LF Lindsell Train UK Equity Fund

All data at 31 March 2020

Fund Assets

£5,428m

Share Price

Acc	**402.89 p**
Inc	**287.87 p**
D Acc	**164.82 p**
D Inc	**145.63 p**

Source: Lindsell Train Limited and Link Fund Administrators Limited.

Portfolio Manager

Nick Train

Fund Objective & Policy

To deliver capital and income growth and provide a total return in excess of that of the FTSE All-Share TR Index by investing primarily in shares quoted on any of the markets of the London Stock Exchange, including the Alternative Investment Market (AIM). Whilst the primary focus will be in the UK, the Fund may also invest in other global markets.

There is no guarantee that a positive return will be delivered.

Fund Profile

The portfolio is concentrated, with the number of stocks unlikely to exceed 35.

Calendar Year Performance (%)	***2015***	***2016***	***2017***	***2018***	***2019***
LF LT UK Equity Fund (Acc)	+11.5	+11.3	+20.7	-1.1	+22.8
FTSE-All Share TR Index	+1.0	+16.8	+13.1	-9.5	+19.2

Cumulative Performance (%) 31 March 2020	***Since Launch***	***5yr***	***3yr***	***1yr***	***YTD***	***3m***	***1m***
LF LT UK Equity Fund (Acc)	+302.9	+38.9	+15.3	-5.8	-15.9	-15.9	-6.3
FTSE All-Share TR Index	+71.1	+2.9	-12.2	-18.5	-25.1	-25.1	-15.1

Source: Morningstar Direct & FTSE Russell (FTSE) © 2020. "FTSE Russell®" and "FTSE®" are trademarks of the London Stock Exchange Group companies and are used by FTSE Russell under licence.

Strategy Profile

Top 10 Holdings (% NAV)	
Unilever	9.95
RELX	9.92
London Stock Exchange	9.84
Mondelez	9.79
Diageo	9.78
Schroders	7.42
Sage	6.68
Hargreaves Lansdown	6.59
Burberry	6.54
Heineken	4.82

Sector Allocation (% NAV)		
Equity	Beverages	20.6
	Financial Services	25.6
	Food Producers	9.8
	Media	15.7
	Personal Goods	16.9
	Software	6.7
	Travel & Leisure	2.5
	Cash & Equivalent	2.2
Total		**100.0**

Historic Yield (Income Class)

2.2%

The Historic Yield reflects distributions declared over the past twelve months as a percentage of the mid-market unit price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. 50% of the Fund's expenses are charged to capital. This has the effect of increasing the distributions but constraining the Fund's capital performance to an equivalent extent. The yield is not guaranteed or representative of future yields.

Fund Information

Type of Scheme: **Non UCITS Retail**

Launch Date: **10 July 2006**

Classes: **Accumulation/Income/D Accumulation/D Income**

Base Currency: **GBP (£)**

Benchmark: **FTSE All-Share TR Index**

Dealing & Valuation: **10 am each UK Business Day**

Year End: **31 May**

Dividend XD dates: **1 Dec, 1 June** **Pay Dates:** **31 Jan, 30 Sept**

Minimum Investment:

Acc/Inc: £500,000
D Acc/D Inc: £200m

Management Fees:

Acc/Inc: 0.60%p.a.
D Acc/D Inc: 0.45% p.a.

Ongoing Charges Figure (OCF)*:

Acc/Inc: 0.65% p.a.
D Acc/D Inc: 0.50% p.a.

ISIN :

Acc: GB00B18B9X76
Inc: GB00B18B9V52
D Acc: GB00BJFLM156
D Inc: GB00BJFLM263

SEDOL :

Acc: B18B9X7
Inc: B18B9V5
D Acc: BJFLM15
D Inc: BJFLM26

A copy of the latest prospectus and the Key Investor Information Document for each class is available from www.lindselltrain.com

*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 averaged over the same period. It is calculated by the Fund Administrator and published in the KIID, dated 14 February 2020. 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.

