Lindsell Train Global Equity Fund C Class (USD)

31st March 2021
Monthly Report

Fund Profile

The portfolio is concentrated, with the number of stocks ranging from 20-35, and has low turnover.

Fund Objective

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.

Price Data

C Class ($), Acc	$2.3615
Minimum Investment	$250,000

Fees

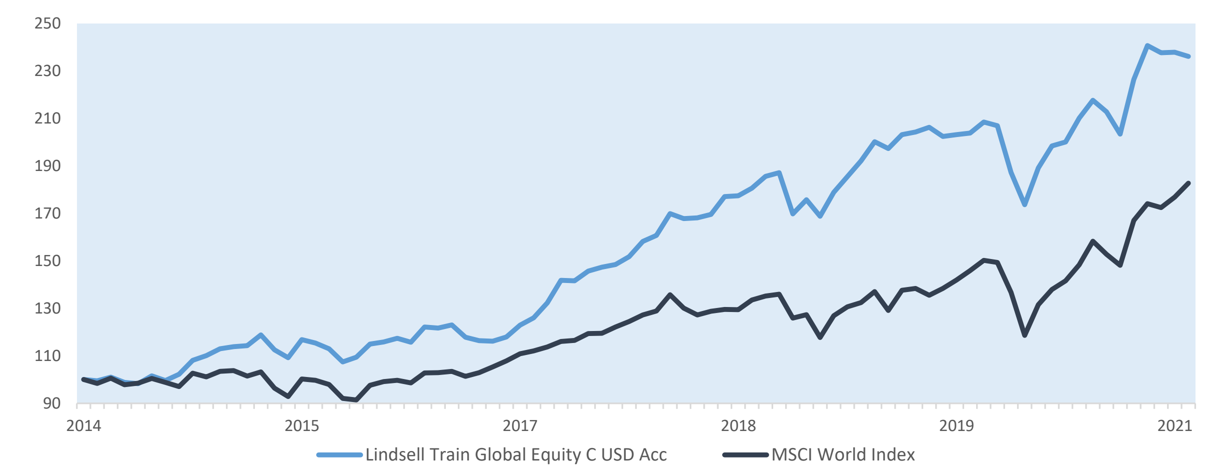
Management Fee	0.60%
TER	0.65%

*The TER 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 TER quoted is indicative, based on expenses and average assets for the month of December 2020. It is calculated by the Fund Administrator, last updated 19/02/21. It is an indication of the likely level of costs and will fluctuate as the Fund's expenses and average net assets change. The TER excludes any portfolio transaction costs.

Fund Facts

Portfolio Managers	Michael Lindsell, Nick Train, James Bullock
Fund Size	$11,468 m
Share Class Launch Date	30th June 2014
ISIN	IE00BK4Z4V95
SEDOL	BK4Z4V9
Fund Type	Dublin OEIC (UCITS)
Benchmark	MSCI World Index
Fund Sector	Global Equity
Style	Long-term, bottom-up focus
No. of Holdings	24
Valuation Point & Dealing deadline	12 noon each Dublin & UK Business Day
Unit Type	Accumulation
Auditor	Grant Thornton
Regulator	Central Bank of Ireland
Fund Depository	The Bank of New York Mellon SA/NV

Investment Growth Since Inception



Source: Morningstar Direct. As at 31st March 2021. Perfomance figures are calculated NAV-NAV,net of fees, in USD. The graph shows the growth of $100 invested in the fund vs MSCI World since inception.The illustrative investment performance which is shown is for illustrative purposes only and is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date

Performance Summary (%)

	Cumulative			Annualised			
Net Return	**1 m**	**3m**	**YTD**	**1 yr**	**3 yrs**	**5 Yrs**	**Since Launch**
C Class ($), Acc	-0.7	-1.9	-1.9	35.9	12.0	15.5	13.6
MSCI World Index ($)	3.3	4.9	4.9	54.0	12.8	13.4	9.4

Calendar Year Performance (%)

Net Return	**2020**	**2019**	**2018**	**2017**	**2016**
C Class ($), Acc	15.5	23.5	5.0	38.4	2.8
MSCI World Index ($)	15.9	27.7	-8.7	22.4	7.5

Statistics (%)

Since Inception		**DATE**
Highest annualised return	+44.1	31.01.2018
Lowest annualised return	-9.6	31.03.2020

12 month rolling performance figures

Source: Morningstar Direct. As at 31st March 2021. The figures for this share class and the index are based on total return (i.e. capital and income) in USD. All charges are accounted for except any transaction costs. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance. Actual annual figures are available on request.

