Lindsell Train Global Equity Fund

All data at 30 April 2019

Fund Assets

£7,476m

Share Price

A: £3.4273
B: £3.7465
C: $2.0017
D: £2.5595
E: €1.3133

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 20-35, 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 April 2019	*Since Launch*	*5yr*	*3yr*	*1yr*	*YTD*	*3m*	*1m*
LT Global Equity Fund (B)	+306.8	+170.6	+94.1	+24.5	+16.4	+12.9	+5.0
MSCI World Index (developed markets)	+151.1	+84.3	+55.3	+12.5	+13.8	+9.0	+3.5

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	8.3
Diageo	7.6
Heineken Holdings	7.5
Disney	5.6
Nintendo	5.4
Shiseido	5.1
PayPal	5.0
Kao	5.0
RELX	4.9
London Stock Exchange	4.9

GICS Sector Allocation (% NAV)	
Communication Services	20.8
Consumer Discretionary	3.7
Consumer Staples	45.0
Financials	10.3
Industrials	4.9
Healthcare	2.0
Information Technology	10.2
Cash	3.1
Total	**100.0**

Country Allocation (% NAV)	
Europe ex-UK	14.0
Japan	20.6
UK	28.5
USA	33.8
Cash	3.1
Total	**100.0**

Fund Information

Type of Scheme: Dublin OEIC (UCITS)

Launch Date: 16 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**: 1.15% p.a.
B**, C** & E**: 0.65% p.a.
D: 0.45% p.a.

Ongoing Charges Figure (OCF)*:

A: 1.21% p.a.
B, C & E: 0.71% p.a.
D: 0.51% p.a.

ISIN:

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

Sedol:

A: B644PGO
B: B3NS4D2
C: BK4Z4V9
D: BJSPMJ2
E: BF2VFW2

*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 January 2019 and average assets for the month of January 2019. It is calculated by the Fund Administrator and published in the KIID, last updated 15/02/19. 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. **When the Fund's total assets exceed £3bn, 0.05% pa of the management fee on assets above £3bn is rebated monthly in arrears proportionally to eligible share classes. The fee reduction is applied to the attributable operating expenses, which has the effect of reducing the OCF of these share classes. 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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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

Two of our media holdings did the heavy lifting last month. Both Nintendo and Disney were up over 20% and as both were 5% plus holding positions their contribution to returns hit home, helping the Fund to outperform by 1.5% over the month.

The proximate cause of Nintendo's performance was the announcement that it is collaborating with Tencent in order to launch its Switch console in China. In order to do so Tencent needs to apply for regulatory approval from the government to sell the Switch and its software. China is the world's biggest market measured by gaming revenue (accounting for 28% of global consumer spending on games) but Nintendo sells little if anything there currently, so it is understandable why the shares reacted positively. However, there are many hurdles to surmount before actual sales can begin. First, there have been few new approvals for any video games recently as the Chinese authorities are concerned about the addictive nature of some games content and time spent by Chinese youth playing games. At least Nintendo's content is non-violent, based on animation rather than realistic images, and designed to appeal to all ages and families rather than specially designed to appeal to demographic sub-groups such as male teenagers. Next, video game software is increasingly played on devices other than dedicated consoles, especially in China where most software is played on PCs or mobile phones. In fact consoles hardly feature there so selling the Switch may seem like pushing water uphill, especially as the future of video game distribution is likely to be through streaming platforms. The hurdle in the past, other than the regulatory complexities of the Chinese market, has been the fear of piracy on account of the historic weak protections in China of intellectual property. Now however China is addressing some of these concerns explicitly and, with software now increasingly distributed through downloads or from the Cloud, Nintendo has much better control of its IP. Nintendo of course stress that entertainment quality is much enhanced by combining its software with dedicated hardware. Indeed the success of the Switch in developed markets over the last two years is evidence of this but it is quite another thing to persuade the Chinese to invest in a new model of distribution, such as a console. On the other hand, for Nintendo this is an initial step to introducing relevant and highly desirable content, however distributed, to a massive consumer market whose affinity for games is already proven and as such represents a significant multi-year business opportunity.

Disney's price responded to its briefing on its new direct to consumer strategy. This involves the launch of Disney+ in the autumn, further investment in ESPN+ (Disney's direct to consumer sports channel launched last year) and the assumption of full control over Hulu following the consummation of the Fox deal. Hulu is a US based direct to consumer platform, aimed at an adult audience, that distributes licensed content from primarily US TV networks partly funded by subscription but also advertising. Compared to Netflix it is small, with just 25m subscribers today, but is hoping to expand that to 40-60m in five years' time. Disney has recently acquired ATT's minority stake and is keen to buy out the final minority from Comcast which owns 33%. If it succeeds we would expect it to launch Hulu internationally, with differentiated content from Disney+, or perhaps merge it with Disney+ thereby offering one Disney streaming service platform to compete with Netflix. While Netflix has a head start with its 149m global subscriber base, arguably Disney has a head start with its content. Now that it owns its own platforms Disney is pulling licensed content from competitors including Netflix in order to offer it exclusively on its own platform. Once Hulu's international strategy becomes clear we would expect Fox content to also be pulled from other distributors. But until Disney+ and Hulu can build up subscriber critical mass, investment costs of establishing these platforms will swamp cash flows. Indeed on current projections of 60-90m subscribers by 2024 Disney+ will only just become profitable. And what is yet to be factored in are the start-up costs for Hulu international and the foregone licensing revenue if indeed Fox pulls its content from other international distributors. On the other hand, Disney has recouped $10.6bn from the sale of US local sports networks to Sinclair and its stake in Sky to Comcast and while it establishes its new distribution strategy, it will be reaping good cash flows from its studio entertainment business and theme parks, which continue to prosper. Disney's move into direct to consumer is by no means half-hearted and is likely to deepen in the future when key sports rights deals come up for renegotiation as this could provide the template to expand the user base of ESPN+ to the targeted 8-12m in five years' time. Still all these moves represent multiple risks and come with uncertainties. Distribution whether direct to consumer or by other means, even with loyal subscribers, is not as an assured a business as owning the content. Hence our fallback position with Disney (as with Nintendo) will always be the ownership of the content. Both companies own the best amalgamation of content in their spheres of expertise - video games and TV and studio content. And Disney now has an even wider portfolio to monetise following the acquisition of Fox - adding X-Men, Avatar, Ice Age, National Geographic and The Simpsons to the highly successful acquisitions of the content underlying Pixar, Marvel and Lucas Films made over the last 15 years.

Michael Lindsell, Lindsell Train Ltd

16 May 2019

For the month of March the top three contributors to the Fund are Walt Disney, Nintendo and Hargreaves Lansdown and the top three detractors from the Fund are Juventus, Astellas Pharmaceutical and Intuit.