# Lindsell Train
# Global Equity Fund

ALL DATA AS OF 31 AUGUST 2022 | MONTHLY REPORT | FACTSHEET

## Fund Objective & Policy

To increase the value of Shareholders' capital over the longer term from a focused, actively managed 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 and is reported in Sterling. The fund is and not constrained by the benchmark (MSCI World Index) and will take positions in individual stocks that differ significantly from the Index with the aim of achieving a return in excess of the benchmark.

There is no guarantee that a positive return will be delivered.

## Calendar Year Total Return Performance (%) £

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| LT Global Equity Fund (B Dist.) | +26.0 | +11.1 | +19.4 | +11.7 | +0.6 |
| MSCI World Index | +11.8 | -3.0 | +22.7 | +12.3 | +22.9 |
| **Relative Return** | **+14.2** | **+14.1** | **-3.3** | **-0.6** | **-22.3** |

## Total Return Performance to 31st August 2022 (%) £

| | 1m | 3m | YTD | 1yr | 3yr | 5yr | 10yr | Since Launch |
|---|---|---|---|---|---|---|---|---|
| LT Global Equity Fund (B Dist.) | +0.4 | +4.9 | -2.5 | -5.2 | +0.7 | +8.6 | +14.8 | +14.2 |
| MSCI World Index | +0.2 | +2.3 | -4.3 | +0.4 | +10.4 | +10.1 | +12.9 | +11.7 |
| **Relative Return** | **+0.2** | **+2.6** | **+1.8** | **-5.6** | **-9.7** | **-1.5** | **+1.9** | **+2.5** |

**Source:** Morningstar Direct. Fund performance is based on B Dist. Class shares. Total return is provided net of fees with dividends reinvested. For periods greater than one year, returns are shown annualised.

**Past performance is not a guide to future performance.**

## Fund Information

| | |
|---|---|
| Type of Scheme | Dublin OEIC (UCITS) |
| Launch Date | 18 March 2011 |
| Classes | A Dist., B Dist., B, D Dist. (£), C (US$) & E (€) |
| Base Currency | GBP (£) |
| Benchmark | MSCI World Index |
| Dealing & Valuation | 12 noon each Dublin & UK Business Day |
| Year End | 31 December |
| Dividend XD Dates | 1 January, 1 July |
| Pay Dates | 31 January, 31 July |

## Fund Assets

£5,901m

## Share Price

| | |
|---|---|
| A Dist. | £3.5900 |
| B Dist. | £4.0746 |
| B | £1.0218 |
| C | $2.0093 |
| D Dist. | £2.7828 |
| E | €1.481 |

**Source:** Lindsell Train Limited and Link Fund Administrators (Ireland) Limited.

## Fund Profile

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

## Portfolio Managers

James Bullock
Michael Lindsell
Nick Train

## Investment Manager & Distributor

Lindsell Train Ltd,
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## Manager

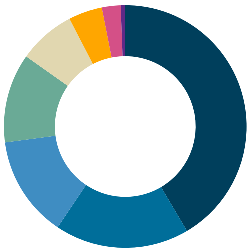
KBA Consulting Management Limited

*Regulated by the Central Bank of Ireland*

## Top 10 Holdings (%NAV)

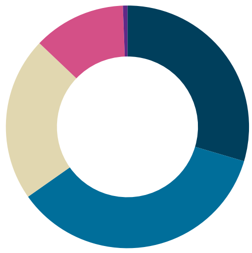
| | |
|---|---|
| London Stock Exchange Group | 8.57 |
| Diageo | 8.53 |
| Nintendo | 7.33 |
| Heineken Holding | 6.60 |
| Unilever | 5.25 |
| Kao Corp | 4.78 |
| Walt Disney | 4.73 |
| World Wrestling Entertainment | 4.72 |
| PepsiCo | 4.65 |
| Prada | 4.61 |

## Sector Allocation (% NAV)



| | |
|---|---|
| Consumer Staples | 41.5 |
| Communication Services | 17.9 |
| Financials | 13.5 |
| Information Technology | 11.9 |
| Consumer Discretionary | 7.6 |
| Industrials | 4.5 |
| Health Care | 2.5 |
| Cash | 0.6 |
| **Total** | 100.0 |

## Country Allocation (% NAV)



| | |
|---|---|
| UK | 29.5 |
| USA | 35.7 |
| Japan | 21.9 |
| Europe ex-UK | 12.3 |
| Cash | 0.6 |
| **Total** | **100.0** |