Issued on 13/04/2021

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Top Ten Equity Holidings (%)

Diageo	7.96%
Unilever	7.69%
Heineken Holding	7.45%
Nintendo	6.76%
London Stock Exchange Group	5.90%
RELX	4.87%
PepsiCo	4.84%
Mondelez International	4.82%
Kao Corp	4.67%
Walt Disney	4.61%
Total	**59.55%**

Sector Allocation (%)

Consumer Staples	43.6%
Communication Services	20.3%
Financials	11.7%
Information Technology	8.8%
Consumer Discretionary	6.7%
Industrials	4.8%
Health Care	2.0%
Cash	2.1%
Total	**100.0%**

Country Allocation (%)

UK	34.1%
USA	31.2%
Japan	20.7%
Europe ex-UK	11.9%
Cash	2.1%
Total	**100.0%**

Portfolio Manager's Comments

Disney's Alice in Wonderland - with its winning combination of superficial cheeriness and claustrophobic malice - has become a surprise lockdown hit in our household. Based of course on Lewis Carroll's swinging 1860's tale, but with much of the global trademark now effectively in the company's hands, this is a classic piece of differentiated heritage content. Valuable IP that, alongside their 6,000-odd other copyrighted franchises and characters, fills Disney's libraries and underpins our very longstanding investment. And for anyone who thinks of Disney as a modern corporation, bear in mind that their Alice, first released in 1951, is actually a closer contemporary to Carroll's (who died in 1898) Victorian era than to ours today. This year she celebrates her 70th birthday, and Disney are still monetising her.

Which brings us - rather seamlessly - on to another notable birthday, with the end of March bringing the track record of the Lindsell Train Global Equity Fund up to its first full decade. So, with the tea party in full swing, let's take this opportunity to look back over the last 10 years and take stock.

Here are the headline stats, running from March 2011. The 10-year GBP total return for your Fund has been 3.4x vs. 2.2x for its benchmark, the MSCI World index. This annualises to 16% vs. 12%, or an outperformance of 4% per annum. Our turnover has averaged at a sleepy 3% per annum, reflecting the surrendering of just five stocks (of which three were driven by corporate activity) and the addition of four new ones. Getting slightly more technical, the weighted average return on equity for the fund (calculated in December each year) has averaged 21% vs. the MSCI's equivalent 11%, its weighted average PE has averaged 26x vs. 19x for the MSCI, and its weighted average dividend growth has arithmetically averaged c.9% pa vs. the MSCI's rough comparison of c.5%.

Each of the above is important when it comes to dissecting both our approach and the returns achieved so far. Our companies' sustainably high return on equity (at almost double the underlying index average),coupled with the low turnover (which shows this wasn't achieved simply by churning the portfolio) tells you that we have, at least to date, been successful in our core investment aim - to identify and hold onto intrinsically high-returning businesses with the moats in place to protect these returns over many years. The unusually high rate of dividend growth indicates that these businesses have been successful in what in turn, must be a core aim of theirs - to reinvest cashflows at these high rates and in doing so, grow their sequent streams of earnings and dividends. The PE multiples show that we have, over the 10 years of investing dividends and flows, historically paid something like a 30% premium to wider market valuations for these companies. And the headline return figure tells you that in the long run that hasn't mattered all that much.

The underlying business performance of the companies into which you ultimately invest has been the key driver of your returns, with the higher rate of dividend growth accounting for its lion's share. It is however true, that both your Fund and the index have additionally benefited from powerful valuation tailwinds. Both are currently staring down PE's of almost 30x - clearly an inflated level compared to the last decade's history. Temporarily weaker COVID-year earnings may have optically depressed the multiples' denominator, but market gains of 45% from beginning 2019 to end-Q1 2021 (covering two-and-a-quarter years of negative overall earnings growth) have also done their bit for this exceptional rerating.

Which I hope provides some perspective from which to judge our recent underperformance as well (with your Fund returning 30% from beginning 2019 to today). Which is to say that before we get too carried away celebrating the long-term results, it's important to recognise that for more recent investors, better returns were I'm sad to say, available elsewhere. To this I can offer little immediate comfort other than to note that at an absolute level I'm not sure we could have asked much more from our underlying companies - whose business results (and ensuing returns) have proven remarkably robust through exceptionally trying times.

Continued...

Portfolio Manager's Comments

The important message being that we do not intend to change our investment approach in response to the above relative performance and that our diminutive p.a. turnover figure is similarly unlikely to rise. Note in particular that the disruption of 2020 elicited no kneejerk reflex and that we haven't added a new stock to the fund since mid-2019. Instead, we simply continued to direct available flows into our existing holdings, which at times we found trading at really quite dizzying discounts to what we view as their truer intrinsic values. Disney's stock, which this time last year had fallen over 40% from prior highs, was a chief beneficiary of this 'inactivity' and has since not only recovered (no doubt thanks to heavy consumption from other captive-audience families like ours) but now sits 25% above its pre-COVID peak. To quote a rabbit, absent a good reason to do otherwise, "Don't just do something; stand there". And so, we emerged from 2020 with essentially the same portfolio with which we greeted it - a collection of great companies that haven't just survived but have delivered dependably consistent returns - even as circumstances place our performance figures in a poor light relative to the market benchmark. If they can sustain this progress over coming years - if not decades - then we'd be hard pressed to argue for more.

What has driven the market's astonishing rerating? And can it be predictably sustained from here? Well, you probably know the answer to the first of these questions.Tech (poorly defined as this term is), or more precisely a handful of supremely successful technology developers and/or enablers, have both powered and profited from the world's abrupt shift to digital.

