Lindsell Train Global Equity Fund

All data at 30 November 2019

Fund Assets
£8,473m

Share Price
A: £3.4840
B: £3.8307
C: $2.0387
D: £2.6172
E: €1.3637

Source: Lindsell Train Limited and Link Fund Administrators Limited.

Portfolio Managers

Michael Lindsell

Nick Train

James Bullock

Fund Objective & Policy

To increase the value of Shareholders' capital over the longer term from a focused portfolio of global equities, primarily those listed or traded on Recognised Exchanges in developed countries world-wide. The Fund's investment performance is compared with the MSCI World Index (Developed Markets) and is reported in Sterling.

Fund Profile

The portfolio is concentrated, with the number of stocks ranging from 20-30, and has low turnover.

Calendar Year Performance (%) £	*2014*	*2015*	*2016*	*2017*	*2018*
LT Global Equity Fund (B)	+10.5	+19.5	+23.8	+26.1	+11.1
MSCI World Index (developed markets)	+11.5	+4.9	+28.2	+11.8	-3.0

Cumulative Performance (%) £ 30 November 2019	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
LT Global Equity Fund (B)	+317.8	+144.3	+69.1	+14.7	+19.6	-6.7	+0.8
MSCI World Index (developed markets)	+169.3	+75.8	+37.0	+13.0	+22.0	+1.3	+2.8

Source: Morningstar Direct. Fund performance is based on B Class shares. Total return (with dividends reinvested) is provided net of fees and based on a 12 noon valuation point. Past performance is not a guide to future performance.

Top 10 Holdings (% NAV)	
Unilever	8.1
Diageo	7.7
Heineken	7.3
London Stock Exchange	6.0
Walt Disney	5.5
Nintendo	5.4
PayPal	5.1
RELX	5.0
Intuit	4.9
Kao	4.9

GICS Sector Allocation (% NAV)	
Communication Services	19.7
Consumer Discretionary	5.0
Consumer Staples	44.4
Financials	12.1
Healthcare	2.5
Industrials	5.0
Information Technology	10.2
Cash	1.1
Total	**100.0**

Country of Listing Allocation (% NAV)	
Europe ex-UK	13.8
Japan	20.8
UK	29.1
USA	33.2
Other	2.0
Cash	1.1
Total	**100.0**

Fund Information

Type of Scheme: Dublin OEIC (UCITS)

Launch Date: 18 March 2011

Classes: A, B, D (£), C (US$), & E (€)

Base Currency: GBP (£)

Benchmark: MSCI World Index (Developed Markets)

Dealing & Valuation: 12 noon each Dublin & UK Business Day

Year End: 31 December

Dividend XD dates: 1 Jan, 1 Jul Pay Dates: 31 Jan, 31 Jul

Minimum Investment:

A: £1,500 C: $250,000
B: £150,000 D: £200m
E: €100,000

Management Fees:

A: 1.10% p.a.
B, C & E: 0.60% p.a.
D: 0.45% p.a.

Ongoing Charges Figure (OCF)*:

A: 1.15% p.a.
B, C & E: 0.65% p.a.

ISIN:

A: IE00B644PG05
B: IE00B3NS4D25
C: IE00BK4Z4V95
D: IE00BJSPMJ28
E: IE00BF2VFW20

Sedol:

A: B644PGO
B: B3NS4D2
C: BK4Z4V9

*The OCF is a measure of the Fund's total operating expenses over 12 months, including management fee, as a percentage of the Fund's net assets. The OCF quoted is indicative, based on expenses for the month of May 2019 and average assets for the same period. It is calculated by the Fund Administrator and published in the KIID dated 01/07/2019. It is an indication of the likely level of costs and will fluctuate as the Fund's expenses and average net assets change. The OCF excludes any portfolio transaction costs. A copy of the latest prospectus and the Key Investor Information Document for each class is available from www.lindselltrain.com

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Board of Directors: Alex Hammond-Chambers, David Dillon, Gerald Moloney & Keith Wilson

Fund Administrator, Dealing & Registration: Link Fund Administrators (Ireland) Limited Phone: +353 1 400 5300 / Fax: +353 1 400 5350
Regulated by the Central Bank of Ireland

Depositary & Custodian: BNY Mellon Trust Company (Ireland) Limited
Regulated by the Central Bank of Ireland

Portfolio Manager's Comments

November saw another poor month of relative returns. We've now underperformed for three months in a row which means that year to date the Fund has fallen below the index by 2.4% - a disappointing result. Culprits this month include Shiseido, that reacted badly to recent results and fell 12%, and Pearson down another 5% after its profit warning in October. But beyond these there was nothing else that particularly stood out other than a helpful 17% rise in Disney's shares following on from the launch of its Disney+ direct to consumer streaming service. It signed up more than 10m subscribers on the first day and the app had been downloaded more than 15m times two weeks later. Early days yet but a powerful endorsement of the drawing power of its content and its brands.

