

LINSELL TRAIN

The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 30 NOVEMBER 2022

MONTHLY REPORT | FACT SHEET

Fund Objective & Policy

To maximise long-term total returns, with a minimum objective to maintain the real purchasing power of Sterling capital, by investing globally in a wide range of financial assets with no limitations on the markets and sectors in which investment may be made. There is likely to be a bias towards equities and Sterling assets, consistent with a Sterling-dominated investment objective. Included in the range of assets are Lindsell Train managed funds and the unlisted security Lindsell Train Limited. For further information please see www.ltit.co.uk

Market Capitalisation

£210m

Share Price

£1,050.00

Net Asset Value per share

£1,039.70

Premium (Discount)

0.99%

Source: Lindsell Train Limited/ Frostrow Capital LLP & Bloomberg. Share Price is based on closing mid price.

Current Net Yield

5.05%

Note: Calculation includes both ordinary and special dividend.

Fund Profile

The portfolio is concentrated, with the number of equity investments averaging 15.

Investment Manager

Nick Train

Fund Information

Listing	LSE
Launch Date	22 January 2001
Base Currency	GBP (£)
Year End	31 March
Benchmark*	MSCI World Index (£)
ISIN	GB0031977944
Bloomberg	LTI LN
AIC Sector	Global

*Prior to 1 April 2021, the benchmark was the annual average running yield of the longest-dated UK government fixed rate bond, plus a premium of 0.5%, subject to a minimum yield of 4%.

Calendar Year Total Return Performance (%) £

	2017	2018	2019	2020	2021
LTIT NAV	+37.6	+16.2	+32.4	+16.5	+3.8
LTIT Price	-6.2	+46.6	+2.1	+24.6	-9.7
MSCI World Index £	+11.8	-3.0	+22.7	+12.3	+22.9

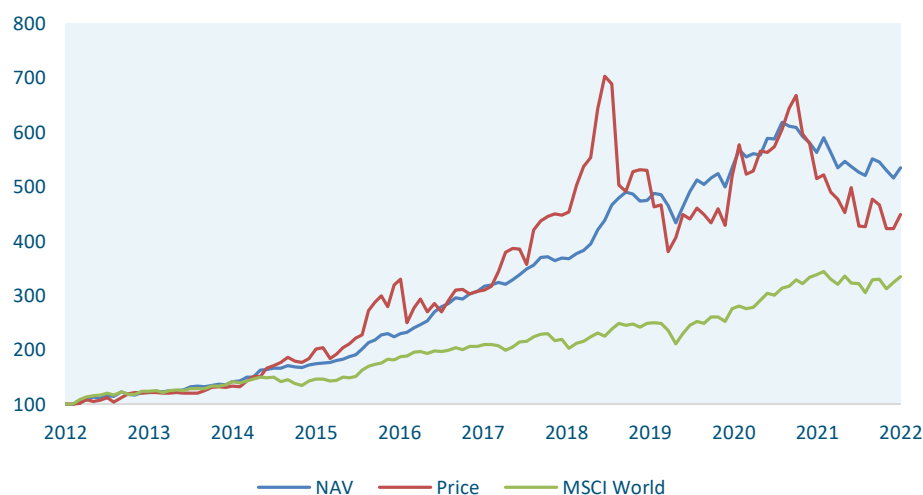
Total Return Performance to 30th November 2022 (%) £

	1m	3m	YTD	1yr	Annualised				Since Launch
					3yr	5yr	10yr		
LTIT NAV	+3.6	-1.9	-9.3	-4.9	+4.1	+11.7	+18.2	+13.5	
LTIT Price	+6.2	-3.9	-14.0	-12.9	-5.4	+7.8	+16.2	+13.4	
MSCI World Index £	+3.4	+1.6	-2.8	-1.0	+10.5	+10.4	+12.8	+6.7	

Source: Lindsell Train Limited, Bloomberg and Morningstar Direct. Listed securities in the portfolio are valued at the closing bid price. GBP return net of fees and expenses with dividends reinvested. For periods greater than one year, returns are shown annualised.

Past performance is not a guide to future performance.

Investment Growth over the last 10 years



As of 30th November 2022. Source: Lindsell Train Limited, Bloomberg, Morningstar Direct. GBP total return net of fees and expenses with dividends reinvested. The graph shows NAV per share, Price and MSCI World performance per £100 invested.

Past performance is not a guide to future performance.

Top 10 Holdings (% NAV)

Lindsell Train Limited	41.81
London Stock Exchange Group	9.32
LF Lindsell Train North American Equity Fund Acc	8.10
Diageo	7.70
Nintendo	6.98
Unilever	4.42
Mondelez	4.09
RELX	4.04
PayPal	3.08
A.G. Barr	3.07

Allocation (% NAV)

Equities:	
Consumer Franchises	23.6
Financials	9.3
Media	14.1
Unlisted Securities	41.8
Funds and Trusts	9.8
Cash & Equivalent	1.4
Total	100.0

Lindsell Train sector definitions

Fund Exposure (% NAV)

	Equity	Funds* and Trusts	Cash	Total
UK	70.3	1.7	1.3	73.3
USA	7.2	8.1	-	15.3
Europe (ex UK)	4.3	-	-	4.3
Japan	7.0	-	0.1	7.1
Total	88.8	9.8	1.4	100

**Exposure of funds are assigned to its investment area*

Fee Information

Annual Fee	Performance Fee
0.60% of the lower of the company's market capitalisation or NAV calculated daily.	10% of the value of any positive relative performance versus the benchmark in a financial year. Relative performance is measured by taking the lower of the NAV or Average Market Price (defined as the average price over the last month of the performance period), taking into account dividends, at the end of each financial year and comparing the percentage annual change with the total return of the benchmark. A performance fee will only be paid out if the annual change is both above the benchmark and is a positive figure. For further information, please contact Frostrow Capital LLP.

