Lindsell Train Global Equity Fund C Class (USD)

30th April 2022
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 ($)	2.13
Minimum Investment	$250,000

Fees

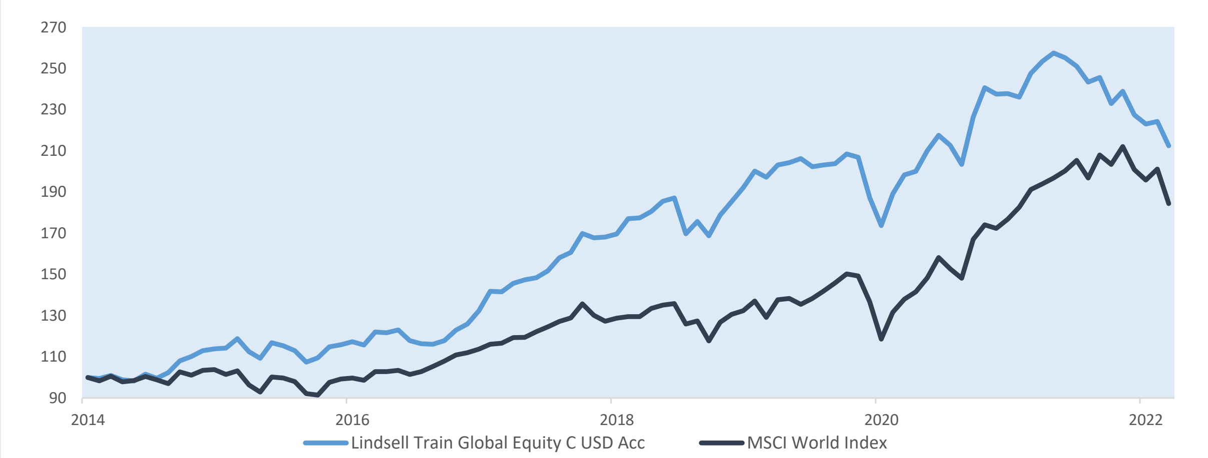
Management Fee	0.60%
TER	0.65%

*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 2021. It is calculated by the Fund Administrator, last updated 18/02/22. 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	$7,978 m
Share Class Inception 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 30th April 2022. 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. **Past performance is not a guide to future performance.**

Performance Summary (%)

	Cumulative			Annualised			
Net Return	**1 m**	**3m**	**YTD**	**1 yr**	**3 yrs**	**5 Yrs**	**Since Inception**
C Class ($)	-5.2	-6.6	-11.1	-14.2	2.0	9.9	10.1
MSCI World Index ($)	-8.3	-8.2	-13.0	-3.5	10.4	10.2	8.2

Calendar Year Performance (%)

Net Return	**2021**	**2020**	**2019**	**2018**	**2017**
C Class ($)	-0.7	15.5	23.5	5.0	38.4
MSCI World Index ($)	21.8	15.9	27.7	-8.7	22.4

Statistics (%)

Since Inception		**DATE**
Highest annualised return	+44.1	31.01.2018
Lowest annualised return	-14.2	30.04.2022

12 month rolling performance figures

Source: Morningstar Direct. As at 30th April 2022. 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. Actual annual figures are available on request.

The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance.

Issued on 12/05/2022

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Top Ten Equity Holdings (%)

Diageo	9.13%
London Stock Exchange Group	8.80%
Nintendo	7.64%
Heineken Holding	6.98%
Unilever	5.31%
Prada	4.94%
RELX	4.90%
World Wrestling Entertainment	4.84%
PepsiCo	4.83%
Mondelez International	4.83%
Total	**62.19%**

Sector Allocation (%)

Consumer Staples	42.2%
Communication Services	17.7%
Financials	13.6%
Information Technology	9.7%
Consumer Discretionary	8.1%
Industrials	4.9%
Health Care	2.5%
Cash	1.3%
Total	**100.0%**

Country Allocation (%)

UK	31.0%
USA	33.3%
Japan	21.7%
Europe ex-UK	12.7%
Cash	1.3%
Total	**100.0%**

Portfolio Manager's Comments

As signalled last month, we have been building a new position that now unveiled will, I hope, excite few eyebrows. Fair Isaac Corporation (FICO) strikes us as so apt a Lindsell Train holding that the real surprise might be why we didn't own it already. That FICO, a US listed, and domiciled company should also have a home in our newer North American equity portfolio will I trust make similar sense.