What's caused this reversal in performance? The prevailing view (at least as reported in the press) appears to conclude that it's the beginning of a reversal in the trend of outperformance of 'growth' over 'value' styles. These are convenient badges labelling investment strategies that broadly define *growth* investors as investors in expensively rated companies whose sales and profits grow from one year to the next and *value* investors as investors in cheaply rated companies not necessarily dependant for their success as investments on growth or consistent business performance. These badges can be overly simplistic and misleading. We would not want to be pigeon-holed as either value or growth to the exclusion of the other. In our analysis, growth is a vital input to our assessment of the value of any company. It is true we may appear more tolerant of "higher" valuations but only for companies that pass a high quality threshold and have the ability to earn higher than average returns on capital that can be sustained for extended periods of time. Average or lower quality businesses in our view deserve to be more lowly valued and investing in them can consign you to lower returns in the longer term. James Bullock alluded in his talk at our recent Annual Update to another badge that describes an investor style - 'quality'. It is one that to my knowledge has only come into existence in the last few years and which to us best describes our style of investing. Even then one investor's definition of quality can differ materially from another's. As James pointed out, of the top ten holdings in the MSCI World Quality index none are held in our fund. And to complete the lexicon of badges, many of our consumer franchises are described as 'defensive' companies, ones that are more likely to be in a position to continue to grow sales and profits in difficult times and downturns. Yet many of these companies have also proven to generate top decile returns over extended periods of time, arguably a more important characteristic that is often ignored or underappreciated to the detriment of their valuations.

It's important to understand that performance for a Fund such as ours relative to any broad market index will almost by definition be different from the performance of the index. We run highly concentrated portfolios - the Fund currently has 22 positions above 1% - from a narrow range of industry groupings: consumer franchises, media content and platforms and marketplaces. So performance isn't so much determined by whether 'growth' or 'value' is in vogue but more by what is impacting this collection of companies. Take the last three months. Since the end of August, Sterling has strengthened significantly, diminishing the value of foreign currency (non-UK) earnings in Sterling terms in the short term and providing a drag on performance. Most of our major consumer franchises and many of our media content companies earn the vast majority of their revenues in foreign currencies. Indeed only 11% of the aggregate sales of the portfolio are derived from the UK. Then there are the individual disappointments which when they occur have a bigger impact than for a more diversified portfolio. eBay (-12%), World Wrestling Entertainment ('WWE') (-13%) , Shiseido (-9%) and Pearson (-22%) have all reported underwhelming or poor recent results at a time when the MSCI World Index was up 7.6%. More hits than we'd like in a quarter but aside from Pearson nothing other than short-term glitches in performance. It's the combination of these factors that has led to our poor recent performance, not necessarily some style shift that fails to capture adequately the essence of what we do.

The one change of company in the portfolio this year came about in mid-October when we accepted the tender offer for our shares in International Speedway from its majority owner NASCAR. In reality we had little choice in the matter as a minority shareholder - something we accepted with our eyes open when we first made the investment. From beginning to end we doubled our money, a lesser return than from our other sports franchises but not to be sniffed at. The quoted universe of sport rights owners has shrunk at a time when investors are paying higher than ever premiums in private markets (Nick reports in more detail in his UK Fund report on the recent bid by a US investor for a stake in City Football Group the owner of Manchester City valuing the company at £3.8bn, the highest ever put on a sports club). It highlights the rarity of our remaining holdings WWE, Juventus and Celtic.

Michael Lindsell, Lindsell Train Ltd, 10 December 2019

Source Data: Lindsell Train Ltd, Morningstar & Bloomberg

The top three contributors to the Fund's performance in November were Walt Disney, World Wrestling Entertainment and Nintendo and the bottom three detractors were Shiseido, Pearson and Kao.

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