

# LINDSELL TRAIN

## The Lindsell Train Investment Trust (LTIT)

ALL DATA AS OF 31 AUGUST 2024

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.lt.it.co.uk](http://www.lt.it.co.uk)

### Calendar Year Total Return Performance (%) £

	2019	2020	2021	2022	2023
LTIT NAV	+32.4	+16.5	+3.8	-9.4	+3.3
LTIT Price	+2.1	+24.6	-9.7	-13.4	-13.9
MSCI World Index £	+22.7	+12.3	+22.9	-7.8	+16.8

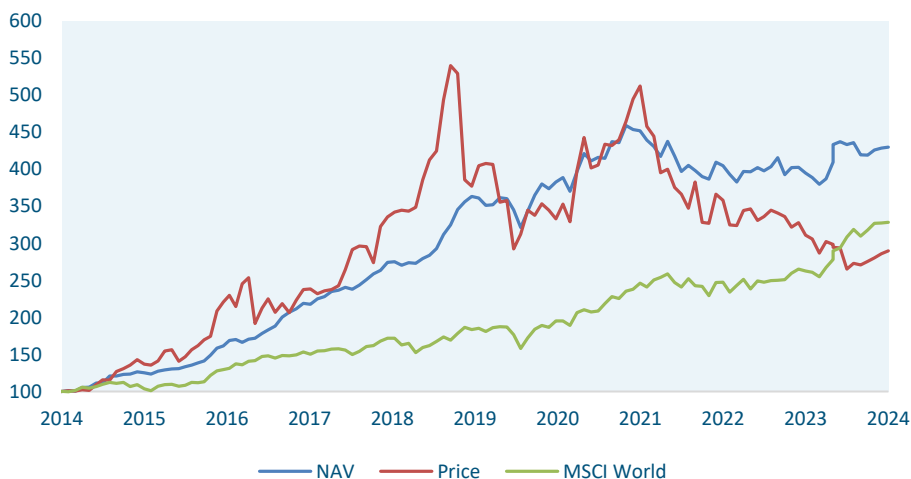
### Total Return Performance to 31st August 2024 (%) £

	1m	3m	YTD	Annualised				
				1yr	3yr	5yr	10yr	Since Launch
LTIT NAV	+0.3	+2.6	-0.8	+3.0	-3.5	+2.3	+15.1	+12.6
LTIT Price	+1.4	+5.1	-1.7	-5.6	-17.0	-4.9	+11.4	+11.6
MSCI World Index £	+0.3	+3.2	+13.2	+20.0	+8.6	+11.4	+12.2	+7.2

**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 31st August 2024. Source: Lindsell Train, 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.

### Fund Information

Portfolio Manager	Nick Train
Share price	£796.00
NAV per Share	£960.67
Market Capitalisation	£159m
Net Assets	£192m
(Discount) / Premium to NAV	(17.14%)
Number of Holdings	14
Dividend Per Share	£51.50
Current Net yield (dividend/price)	6.47%
Active Share	99.07%
Annual Management Fee*	0.60%
Ongoing Charges Figure**	0.96%
Performance Fee†	10%
Benchmark***	MSCI World Index £
Capital Structure	200,000 Ordinary Shares of 75p nominal each.
Listing	LSE
Launch Date	22 January 2001
Year End	31 March
Dividends Payable	September
Base Currency	GBP (£)
AIC Sector	Global
ISIN	GB0031977944
SEDOL	3197794
Bloomberg	LTI LN

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

**Note:** Dividend Per Share includes both ordinary and special dividend.

\*\*\*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%.

**Top 10 Holdings (% NAV)**

Lindsell Train Limited	30.89
London Stock Exchange Group	12.41
WS Lindsell Train North American Equity Fund	10.48
Nintendo	8.81
RELX	6.69
Unilever	5.61
Diageo	5.47
A.G. Barr	4.25
Mondelez	4.21
PayPal	2.72

Holdings and allocation subject to change.

**Allocation (% NAV)**

<b>Equities:</b>	
Consumer Franchises	24.1
Financials	15.1
Media	17.2
Unlisted Securities	30.9
Funds and Trusts	12.3
Cash & Equivalent	0.4
<b>Total</b>	<b>100.0</b>

Lindsell Train sector definitions.

**Fund Exposure (% NAV)**

	Equity	Funds* and Trusts	Cash & Equivalent	Total
UK	65.3	1.8	0.4	67.5
USA	6.9	10.5	-	17.4
Europe (ex UK)	6.2	-	-	6.2
Japan	8.8	-	-	8.8
<b>Total</b>	<b>87.2</b>	<b>12.3</b>	<b>0.4</b>	<b>100.0</b>

\*Exposure of funds are assigned to their geographic investment area.

