland Administration Services Limited
Secretary
15 June 2020

Notes

(i) This Annual Report and Financial Statements is sent to holders of Ordinary Shares. The coronavirus pandemic and the associated requirement for social distancing has made it impractical to conduct the Company's Annual General Meeting in the traditional way. This year the meeting will be closed to shareholders and will be attended by Directors only. Shareholders are strongly encouraged to vote by proxy, and to appoint the Chairman as their proxy.

(ii) You can vote either:

- by returning a completed proxy form to the Company's registrar; or
- by logging on to www.signalshares.com and following the instructions; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 2.30 pm on 1 September 2020.

If you need help with voting online, or require another paper proxy form, please contact our Registrar, Link Asset Services, on 0871 664 0391 if calling from the UK, or +44 (0) 371 664 0391 if calling from outside of the UK, or email Link at enquiries@linkgroup.co.uk

To be valid the form of proxy and any power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power of attorney or authority) must be sent to the Company's registrar – Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF – so as to arrive no later than 2.30 pm on 1 September 2020.

(iii) CREST members who wish to appoint a proxy by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(iv) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent Link Asset Services (ID: RA10) by 2.30 pm on 1 September 2020. In this respect the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message in the manner prescribed by CREST.

(v) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by the particular time the CREST member requires.

(vi) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(vii) A person who is not a member of the Company and receives this notice of meeting as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 ("Act") does not have a right to appoint proxies. However, if a nominated person has an agreement with the member who nominated them, the nominated person may have a right to be appointed as a proxy or a right to instruct the member as to the exercise of voting rights at the AGM.

Shareholder Information

Notice of Annual General Meeting continued

(viii) Shareholders entered on the Register of Members of the Company at the close of business on 1 September 2020, or the close of business on the day two days prior to the time of an adjourned meeting, shall be entitled to vote. Any changes to the Register of Members after such dates shall be disregarded in determining the rights of any Shareholders to vote.

(ix) As at 10 June 2020, the latest practicable date prior to the publication of this notice, the Company's issued share capital comprised 200,000 Ordinary Shares of 75p each, of which none are held in treasury. Each Ordinary Share carries a right to one vote at general meetings of the Company and accordingly the total number of voting rights in the Company as at 2020 is 200,000.

(x) Information regarding the AGM, including the information required by Section 311A of the Act, can be found on the Company's web-pages by following the appropriate links at www.lindselltrain.com.

(xi) No Director has a service agreement with the Company. Directors' letters of appointment will be available for inspection at the AGM venue from 15 minutes before the time for the meeting until the conclusion of the meeting.

(xii) Member(s) have a right in accordance with Section 338 of the Act to require the Company to give to members of the Company entitled to receive the above notice of meeting, notice of any resolution which they may properly move at the meeting. Under Section 338A of the Act member(s) may request the Company to include in the business to be dealt with at the meeting any matter, other than a proposed resolution, which may be properly included in that business.

(xiii) Members may require the Company, under Section 527 of the Act, to publish on a website a statement setting out any matter relating to the audit of the Company's Financial Statements being laid before the meeting, including the Auditors' report and the conduct of the audit at the Company's expense. Where the Company is required to place such a statement on a website it must forward the statement to the Auditors not later than the time it makes the statement available on that website, and include the statement in the business to be dealt with at the meeting.

Company Information

Directors
Julian Cazalet (Chairman)
Nicholas Allan
Vivien Gould
Richard Hughes
Rory Landman
Michael Lindsell

Company Secretary, Administrator and Registered Office
Maitland Administration Services Limited
Hamilton Centre
Rodney Way
Chelmsford
Essex
CM1 3BY
Tel: 01245 398950
www.maitlandgroup.com
email: cosec@maitlandgroup.co.uk

Solicitor
Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Broker
J.P. Morgan Cazenove Ltd
25 Bank Street
Canary Wharf
London
E14 5JP

Investment Manager
Lindsell Train Limited
3rd Floor
66 Buckingham Gate
London
SW1E 6AU
Tel: 020 7808 1210
(Authorised and Regulated by the Financial Conduct Authority)

Registrar
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
Calls cost 12p per minute plus network extras (from outside the UK: +44 371 664 0300)

Independent Auditors
PricewaterhouseCoopers LLP
Atria One, 144 Morrison Street
Edinburgh
EH3 8EX

Custodian
Northern Trust Company
50 Bank Street
Canary Wharf
London
E14 5NT

Shareholder relations
The Company's share price for Ordinary Shares is listed daily in the Financial Times. For further information visit: www.lindselltrain.com and follow the links.

