

LINSELL TRAIN

UK Equity Fund

ALL DATA AS OF 30 SEPTEMBER 2024

QUARTERLY REPORT | FACTSHEET

Fund Objective & Policy

To deliver capital and income growth and provide a total return in excess of that of the FTSE All-Share TR Index by investing at least 70% of its assets in the shares of companies incorporated or domiciled in the UK. Up to 10% of assets may be invested in worldwide companies which are listed on an exchange in the UK.

The FTSE All-Share TR Index has been selected as it represents broad exposure to companies listed on the London Stock Exchange. The fund is not constrained by the target benchmark 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 (%) £

	2019	2020	2021	2022	2023
WS LT UK Equity Fund (Acc)	+22.8	-2.5	+12.7	-6.1	+4.6
FTSE-All Share TR Index	+19.2	-9.8	+18.3	+0.3	+7.9
Relative Return	+3.6	+7.3	-5.6	-6.4	-3.3

Total Return Performance to 30th September 2024 (%) £

	Annualised							Since Launch
	1m	3m	YTD	1yr	3yr	5yr	10yr	
WS LT UK Equity Fund (Acc)	+1.8	+1.0	+2.0	+4.7	+1.5	+1.5	+8.0	+9.6
FTSE-All Share TR Index	-1.3	+2.3	+9.9	+13.4	+7.4	+5.7	+6.3	+6.0
Relative Return	+3.1	-1.3	-7.9	-8.7	-5.9	-4.2	+1.7	+3.6

Source: Morningstar Direct & FTSE Russell (FTSE) © 2024. "FTSE Russell" and "FTSE" are trademarks of the London Stock Exchange Group companies and are used by FTSE Russell under licence. Fund performance is based on Acc shares. Total return is provided net of fees. For periods greater than one, returns are shown annualised.

Past performance is not a guide to future performance.

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 TR Index
Dealing & Valuation	10am each UK Business Day
Year End	31 May
Dividend XD Dates	30 November, 31 May
Pay Dates	31 January, 30 September

Fund Assets

£3,024m

Share Price

Acc	527.59p
Inc	344.63p
D Acc	217.30p
D Inc	174.93p

Source: Lindsell Train Limited and Link Fund Administrators Limited.

Fund Profile

The portfolio is concentrated, with the number of stocks unlikely to exceed 35.

Portfolio Manager

Nick Train

Historic Gross Yield (Income Class)

Gross Yield 2.2%

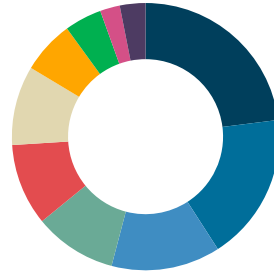
Source: Morningstar Direct.

The Historic Yield reflects distributions declared over the past twelve months as a percentage of the unit price, as at the date of this report. Investors may be subject to tax on their distributions, which will reduce the yield. 50% of the Fund's expenses are charged to capital, which 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.

Top 10 Holdings (% NAV)

Sage	9.96
Diageo	9.96
Experian	9.89
London Stock Exchange Group	9.70
Unilever	9.65
RELX	9.60
Hargreaves Lansdown	7.45
Rightmove	6.41
Schroders	4.50
Mondelez	4.50

Sector Allocation (% NAV)



Allocation and holdings subject to change.

Financial Services	23.0
Beverages	17.9
Personal Goods	13.2
Software	10.0
Support Services	9.9
Media	9.6
Real Estate Services	6.4
Food Producers	4.5
Travel & Leisure	2.4
Cash	3.1
Total	100.0

Fund Attribution - Q3 2024

Top Contributors %

Unilever	1.19
London Stock Exchange Group	0.90
Rightmove	0.76
Experian	0.66
Diageo	0.65

Top Detractors %

Burberry	-0.91
Fever-Tree	-0.77
Sage	-0.58
Heineken	-0.47
RELX	-0.30

Source: Morningstar Direct. Attribution calculated on an absolute basis.

Share Class Information

	Minimum Investment	Management Fees	Ongoing Charges Figure (OCF)*	ISIN	Sedol
Acc	£500,000	0.60% p.a.	0.65% p.a.	GB00B18B9X76	B18B9X7
Inc	£500,000	0.60% p.a.	0.65% p.a.	GB00B18B9V52	B18B9V5
D Acc	£200m	0.45% p.a.	0.50% p.a.	GB00BJFLM156	BJFLM15
D Inc	£200m	0.45% p.a.	0.50% p.a.	GB00BJFLM263	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. The OCF is based on expenses and average assets for the 12 months to 31st May 2023. It is calculated by the Fund Administrator and published in the KIID, dated 7th February 2024. 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.