**Fee Information**

Annual Fee	† Performance Fee
<p>*0.60% management fee of the lower of the company's market capitalisation or NAV calculated daily.</p> <p>**The OCF of 0.96% is a measure of the impact of the costs that are incurred each year for managing your investments and running the Company. The OCF excludes any portfolio transaction costs. It is published in the Key Investor Information Document (KIID) dated 27/09/2023, a copy of the KIID is available from <a href="http://www.ltit.co.uk">www.ltit.co.uk</a>.</p>	<p>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.</p>

**Corporate Secretary & Registered Office**

Frostrow Capital LLP  
25 Southampton Buildings,  
London, WC2A 1AL

Tel: +44 20 3008 4910

[www.frostrow.com](http://www.frostrow.com)  
Email: [info@frostrow.com](mailto:info@frostrow.com)

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**Registrar**

Link Group,  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

Tel: +44 (0)371 664 0300

[www.linkgroup.eu](http://www.linkgroup.eu)  
Email: [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk)

**Board of Directors**

- Roger Lambert (Chairman of the Board and Management Engagement Committee)
- Nicholas Allan (Chairman of the Nomination Committee)
- Vivien Gould (Senior Independent Director)
- Michael Lindsell
- David MacLellan (Chairman of the Audit Committee)
- Helena Vinnicombe

Please refer to Lindsell Train's Glossary of Investment terms [here](#).

## Portfolio Manager Commentary

At the recent Lindsell Train Investment Trust (LTIT) AGM I reviewed for shareholders the direct equity holdings within the portfolio (excluding the investments in funds and Lindsell Train Limited itself). I reproduce my comments below.

There are 11 direct equity holdings. Ten of the 11 names have been long-term holdings and we expect them to continue to be long term holdings (the exception is UMG, a new position we are gradually building).

As a starting point for considering those ten, we think it says something about our investment approach that over the last decade all of the long-term holdings have made a positive annualized return for their owners. That is already something, even though we wish some of them had done even better.

For instance, the dullest performer in the portfolio was AG Barr, which has delivered only a 2.5% p.a. return since 2014. Notwithstanding that disappointment, we think it worth noting that over the full period we have owned AG Barr, since early 2001, it has delivered a better return than the NASDAQ, in Sterling, having delivered c.13% p.a. versus the NASDAQ's c.10%. Not bad for a fizzy drinks manufacturer and a reminder that strong returns can be generated by surprising assets. Barr's new CEO is confident he can restore the group to growth and pre-COVID profit margins. I wouldn't want to bet my house on it, but it must be possible that this modestly rated, cash-generative, growing business might outperform the currently frothy NASDAQ again for a period of time, if not for the next 23 years.

On the other hand, we can point to our technology-related holdings, like Nintendo and London Stock Exchange Group, which have generated superlative 10 year annualized returns. Tech-enabled names make up over half the value of LTIT's equity portfolio and it is important to emphasise that this is true for our Global and UK equity strategies, too. I contend we have more exposure to 21st century growth companies across Lindsell Train than our recent performance suggests.

There is a lot of potential upside in these holdings and as a thought experiment, consider Nintendo, the best performer in the portfolio over the last decade. Nintendo has delivered a 24% p.a. return in Yen since then, or 23% p.a. in Sterling. If the capital value of Nintendo was to go up as much over the next 10 years, then our current c.£17m investment in the company, which is just under 9% of the portfolio, would turn into a position worth around £110m, by 2034. That is more than half of today's portfolio value. That's the sort of huge accretion of value we are hoping for. And, today, the business prospects for Nintendo seem, to us at least, better than ever.

Ten out of our 11 holdings pay a dividend – and the vast majority increased their dividends last year, with double

digit hikes from AG Barr, London Stock Exchange Group and Mondelez. PayPal is the exception; but it, like other portfolio holdings, returns cash to shareholders via share buybacks. PayPal bought back around 5% of its shares last year, which helped those shares make a 16% gain over the last 12 months.

As to other capital returns, we had a drinking problem over the last 12 months. All three of our alcoholic beverage holdings fell – Laurent Perrier and Heineken by single digits and, I regret to say, given what a big holding it is across our portfolios, Diageo, by almost a quarter.

Knowing us, you won't be surprised to hear we think other investors have become irrationally pessimistic about these companies and in support of that I paraphrase a comment made by the CEO of Pernod Ricard earlier this year.

"When you give the consumer more money", he said, "one of the first things they do is upgrade the quality of the alcoholic beverage they buy".

We think that observation has held true over many decades and expect falling interest rates to lead to an upturn in consumption of Diageo's premium spirits and help its very depressed shares.

Diageo is a consumer company, of course, and to us it is noteworthy that some of our other consumer shares are already showing signs of life. AG Barr's share price is up 40% over a year. And Unilever is up 26%. That advance in Unilever's price has boosted the 10-year annualized total returns from the company. Many investors think Unilever is boring. But a 10% per annum total return over a decade is exactly the sort of boredom we think deserves a place in a portfolio.

Meanwhile, our three biggest equity holdings – London Stock Exchange Group, Nintendo and RELX – are up 27%, 30% and 40% over the past 12 months, respectively. RELX really does look as though it is a credible play on the commercialisation of Artificial Intelligence. All three have recently hit all-time highs and we have high hopes they will hit new highs in months and years to come.

**Nick Train, 6<sup>th</sup> September 2024**

The top three absolute contributors to the Trust's performance in August were London Stock Exchange Group, Diageo and PayPal, and the top three absolute detractors were Nintendo, RELX and Laurent-Perrier.

**Source: Lindsell Train, Morningstar & Bloomberg. All data as of 31st August 2024.**

**Note:** All stock returns are total returns in local currency unless otherwise specified.

## Important Information

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