## Share Class Information

| | Minimum Investment | Management Fees | Ongoing Charges Figure (OCF)* | ISIN | Sedol |
|---|---|---|---|---|---|
| A Dist. | £1,500 | 1.10% p.a. | 1.15% p.a. | IE00B644PG05 | B644PGO |
| B Dist. | £150,000 | 0.60% p.a. | 0.65% p.a. | IE00B3NS4D25 | B3NS4D2 |
| B | £150,000 | 0.60% p.a | 0.65% p.a. | IE00051RD3C4 | BP2P6W1 |
| C | $250,000 | 0.60% p.a. | 0.65% p.a. | IE00BK4Z4V95 | BK4Z4V9 |
| D Dist. | £200m | 0.45% p.a. | 0.50% p.a. | IE00BJSPMJ28 | BJSPMJ2 |
| E | €100,000 | 0.60% p.a. | 0.65% p.a. | IE00BF2VFW20 | 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 is based on expenses and average assets for the year ending 31 December 2021. It is calculated by the Fund Administrator and published in the KIID dated 18/02/2022. 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. A copy of the latest prospectus and the Key Investor Information Document for each class is available from www.lindselltrain.com

## Contacts

**Company/Fund Registered Office**
Lindsell Train Global Funds plc,
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Mellon SA/NV

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**Board of Directors**
Alex Hammond-Chambers
David Dillon
Gerald Moloney
Lesley Williams
Keith Wilson

## Portfolio Manager's Comments

Few asset classes surpass the inflation protection of equities. They offer participation in real economic value creation and hence promise to protect purchasing power over long periods of time. This is a claim we've often made, with particular reference to companies with strong brands and pricing power, as typified by the best of consumer staples. However, given the present environment, we thought some supporting numbers might help, prompting our newest team member Alice to embark on a spate of US corporate archaeology, going back as far as 1965. With generous input from our investee companies' IR teams (alongside scanning eBay for antique annual reports!) she's made it as far back as 1965 - the year US troops landed in the Dominican Republic, Muhammad Ali beat Sonny Liston (with his famous first-round phantom punch) and Malcolm X was assassinated. As you may already know, the following half-century was a wild inflationary ride, and whilst analysts debate the severity of a possible 3% US rate for 2023, remember that during the 1970s US CPI exceeded 12% p.a. across three separate years. All told, US inflation has averaged 3.9% p.a. since then, causing a dollar under the mattress in 1965 to lose nearly 90% of its purchasing power, equivalent to more than an eight-fold rise in prices. Inflation really is worth beating.

Take PepsiCo as an example. In 1965 (the year Pepsi acquired Frito-Lay, arguably morphing it into the modern company it is today) a six-pack of Pepsi Cola could be had for the princely sum of 59c, meaning you paid just under 10c per bottle. Already a big jump from the famous fixed 5c charged throughout the 1950s, today the US list price of a cool Pepsi is a cooler $2.05. That's a 21-fold increase (or 5.6% p.a.) in pricing, and confidently ahead of inflation. Real goods protected by strong brands command real pricing. We could stop there (namesake brand pricing power well and truly demonstrated!) but the corresponding growth in PepsiCo's business is the true prize. Shielded by such pricing, Pepsi's M&A-enhanced volumes have grown as new countries were conquered and distribution expanded. Revenues have grown (organically and inorganically) from $510 million in 1965 to over $79 billion by 2021; a 156-fold increase at a 9.4% annualised rate. With the margin ticking up from 11% to 14%, operating profits have grown 192-fold to $11 billion at a 9.8% p.a. rate. Consequently, any long-term investors seeking real cashflow growth will not have been disappointed. Bloomberg's share data only goes back a paltry 42 years, but over that period at least Pepsi's buy-and-hold investors received a 34,500% total return, whilst the MSCI North America and MSCI World delivered 4,800% and 3,200% respectively. But was this just a 20th century phenomenon? Before the internet, and before Facebook, Google and Amazon changed the way fizzy pop is sold? How is PepsiCo faring today as a new inflationary phase bites? Well, if the first half of 2022 is anything to go by, 21st century Pepsi is doing fine. With H1 organic volumes steady (+2.5% YoY), the company managed to increase prices by 11%, growing overall organic revenues by 13%.

Consumer staples are not the only evidence of pricing power in your portfolio - just the most topical in view of recent manufacturing input cost surges. In fact, every company you own can demonstrate it in one way or another. For example, PayPal's June announcement showed that it had 'simplified' its fees - and yet its Q2 results signalled further gains in both market share and adoption. Look out for more such announcements in the coming months and indeed years. Whatever rate our current inflation spike settles down to (we deliberately use real metrics in our valuations to save us having to predict such things), we'll look to our companies to shield us, just as they have in the past.

***James Bullock, 8th September 2022***

**Source Data:** Lindsell Train Ltd , Morningstar, and Bloomberg; As of 31st August 2022.

The top three absolute contributors to the Fund's performance in August were Walt Disney, PayPal and Kao Corp and the top three absolute detractors were Heineken Holding, RELX and Nintendo.

## Risk Warning



*8 September 2022 10/22 LTL 000-268-5*