LINDSELL TRAIN

North American Equity Fund

ALL DATA AS OF 29 FEBRUARY 2024 | MONTHLY REPORT | FACTSHEET

Fund Objective & Policy

To deliver capital and income growth and provide a total return in excess of the MSCI North American Index (GBP) by investing at least 80% of its assets directly in the shares of North American companies i.e. companies that are listed, traded, incorporated or domiciled in the United States of America, Canada and Mexico.

The MSCI North American Index (GBP) has been selected as the fund's target benchmark as it represents the broad scope of North American quoted companies that the fund will seek to invest in. The fund is not constrained by the target benchmark and can take positions in individual sectors, countries and geographic areas 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.

Total Return Performance to 29th February 2024 (%) £

					Annualised	
	1m	3m	YTD	1yr	3yr	Since Inception
WS LT North American Equity Fund (Acc)	+1.4	+8.2	+4.8	+12.6	+8.8	+12.1
MSCI North American Index	+5.8	+11.8	+7.5	+23.6	+14.1	+17.8
Relative Return	**-4.4**	**-3.6**	**-2.7**	**-11.0**	**-5.3**	**-5.7**

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

Performance data is not available for a full 5 years. Past performance is not a guide to future performance.

Fund Information

Type of Scheme	Non UCITS Retail
Launch Date	22 April 2020
Classes	Accumulation (Acc) / Income (Inc)
Base Currency	GBP (£)
Benchmark	MSCI North American Index (GBP)
Valuation Point	10.30pm each UK business day
Dealing	Requests must be received by 5.30pm on the dealing day
Year End	31 March
Dividend XD Dates	31 March, 30 September
Pay Dates	31 May, 30 November

Source: Lindsell Train Limited and Link Fund Administrators Limited.

Fund Assets

£37.4m

Share Price

Acc	155.58p
Inc	99.63p

Source: Lindsell Train Limited and Link Fund Administrators Limited.

Fund Profile

The portfolio is concentrated, with the number of stocks ranging between 20 to 30.

Portfolio Manager

James Bullock

Investment Manager & Distributor

Lindsell Train Ltd,
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SW1E 6AU

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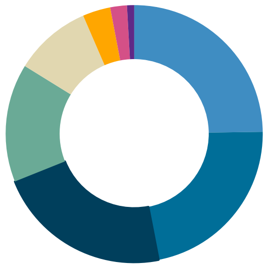
Top 10 Holdings (% NAV)

FICO	7.97
Equifax	5.96
Walt Disney	5.40
American Express	5.38
S&P Global	5.35
Intuit	5.33
Alphabet	4.93
Visa	4.60
Oracle	4.53
Adobe	4.22

GICS Sector Allocation (% NAV)



Allocation and holdings subject to change.

Financials	24.8
Consumer Staples	22.2
Information Technology	22.0
Communication Services	14.9
Industrials	9.7
Consumer Discretionary	3.5
Health Care	2.1
Cash	0.9
Total	**100.0**

Share Class Information

	Minimum Investment	Management Fees	Ongoing Charges Figure (OCF)*	ISIN	Sedol
Acc	£500,000	0.60% p.a.	0.84% p.a.	GB00BJVLMG41	BJVLMG4
Inc	£500,000	0.60% p.a.	0.84% p.a.	GB00BLPK7J94	BLPK7J9

* 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 30th September 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. The OCF is capped at 0.90% until further notice. The ongoing charges are taken equally from the income and capital of the fund.

Depositary
The Northern Trust Investor Services Limited

Custodian
The Northern Trust Company

Fund Administrator, Dealing & Registration
Link Fund Administrators Limited

Tel: +44 (0) 11 3224 6000

Email: investorservices@linkgroup.co.uk

Authorised Corporate Director (ACD)/Authorised Fund Manager
Waystone Management (UK) Limited

Please refer to Lindsell Train's Glossary of Investment terms here.

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. 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 Brown-Forman's challenges with distributor inventories in developed markets, both in the United States and notably in Japan, where inventory had not only materially built up in the prior year, but had to be repurchased as Brown-Forman prepares to transition to fully owned distribution this year. 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. 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. We hold a number of other world class consumer franchises with exceptional records of value generation across many economic cycles. Over the last 30 years, Brown Forman has grown its revenues at a CAGR of c.3.6%, underpinning a total return of just over 3,800% – considerably more than the MSCI World's 950% return in Sterling. 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. And whilst we give careful consideration to the oft-cited risks facing companies like Mondelez, PepsiCo and Brown Forman – 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 Brown Forman, 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.

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

The top three absolute contributors to the Fund's performance in February were Walt Disney, Equifax and American Express, and the top three absolute detractors were Adobe, S&P Global and Mondelez .

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

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

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