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Board of Directors

Julian Cazalet (Chairman of the Board and Management Engagement Committee)
Nicholas Allan (Chairman of the Nomination Committee)
Vivien Gould (Senior Independent Director)
Richard Hughes (Chairman of the Audit Committee)
Roger Lambert
Michael Lindsell
Helena Vinnicombe

Portfolio Manager's Comments

After an unpropitious start to the year following the abandoned attempt to buy GSK's consumer healthcare division (which has been subsequently listed, under the name Haleon), it's interesting that Unilever is ending 2022 as one of the Company's best performing holdings. It's up 9% year to date contrasting the disappointing fall of 9% in the Trust's NAV over the same period.

We attended Unilever's recent investor day and heard more about its position in India, which is unique, irreplaceable and, we think, underappreciated. Unilever's business there is conducted through its 63% stake in Hindustan Unilever Limited (HUL), one of India's largest quoted companies. Its growth is underpinned by an expanding population, rising wealth and the growth of the middle classes. This year to date Unilever's underlying sales growth in India is 15%. Aside from consumers' loyalty to its storied brands, HUL's competitive edge is in distribution, with its large salesforce and contacts built over many years with a plethora of small outlets. It made an important acquisition in 2018, buying Horlicks from GSK that brought with it a 150 year old brand and a host of complementary distribution relationships, now fully integrated into the rest of the business. Despite all the troubles besetting the world, HUL sails on with its share price up 16% year to date and nudging its all time high in 2021.

In our Japan fund we invest in Yakult. The company makes the eponymous probiotic drink that sells well in Emerging Markets, notably China. China has a network of larger outlets and supermarkets and superior digital infrastructure which has allowed for fast and deep penetration of this popular and keenly priced drink with its health benefits of particular relevance to consumers where hygiene standards tend to be lower. Contrast this with India where Yakult has little exposure despite the similar relevance of the product - and that is primarily because it lacks the distribution infrastructure. Unlike Unilever, which has built its business in India over more than 90 years, Yakult does not have the same history and getting its products into the vast array of retail outlets takes time and represents a vast challenge. It helps reinforce our view as to the huge value of Unilever's market position in India, where the population is estimated to expand from 1.4 billion now to c.1.7 billion in 2050. Incidentally Pakistan's population, where Unilever's presence is also as prominent and longstanding, is due to rise from 231 million to 356 million over that same period.

Although Haleon, had it worked, might have been transformational for Unilever, acquisitions and divestitures have otherwise been incremental. Horlicks is one example as are the small-scale purchases of prestige beauty, well-being brands, functional nutrition, vitamin and supplements brands. Sales of spreads and tea have been important divestitures. We should expect more such changes of this scale in the future. Over decades the effect of these changes can be material even if they hardly move the dial from one year to the next. When the current CEO Alan Jope joined the company c.30 years ago, Personal Care was 7% of sales. Now, together with Beauty and Wellbeing, it's 43%.

The company is moving to a new organisational structure, built around its business groups rather than the current matrix approach. It'll take some time to see the effect but it should enhance the company's agility and individual accountability, helping to improve performance and direct investment.

There are five business groups in total and break down as follows: In its Nutrition portfolio, with €13bn sales, Hellmann's and Knorr are the dominant brands and in €8bn of Ice Cream Magnum and Ben & Jerry's lead. 75% of the €13bn Personal Care division is skin cleansing and deodorants with brands such as Dove, Lux, Lifebuoy, Rexona and Axe (Lynx in the UK) dominating the portfolio. Hair Care is c.60% of the €12bn Beauty and Wellbeing division, with Sunsilk as its biggest brand. Hair Care has underperformed peers in terms of growth and feels to us less differentiated than other brands. The future here is pinned instead on faster growth from its new acquisitions in prestige beauty and skin care. In the €12bn Home Care division, which focusses on laundry and dishwashing products, Omo is the biggest brand, making up c.30% of sales of the division.

These brands together with Sunlight make up the company's 12 €1bn+ brands that account for 51% of total revenues of €58bn. A further 14 brands aspire to €1bn of sales and make up another 19% of total revenues. Just as important as highlighting these is tackling the performance of underperforming brands with lower sales and as part of this focus the company aims to cut 20% of its overall SKUs. Although 55% of Unilever's products are classed as mainstream, 30% and rising are premium as these are growing three times faster.

Continued...

Portfolio Manager's Comments

The shares are down c.20% from their peak in 2019, so have underperformed rising global markets over that time. Nonetheless we remain fully committed and it is one of our largest holdings in the Trust and across Lindsell Train's portfolios. In our eyes, it remains a vibrant company with unique market positions, not least its 60% strategic revenue exposure to growing populations in Emerging Markets; and it owns, as detailed above, a collection of some of the most recognised and trusted global consumer brands. Its consistently high returns on capital have provided the foundation for growth in real cashflows and dividends that also underpin the expectation for strong future returns.

Michael Lindsell, 14th December 2022

Source Data: Lindsell Train Ltd & Bloomberg; as of 30th November 2022.

Note: All stock returns are total returns in local currency.

The top three absolute contributors to the Fund's performance in November were Lindsell Train Limited, London Stock Exchange Group, and Diageo and the top three absolute detractors were PayPal, LF Lindsell Train North American Equity Fund Acc and RELX.

Risk Warning

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