Since long before the pandemic, but highlighted by its influence, we have looked for ways to participate in the extraordinary wealth creation synchronous with the reshaping of world markets around capital-light digital leaders. The challenge for us as long-term investors is to find present-day winners that we can count on to endure so far into the future. This challenge is accentuated by a key strength - or as some might view it, weakness - of our approach: our insistence on heritage. Taking comfort from a solid, time-tested model that already works and seeking evidence of a self-reinforcing economic moat: one where its supporting dynamics strengthen with both time and testing. These are not common characteristics, but we think we've found them in some places: deeply integrated software developers (e.g., Intuit), companies that establish or embed into their ecosystems (LSE, PayPal, Hargreaves Lansdown, Japan Exchange Group, eBay), and businesses that benefit from the semi-monopolistic provision and/or analysis of important IP and data (RELX, LSE again). Some rare entities fit all three such categorisations, and in our estimation, FICO is such a beast.

At FICO's core (half of revenues and essentially all the profits) are its eponymous scores, representing a pure expression of capital-light, deeply moated, data-rooted benchmark IP. Think of them as the S&P and Moody's of consumer credit rolled into one. For the scores have almost no direct competition, with by way of example 98% of US securitizations citing FICO as their sole risk measure. As with the rating agencies, the scores' moat derives from the sticky integration of brand, analytics, and semi-secret formula, which feeds on disparate data from the three US credit bureaus (Equifax, Experian, and TransUnion), distilling them into an understandable, incontestable, industry-and-regulator-approved three figure sum for lenders to base decisions upon. This has stayed core to the credit granting process for decades: US banks and other lenders buy billions of scores with FICO's IP embedded into the process with little incentive for anyone to switch. As an antitrust lawsuit protesting the perceived monopoly once complained, more FICO scores are sold per day than McDonalds hamburgers or Starbucks coffees.

A benchmark across the US consumer credit ecosystem, regulators trust the scores (and in many cases directly mandate them), credit investors rely on them as a coherent and consistent way to rate debt, and brand-aware consumers (now used to seeing them on bank statements) require verifiable explanations for any refusals. Even a prior attempt from the bureaus to introduce their own Vantage score has gained little traction, and more than a decade on, FICO is still used for 90% of consumer credit decisions. In fact, the four-party oligopoly is largely constructive; thanks to the strength of the IP, bureaus can price a FICO-branded package more effectively than their own, essentially white-labelled version.

Much debate has also accompanied the rise of AI, machine learning and other buzzwordy disruptions to the credit granting process. Upstart, perhaps the noisiest such rebel, IPO'd in late 2020 to a nearly 20-fold share price uplift as dramatic expansion built expectations. However, in truth Upstart and its fintech colleagues (e.g., SoFi, LendingClub and others) are also growth engines for FICO as most base their insights, at least in part, on FICO's foundational IP. Like the traditional lenders above, it would make little sense not to. As the company put it, if you want to know whether someone will pay you back, the best data to look at is whether they did in the past - and at low cost, FICO delivers the only universally accepted assessment of this. Yes, this core understanding can be supplemented with alternative data, and Upstart competes with the major banks to do so, but this does little to disturb FICO's role as underlying provider. It remains to be seen how demand for these new lenders will fare faced with rising rates, but 70-80% drops in market capitalisations since last October may already signal a damping of revolutionary fervour.

