Lindsell Train Global Equity Fund C Class (USD)

29th February 2024
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 ($)	2.37
Minimum Investment	$250,000

Fees

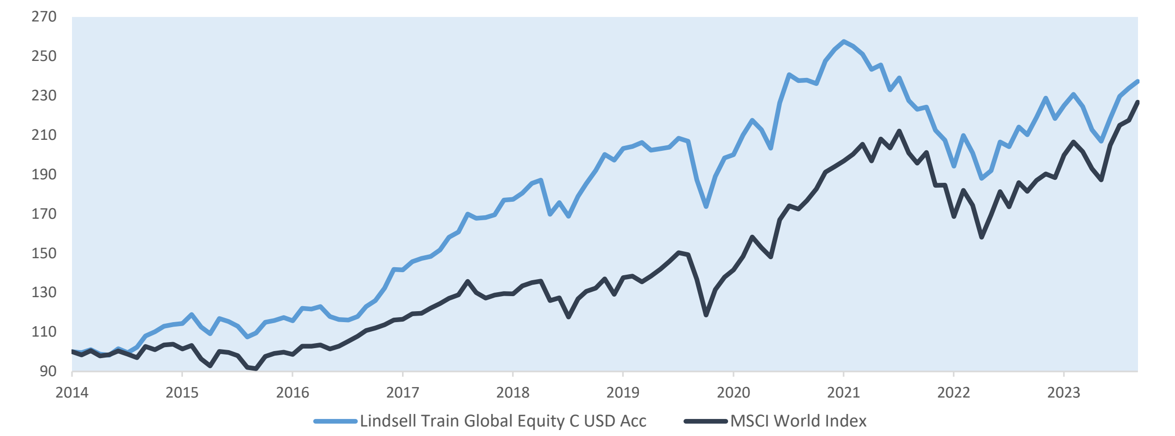
Management Fee	0.60%
TER	0.67%

*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 2023. It is calculated by the Fund Administrator, last updated 17/02/24. 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	$5,759m
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 29th February 2024. 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 Launch**
C Class ($)	1.4	8.6	3.3	12.8	-0.1	5.1	9.3
MSCI World Index ($)	4.2	10.7	5.5	25.0	8.6	11.7	8.8

Calendar Year Performance (%)

Net Return	**2023**	**2022**	**2021**	**2020**	**2019**
C Class ($)	12.5	-14.6	-0.7	15.5	23.5
MSCI World Index ($)	23.8	-18.1	21.8	15.9	27.7

Statistics (%)

Since Inception		**DATE**
Highest annualised return	+44.1	31.01.2018
Lowest annualised return	-24.6	30.06.2022

12 month rolling performance figures

Source: Morningstar Direct. As at 29th February 2024. 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 13/03/2024

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Top Ten Equity Holidings (%)

Nintendo	9.18%
RELX	8.58%
London Stock Exchange Group	8.50%
Diageo	7.65%
Walt Disney	5.56%
Intuit	4.86%
FICO	4.80%
Prada	4.79%
Mondelez	4.70%
PepsiCo	4.68%
Total	**63.29%**

Sector Allocation (%)

Consumer Staples	34.6%
Communication Services	22.4%
Financials	14.1%
Information Technology	9.7%
Industrials	8.6%
Consumer Discretionary	7.0%
Health Care	1.7%
Cash	1.9%
Total	**100.0%**

Country Allocation (%)

USA	35.7%
UK	31.3%
Japan	18.1%
Europe ex-UK	12.9%
Cash	1.9%
Total	**100.0%**

Investment Team Commentary

I've just returned from a week of presentations from a wide range of consumer goods companies at the Consumer Analyst Group of New York (CAGNY) conference. Whilst I've been away one of our larger consumer holdings, Heineken, dropped 8% in the wake of its full year results. So this seems like a timely moment to consider the headwinds facing consumer companies – and more importantly, the reasons we see to remain optimistic.

