

# LF LINDSELL TRAIN UK EQUITY FUND

All data at 30 November 2018

## Fund Assets

£5,614m

## Share Price

Acc: 401.87p

Inc: 295.27p

D Acc: 164.05p

D Inc: 149.23p

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 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 ranging from 20-35, and has low turnover.

<i>Calendar Year Performance (%)</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>			
LF LT UK Equity Fund (Acc)	+35.3	+7.3	+11.5	+11.3	20.7			
FTSE-All Share Index	+20.8	+1.2	+1.0	+16.8	13.1			
<i>Cumulative Performance (%)</i> <i>30 November 2018</i>	<i>Since Launch</i>	<i>5yr</i>	<i>3yr</i>	<i>1yr</i>	<i>YTD</i>	<i>3m</i>	<i>1m</i>	
LF LT UK Equity Fund (Acc)	+301.9	+69.3	+38.0	+5.0	+1.9	-6.7	+1.7	
FTSE-All Share Index	+99.2	+29.2	+22.6	-1.5	-6.0	-6.1	-1.6	

Source: Morningstar Direct & FTSE Russell (FTSE) © 2018. "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)

RELX	10.1
Diageo	10.0
Unilever	10.0
Mondelez	8.8
Hargreaves Lansdown	8.5
London Stock Exchange	7.5
Burberry	7.4
Schroders	6.3
Heineken	6.2
SAGE	5.8

### Sector Allocation (% NAV)

Equity	
Beverages	20.1
Financial Services	24.6
Food Producers	8.8
Media	17.3
Personal Goods	17.3
Software	5.8
Travel & Leisure	3.0
Cash & Equivalent	3.1
<b>Total</b>	<b>100.0</b>

## Historic Yield (Income Class)

1.9%

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

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: 0.65%p.a.\*\*  
D Acc/D Inc: 0.45% p.a.

### Ongoing Charges Figure (OCF)\*:

Acc/Inc: 0.70% p.a.  
D Acc/D Inc: 0.51% p.a.

A copy of the latest prospectus and the Key Investor Information Document for each class is available from [www.lindselltrain.com](http://www.lindselltrain.com)

### ISIN :

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

### SEDOL :

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

\*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, last updated 20 July 2018. 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. \*\*For eligible share classes, 0.05% pa of the management fee is rebated monthly in arrears to the attributable operating expenses, which has the effect of reducing the OCF of these share classes. This rebate is triggered only when the Fund's total assets exceed £3bn.

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](mailto:info@lindselltrain.com)

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

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

## Portfolio Manager's Comments

Four of the best five performing holdings in November – measured by their contribution to the return – were so-called defensives. Led by Mondelez, up 7% last month, with RELX, Diageo and Unilever also registering nice gains.

Of course some - perhaps most - of their rally is a response to the perturbation that global equity investors evidently feel as 2018 comes to a close. For as long as I can remember portfolio investors' instinctive reaction to uncertainty has been to buy shares in good old dependable Unilever, or whisky or chocolate; or Heineken, which also outperformed last month.

Is there any more to their bounce than this? Well, it is worth noting that their rally coincided with a big down month for Oil, which lost over 20%. I long ago learned not to extrapolate anything from swings in the oil market, but it is undeniable that lower energy costs are good for global consumers and what is good for consumers is probably also good for consumer goods companies.

But there's also the steady flow of news from these companies, demonstrating the intention and ability to improve the quality of their earnings and to keep their brand equity per share high during a period when 20<sup>th</sup> century brand equity is challenged by 21<sup>st</sup> century ideas of what constitutes a valued brand.

So we were encouraged to see Diageo's announcement last month of the sale of 19 secondary US brands at a price that, admittedly, will be dilutive to earnings in the first year, but will increase the profit margin and growth rate of the company over time, as the lower margin and lower growth sales fall away. Meanwhile, the combination of Fevertree's renovation of the mixer market with the heritage of Tanqueray has meaningfully enhanced the value of that venerable brand. Diageo's global gin sales were up 14% last year. Tanqueray is nearly 190 years old, but I don't think it fanciful to claim that the brand is both bigger and more valuable today than it has ever been.

The same is true for Horlicks. Many Brits d'un certain age – notably me - will rub their eyes at the prospect of homely comfort drink Horlicks, created as long ago as 1873, commanding a valuation of £3bn. But it does and Unilever has paid it. And it probably makes sense to have done so. Certainly another 2% gain on HindustanLever's share price in response to the news – taking HUVR to an all-time high and up 35% in 2018 says that investors are still ready to back a credible Emerging Market consumption growth story – when brand and distribution capability come together.

Talking about investors being ready to back credible growth stories, it is also noteworthy that another big contributor was Pearson, up 7% in November. We cannot and must not think that this move or even the 30% gain in Pearson's shares so far in 2018 demonstrate either that we have been right to retain our investment in the company, nor that the bull case is by any means proven. It is not. But it is for sure that today it sounds less absurd than it would have done a year ago to claim Pearson is having early success in propagating digital versions of its IP and that this could result in a sustained period of profitable growth.

*Date: 6 December 2018*

The top three contributors to the Fund are Mondelez, RELX and Diageo and the top three detractors from the Fund are London Stock Exchange, Daily Mail & General and Schroders.

## Risk Warning

*Past performance is not a guide or guarantee to future performance. Investments carry a degree of risk and the value of investments and income from them as a result of market or currency fluctuations may go down as well as up and you may not get back the amount you originally invested.*

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