In particular, online platforms with convenient and compelling digital offerings such as Amazon, Etsy and Netflix enjoyed banner years, with corresponding share price performances that put even the market's rerating to shame. Each now trade on forward PE's of over 40 or 50x. But we own none of the above.

As to the second (million dollar) question, forgive me if I dodge it by instead sharing an observation. Back in 1998 (i.e., shortly before the millennial dotcom crash) during a recorded debate with Warren Buffett, Microsoft's then CEO Bill Gates made the offhand admission that in his view "The multiples of technology stocks should be quite a bit lower than the multiples of stocks like Coke and Gillette - because we are subject to complete changes in the rules.” Straight from the horse's mouth, this is very much not the state of play today. Q.E.D. Coke and P&G (Gillette's owners) currently trade on PE's of 22x, roughly half the level of the digital platforms noted above.

This isn't to say we've sworn off technology stocks, nor that we think poorly of the above online companies - or even that we view their PE's as necessarily 'wrong'. But like Gates, we see the sector's inherent unpredictability as an investment red flag.

As a case in point, whilst 2020 saw COVID-19 suddenly and drastically change the rules to some tech companies' favour, dozens of others found themselves on the wrong side of the shift.

Forbes maintains a list of business casualties from 2020: Bricks-and-mortar retailers and airlines are unsurprisingly prominent, but other tech-equipped company bankruptcies include those from health care, autos, telecoms, energy, satellites - and not one, but two French special effects studios.

Glance at our portfolios and you'll see our strong preference is to collect and hold stable, predictable Coke/P&G type businesses (in our case PepsiCo and Unilever). And where we do venture into technology, we favour those companies - like Disney - with rich banks of heritage to draw from and build upon. For example, their smash-hit Disney+ digital streaming service (now with over 100m subscribers) utilises up-to-date tech, but its fundamental appeal rests on the company's historic library. By comparison Netflix, barely two decades old, and doing all it can to catch up (in 2020 alone they spent $17bn on content!) is a relative seedling.

Notably there were no big consumer staples or media companies on the Forbes bankruptcy register. One wonders what the 2030 or 2040 lists will have on them, but to tempt fate I doubt either of Gates' consumer names will feature. They were dominant 20 years ago when he made his comments, still are today, and I believe one can credibly suggest still will be 10 or 20 years from now. Ditto for Pepsi and Unilever, and for that matter Disney. Very broadly, top-line revenue growth for all five of these businesses has remained flat from one side of the pandemic to the other. Yes, this could have been better, but compared to those on the Forbes red list, it could also have been a lot worse. To put it another way, sometimes it takes all the running you can do just to keep in the same place - but sometimes, taken in context, that might not be such a bad result.

James Bullock, 12th April 2021

Source Data: Lindsell Train Ltd & Bloomberg; as of 31st March 2021.
Note: All stock returns are total returns in local currency

The top three absolute contributors to the Fund’s performance in March were Unilever, Mondelez and PepsiCo and the top three absolute detractors were London Stock Exchange Group, Shiseido and Nintendo.

Important information

This bulletin is solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients. Nothing in the document should be construed as advice and it is therefore not a recommendation to buy or sell shares.
Lindsell Train Global Equity Fund Class B (ISIN:IE00B3NS4D25) is a sub-fund of Lindsell Train Global Funds plc, an umbrella fund with segregated liability between sub-funds. This means that the holdings of the fund are maintained separately under Irish law from the holdings of other sub-funds of Lindsell Train Global Funds plc. The Prospectus and the annual and semi-annual reports are prepared in the name of Lindsell Train Global Funds plc.
This Fund is authorised in Ireland and regulated by the Central Bank of Ireland.
Collective Investment Schemes (CIS) are generally medium to long-term investments.The value may go down as well as up and past performance is not necessarily a guide to future performance. CIS's are traded at ruling prices and can engage in borrowing and scrip lending.The CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.A schedule of fees and charges and maximum commissions is available on request from the Investment Manager.There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate.CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor’s fees, bank charges, trustee and custodian fees and the annual Management fee) from the portfolio divided by the number of participatory interests (shares) in issue.Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value* (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER’s do not include information gathered over a full year.It excludes transaction costs.
The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Please note that all documents, notifications of deposit, investment, redemption and switch applications must be received by the fund administrator, Link by or before 12 noon each Dublin & UK Business Day, to be transacted at the net asset value price for that day. Where all required documentation is not received before the stated cut off time, Link shall not be obliged to transact at that day's net asset value price.The Fund is priced at 12 noon each Dublin & UK Business Day Prices are published daily and are available on the Lindsell Train website. Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the investment manager on request.

Lindsell Train Global Equity Fund is authorised by the FSCA under section 65 of the Collective Investment Schemes Control Act 2002.

For any additional information such as fund prices, prospectus, application forms, please go to www.lindselltrain.com.

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Glossary

Annualised return: The weighted average compound growth rate over the period measured.

Cumulative return: The aggregate performance of the fund over the entire time period.

Highest & Lowest return: The highest and lowest returns for any 12 months over the period since inception have been shown.

NAV: The net asset value represents the assets of a fund less its liabilities.