Individual Savings Account ("ISA")
The Company's shares are eligible to be held in an ISA account subject to HM Revenue & Customs' limits.

Registered in England, No: 4119429

Glossary

Alternative Performance Measure (APM)
An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flow that is not prescribed by the relevant accounting standards. The APMs are the dividend yield and ongoing charges as defined below.

Discount and premium
If the share price of an investment trust is higher than the Net Asset Value (NAV) per share, the shares are trading at a premium to NAV. In this circumstance the price that an investor pays or receives for a share would be more than the value attributable to it by reference to the underlying assets. The premium is the difference between the share price (based on mid-market share prices) and the NAV, expressed as a percentage of the NAV.

A discount occurs when the share price is below the NAV. Investors would therefore be paying less than the value attributable to the shares by reference to the underlying assets.

A premium or discount is generally the consequence of supply and demand for the shares on the stock market.

The discount or premium is calculated by dividing the difference between the share price and the NAV by the NAV.

Dividend yield
A financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is represented as a percentage and can be calculated by dividing the value of dividends paid in a given year per share held by the share price.

The figures disclosed on page 11 have been calculated as shown below:

	2020	2019
Total Dividends paid per ordinary share (a)	**£44.00**	£29.50
Closing mid-market price per Ordinary Share on 31 March (b)	**£1,060.00**	£1,475.00
Dividend Yield (a) ÷ (b)	**4.15%**	2.00%

Middle market price
The middle (or mid) market price is the price between the best offered price and the best bid price. It can simply be defined as the average of the current bid and offer prices being quoted.

Net asset value (NAV) per Ordinary Share
The NAV is shareholders' funds expressed as an amount per individual share. Equity shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all current and long-term liabilities and any provision for liabilities and charges.

The NAV of the Company is published weekly.

The figures disclosed on page 11 have been calculated as shown below:

	2020	2019
	'000	'000
Net Asset Value (a)	**£191,330**	£179,185
Ordinary Shares in issue (b)	**200**	200
Net asset value per Ordinary Share (a) ÷ (b)	**£956.65**	£895.93

Ongoing charges

Ongoing charges are expenses of a type that are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as an investment trust, excluding the costs of acquisition or disposal of investments, financing costs and gains or losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge but not the performance fee. The calculation methodology is set out by the Association of Investment Companies.

The figures disclosed on page 11 have been calculated as shown below:

	2020 £'000	2019 £'000
Total operating expenses (a)	1,722	1,459
Average Net Asset Value (b)	207,946	166,566
Ongoing Charges (a) ÷ (b)	0.83%	0.88%

Revenue return per Share

The revenue return per share is the revenue return profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Share price and NAV total return

This is the return on the share price and NAV taking into account both the rise and fall of share prices and valuations and the dividends paid to shareholders.

Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

The share price and NAV total return is calculated as the return to shareholders after reinvesting the net dividend in additional shares on the date that the share price goes ex-dividend.

The figures disclosed on page 11 have been calculated at shown below:

		Year Ending 31 March 2020	
		LTIT NAV	LTIT Price
NAV/Price at 31 March 2020	a	£956.65	£1,060.00
Dividend Adjustment Factor*	b	1.0279	1.0227
Adjusted closing NAV/Price	c = a x b	£983.34	£1,084.06
NAV/Price 31 at March 2019	d	£895.93	£1,475.00
Total return	[(c/d)-1]*100	9.8%	-26.5%

* The dividend adjustment factor is calculated on the assumption that the dividends of £29.50 paid by the Company during the year were reinvested into shares or assets of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

LTL total return performance

The total return performance for LTL is calculated as the return after receiving but not reinvesting dividends received over the year.

The figure disclosed on page 4 has been calculated as shown below:

		LTL valuation
Valuation at 31 March 2019	a	£12,762.27
Valuation at 31 March 2020	b	£13,872.68
Dividends paid during the year	c	£1,619
Total return	{[(b-a)+c]/a}*100	21.4%

Perivan 258431

Company Secretary and Registered Office
Maitland Administration Services Limited
Hamilton Centre
Rodney Way
Chelmsford
Essex CM1 3BY
Tel: 01245 398950
Fax: 01245 398951
www.maitlandgroup.com

The Lindsell Train Investment Trust plc
Registered in England, No: 4119429