Many of these headwinds have been broad-based geopolitical and macroeconomic challenges. For example, China's slower-than-expected return to consumption post Covid, with restrictions only meaningfully eased towards the end of last year. The consumer goods industry as a whole has had to grapple with significant input cost inflation generated by the global logistics and supply chain disruptions of the past few years. There are now additional challenges coming in the form of negative consumer responses to inflation-offsetting product price hikes. The backdrop of interest rate increases and generally negative consumer sentiment has also been unhelpful. There have also been a fair number of stock specific temporary disruptions, including Diageo's reversal in its Latin American business at the end of 2023, and the impact on Kao and Shiseido from Chinese consumers boycotting Japanese products in response to Japan's release of treated water from the afflicted Fukushima nuclear plant into the Pacific. In the case of Heineken, volumes have declined nearly 5% against price hikes of over 10% and margins have contracted due to high input costs and economic turmoil in key emerging markets – especially Vietnam, which accounts for at least 10% of profits. In many ways this is a sobering reminder that taken alone, each headwind would present a considerable challenge – but coming all at once as they have, it's no wonder that the share prices of many of these businesses are under pressure. But crucially, these headwinds are in our view well understood by management and will only temporarily interrupt the long-term growth trajectory.

So, what would help in the short term? Input cost inflation stabilising or even falling – as is starting to happen in some commodities, such as grain and aluminium (both good news for Heineken). Interest rates falling and the global consumer feeling enough economic relief to start to trade up again would also be very helpful for most of these companies. Though obviously welcome, the long-term success of these companies do not hinge on macroeconomic factors such as these. Over the many economic cycles of the last 30 years, Heineken has grown its revenues at a CAGR of over 6%, underpinning a total return of just over 1,400% – considerably more than the MSCI World's 800% return in USD. Looking beyond Heineken, we hold a number of other world class consumer franchises with exceptional records of value generation. Mondelez has grown its dividend at an annual rate of just under 11% for the past 10 years (as a reminder, the business was only formed in 2010 after Kraft's purchase of Cadbury). And PepsiCo has increased its dividend for more than 50 consecutive years, a feat which has only been possible because of the incredible compounding power of the underlying business. Over shorter-term periods these kinds of returns can look lackluster, especially when compared to the performance of technology companies in recent years. But over the long term, the returns can be truly exceptional.

The truth is that most investors lose patience and therefore do not benefit from the long-term compounding power of these businesses. Either because the company has a setback, or there's a new and more exciting investment opportunity elsewhere, or perhaps a bit of both – as has been the case in recent years. This is also why the phenomenon of compounding is so rarely priced accurately. As long as the steady compounding continues, the long-term cumulative returns, like the tortoise, can be competitive indeed.

As ever, it is crucial to be selective. Not all consumer franchises perform well, and indeed even those that have won in the past may not win the future. Ownership of exceptional assets with the potential for premiumisation and an ever more appealing consumer value proposition is a key characteristic we look for in our consumer names. On which note, Prada was one of our best performers in February, returning just under 14%, as both the core Prada brand and its younger-skewed Miu Miu continue to gain brand awareness and benefit from the past few years' hard work put into repositioning the brand as an elevated, full-price offering with significantly less wholesale exposure.

And whilst we give careful consideration to the oft-cited risks facing companies like Mondelez, PepsiCo and Diageo – declining consumption of alcohol, for example, or a reduction in consumption of snacks – we see no evidence to suggest this is the case. The US spirits category has grown volume and value every year for the last two decades, and PepsiCo's salty snacks division has grown on average 9% per annum since 1961, with not a single year of declining sales. At the CAGNY conference last week, Mondelez shared the statistic that 97% of Americans snack at least once per day. And for premium branded alcoholic beverage companies like Diageo and Heineken, the global demographic picture is also encouraging as 600 million new legal purchase age consumers will enter the market by 2030.

As for company-specific disruptions, when these are resolved, heritage brands with ownership of valuable IP tend to be rewarded. We are seeing green shoots at a couple of portfolio holdings, for example Diageo's improved performance compared to last year – the shares are up 5% year to date – and management changes at Unilever, which will hopefully result in a tighter focus on building and maintaining the brand equity of their remarkable portfolio. Trading on a P/E of 20 times and 16 times respectively, both Diageo and Unilever are at the lower end of their historical valuations. And finally, another consumer holding of sorts, Disney, was our best performing stock in February, up 16% off the back of well received Q1 2024 results. Market participants have highlighted that the direct-to-consumer streaming service is projected to reach profitability by the end of the year, and appear encouraged by more colour on a new sports streaming JV with Fox and Warner Bros Discovery and an autumn 2025 launch date for an ESPN direct distribution service. Disney still has some way to go to return to previous levels, but we tentatively welcome this renewed focus on quality of content and optimizing the company's exceptional stable of entertainment IP in new and fresh ways to reach and delight more and more of today's highly selective, always-on customers.

Madeline Wright, 7th March 2024

Source: Lindsell Train, Morningstar & Bloomberg. All data as of 29th February 2024.

Note: All stock returns are in local currency unless otherwise specified.

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.

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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.

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