Please refer to Lindsell Train's Glossary of Investment terms [here](#).

Investment Team Commentary

Some ideas in our UK Equity portfolios are working well, others not. We do not doubt the quality of the brands and franchises we are invested in (even those which are struggling in 2024), but we are frustrated that not enough of our key holdings are performing at the same time to deliver the portfolio gains we aspire to.

Looking to the positives in the 3rd quarter, two big positions in consumer brand-owning stocks did well, Unilever +12% and Diageo +7%. The prospect of falling interest rates in the second half of 2024 and beyond, doubtless has something to do with these share price gains. In addition, Unilever continues to benefit from a reappraisal of the company's brand and distribution strengths. Meanwhile, for Diageo, it is evident investors are trying to find a share price bottom for the company. It is unclear if Diageo's current difficulties growing its revenues are cyclical or secular, though we tend to the former view. If Diageo's problems are indeed temporary, then the c.40% share price fall from its 2021 peak is a buying opportunity for a company that can credibly be claimed as a global leader in an attractive industry.

The promise of falling interest rates also helped two of our big Data holdings. Both London Stock Exchange Group (LSEG), +9% and Experian, +7%, hit all time high share prices in the quarter. Falling rates tend to encourage increased trading activity across all financial assets, which benefits LSEG, as a provider of clearing services and liquidity to global market participants. Meanwhile, they also stimulate the formation of consumer credit and Experian's data services are critical to the financial institutions who advance that credit. In our view, though, both LSEG and Experian are far more than just short-term interest rate plays. Each company has a credible strategy to embed its Data and services into the work-flows of their global customers and this could drive profits for years to come.

At the start of the year we pointed to the six major holdings in your portfolio that are Data aggregators and/or technology platform owners. And we noted clear growth opportunities for the sextet and a likely undervaluation of their shares relative to global peers (they include LSEG and Experian). It is some vindication of that thesis that two of the six have subsequently received takeover bids from buyers who clearly shared our belief in their undervaluation. The two are Hargreaves Lansdown and Rightmove. The bid for Hargreaves is still ongoing, whilst the offer for Rightmove has already been withdrawn, though leaves Rightmove's shares up 16% on the quarter. UK investors' unwillingness to sell Rightmove, even at a c.20% premium to the current price indicates, in our opinion, a recognition of both Rightmove's unique strengths and of the potential of this Data investment theme.

As I said, it is a frustration that the gains discussed above were partially offset by losses in other core holdings.

Sage has been a disappointing share in 2024, down 11%, having fallen 6% in the third quarter. Sage is one of the six Tech-related companies discussed above. Demand for its software services has continued to grow in 2024 and revenues should be up near double digits in its current financial year; but investors were clearly hoping for an acceleration in growth that has not materialized. There is no doubt that if Sage continues to grow at c.10% p.a. its shares will eventually go up again and that is our expectation.

The two biggest detractors from returns in the 3rd quarter were both UK luxury or premium brand owners, Burberry (-20%) and Fever-Tree (-23%). This pair is rare, because the UK stock market contains few truly global brands of their calibre. Burberry's premium position in Asia and Fever-Tree's success in building its brand in North America are both notable and valuable achievements. Nonetheless, both shares trade at multi-year lows as the companies struggle with a contraction in consumer confidence and spending power and, in the case of Burberry, questions about its strategy. Burberry's share price jumped in September, +5%, in response to the warmly received latest collection from house designer Daniel Lee and news the Chinese authorities are taking steps to stimulate the domestic economy. At least this is a reminder that business conditions and sentiment toward Burberry could be very different and far more positive in years to come. Meanwhile, in its Interim Result statement, Fever-Tree's CEO commented – "In every one of our key regions we're gaining share and driving category growth, with more consumers finding, enjoying and becoming loyal to the brand each year." When the good times return, we expect a further surge in Fever-Tree's revenue growth and its share price.

Nick Train, 4th October 2024

Source: Lindsell Train, Morningstar & Bloomberg. All data as of 30th September 2024.

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

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