Authorised Corporate Director (ACD)/Authorised Fund Manager: **Link Fund Solutions Limited**

Investment Manager & Promoter: **Lindsell Train Ltd, 66 Buckingham Gate, London, SW1E 6AU, Phone: +44 20 7808 1210 / info@lindselltrain.com**

Fund Administrator, Dealing & Registration: **Link Fund Administrators Limited. Phone: +44 113 224 6000**

Depositary & Custodian: **The Bank of New York Mellon (International) Limited**

Issued and approved by Lindsell Train Limited. Authorised and regulated by the Financial Conduct Authority.

Portfolio Manager's Comments

We continue to run your Fund with between 1.0% to 1.5% cash. This is so we can meet redemptions for those who need to raise cash, but at the same time the Fund remains up to 99% invested in Equity – meaning it will participate in any eventual rally and recovery. A lesson from previous episodes of stock market panic is that it is impossible to identify the bottom and almost as difficult to get money invested after the market has turned – because prices rally so quickly. Although whether this panic will play out like previous ones is unknowable.

We note the relative resilience of the Fund's NAV performance through to the end of March. I can assure you we take little pleasure from this and are in no way complacent about likely future challenges for the companies that make up your portfolio. There will be unexpected challenges for sure. One of our stockbrokers entitled a research note I read this week – "Robust But Not Impervious". And robust but not impervious sums up how I see your portfolio.

Lindsell Train Limited's investment approach is based on the identification of what we believe to be excellent companies . That approach has certainly helped our relative performance through these first weeks of the crisis. And, in truth, we are hopeful that the portfolio in aggregate really does comprise the sorts of company that will get through to the other side of all this. Mike and I have always thought that other investors underestimate the value of "survivability" in a company. For us it is the start point in our investment process. Is this business even still going to be around in 10 years' time?

So, it is not an accident that c28% of your portfolio by value comprises companies with net cash on their balance sheets, including all three asset management franchises – Hargreaves Lansdown, Rathbones and Schroders. We have always been attracted to companies with conservative balance sheets and even better those with positive cash balances.

We have big holdings in companies with regular, subscription-type revenues; including the asset managers. RELX, Sage and important parts of the LSE all benefit from being able to charge their customers at regular intervals for continuing services that by and large those customers need to stay in business. This is also true for parts of Daily Mail and Euromoney – and this pair also both have net cash balance sheets. Over 45% of the portfolio is today invested in companies of this type.

Contrast such business models with those whose sales have effectively been suspended in the current crisis - like shops having to close or airlines. Your portfolio has little exposure to companies facing disruption of this magnitude. However, I must point to the holdings we have in two football clubs, tiny (less than 0.2%) in Celtic, but a c1.75% holding in Manchester United. Of course competitions have been suspended. Who knows for how long? We also have two holdings in those London pub companies, Fullers and Youngs – comprising together just 0.6% of the portfolio. Their pubs are empty this evening.

Then the rest of your portfolio is made up of companies that own beloved or essential consumer brands. AG Barr (IRN -BRU), Burberry, Diageo, Fever-Tree, Heineken, Mondelez (Cadbury, Oreos), PZ Cussons (Carex), Remy Cointreau and Unilever. These amount to another near 48% of the portfolio. Some of these proved to have very resilient share prices in March. And this is not surprising. Pubs and bars may be shut, but as the world hunkers down to isolation beer and gin offer solace (always only in moderation). And it is said that consumption of chocolate actually increases during economic downturns, as people turn to comfort treats. At the same time we feel it is important to maintain the size of the holdings in the luxury product companies, like Burberry or Remy, where current sales are declining and share prices have been weak. This is in part because we believe these companies have "survivability" – Burberry has net cash (if one excludes lease liabilities) and Remy low debt. More important, though, we expect a burst of hedonism on the other side of the virus, as the world and especially the young celebrate deliverance. That will be some party. I look forward to downing several bottles of Louis XIII with you all. And I might even buy myself a Burberry trench.

Nick Train, 3 April 2020
Source of Data: Lindsell Train Ltd, Morningstar Direct & Bloomberg

The top three contributors to the Fund's performance in March were Remy Cointreau, Pearson and PZ Cussons and the top three detractors were Burberry, Sage and Schroders.

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