In short, FICO's scores are plumbed in. Their analytics standardise the data of the three bureaus, translating it to the lingua franca of consumer credit. The moat, backed with six decades of heritage is deep and deepens the more the scores are integrated. And the model already works - with an analytics staff of just 140 and all the scale benefits that come with such dominance, the operating margin for scores stands at 85% and up.

Continued...

Portfolio Manager's Comments

But such eminence comes at a cost. A softening of the price down from recent all-time highs helped prompt our purchase, yet FICO still trades at earnings multiples of 25-30x; a clear premium to the MSCI World's high-teens rating. Why might this be justified and where do we go from here? Supported by the long-term fall in interest rates, volumes across FICO's end markets (mortgages, auto loans, credit card issuance, etc.) have grown at a steady if gentle pace, dented only by the financial crisis. It would be imprudent to assume this tailwind as perpetual. However, in 2018 after decades of flat fees (meaning real deflation) FICO awoke to its pricing power, embarking on a program of double-digit price hikes. In an inflationary world, the resultant inelasticity this demonstrated, coupled with top-line and margin/return-on-capital expansion has been motivating. Sensitive supervision staggered across customers and verticals will be important, but management foresee an invitingly long runway for their newfound powers. For reference, available industry commentary refers to FICO prices counted in cents vs. a bureau fee of tens of dollars and a mortgage loan that to the lender could be worth several hundreds of thousands. All told, FICO have grown company-wide earnings at 11% for the past two decades, in what appears to be a stable, even accelerating trend.

And then there's software - the other half of FICO's revenue, comprising a suite of analytical and decisioning tools, born from the consumer credit offering but now extending into market leading positions in areas such as fraud detection to next-gen CRM. This is a roughly break-even amalgamation of established cash-cows alongside 'intentionally loss-making' but fast growing (40%+ year on year for each of the past ten quarters!) platformed products. At worst this provides divestment optionality, at best it hints to significant earnings upside should some of management's more ambitious plans come to fruition.

And so, I hope you'll agree that FICO meets our (and your) threshold for quality. Still a relatively small company, FICO enters at a little under 3% of your portfolio. We look forward to building it from there and will happily take advantage of any further short-term price weakness to do so.

Elsewhere, Q1 earnings season has brought reassurance of the pricing power already intrinsic to your portfolio - not least across our consumer names. At a time where Unilever now expects as much as €4.8bn of raw material cost inflation during 2022 (signalling margins at the lower end of their 16-17% band), to have successfully grown organic sales by 8% through pricing is cause for optimism - even if accompanied by a mild (-1%) volume headwind. Our other consumer franchises arguably fared even better: Mondelez grew Q1 organic sales by 9% with half due to price, Pepsi delivered yet another double-digit sales growth quarter, up almost 14% with over two thirds from price/mix, and Heineken boasted knock-out 25% organic sales growth, again with two thirds from price/mix. As cost pressures continue if not intensify (note Indonesia's recent trading ban on palm oil exports), we view this clear ability to pass these on as a compellingly real competitive advantage.

James Bullock, 5th May 2022

Source Data: Lindsell Train Ltd & Bloomberg; As of 30th April 2022.

The top three absolute contributors to the Fund's performance in April were Unilever, Heineken, and PepsiCo and the top three absolute detractors were PayPal, Walt Disney, and Japan Exchange Group.

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 C (ISIN:IE00BK4Z4V95) 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.

Representative Office: Prescient Management Company (RF) (Pty) Ltd, Registration number: 2002/022560/07
Physical address: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 Postal address: PO Box 31142, Tokai, 7966
E-mail address: info@prescient.co.za
Website: www.prescient.co.za
Investment Manager & Distributor: Lindsell Train Ltd
Physical address: 66 Buckingham Gate, London SW1E 6AU

Manger: KBA Consulting Management Limited *Regulated by the Central Bank of Ireland*

Depository: The Bank of New York Mellon SA/NV, One Dockland Central Guild Street IFSC Dublin 1 Ireland

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.