Lindsell Train

Marketing Communication

Japanese Equity Fund

ALL DATA AS OF 30 NOVEMBER 2024

MONTHLY REPORT | FACTSHEET

Fund Objective & Policy

To increase the value of Shareholders' capital over the longer term from a focused, actively managed portfolio of equities primarily quoted on stock markets in Japan. The Fund's investment performance is compared with the TOPIX (Tokyo Stock Exchange (First Section) Index) in Yen terms. The fund is not constrained by the benchmark (TOPIX) 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
Japanese Equity Fund (A Yen)	+20.1	+2.5	-9.5	+2.7	+3.6
TOPIX Index	+18.1	+7.4	+12.7	-2.5	+28.3
Relative Return	**+2.0**	**-4.9**	**-22.2**	**+5.2**	**-24.7**

Total Return Performance to 30th November 2024 (%) ¥

					Annualised			
	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Appt.*
Japanese Equity Fund (A Yen)	-1.3	+1.0	+6.3	+7.6	+4.9	+1.2	+7.1	+6.2
TOPIX Index	-0.5	-0.2	+15.8	+15.5	+14.4	+12.2	+9.1	+6.3
Relative Return	**-0.8**	**+1.2**	**-9.5**	**-7.9**	**-9.5**	**-11.0**	**-2.0**	**-0.1**

Source: Morningstar Direct. Fund performance is based on total return of A Class shares and is net of fees. For periods greater than one year, returns are shown annualised. The TOPIX performance has been changed to total return with effect from 2/11/09 as disclosed in the Prospectus. Prior to that it was based on capital return. *Lindsell Train was appointed as portfolio manager to the fund in January 2004.

Past performance is not a guide to future performance.

Fund Information

Type of Scheme	Dublin OEIC (UCITS)
Launch Date	30 October 1998 (LT appointed January 2004)
Classes	A Yen / B Yen / B Yen Dist. / B £ Hedged – Dist. / B £ Quoted – Dist. / C US$
Base Currency	Yen (¥)
Benchmark	TOPIX
Dealing & Valuation	12 noon each UK / Irish / Japanese Business Day
Year End	31 December
Dividend XD Dates	1 January, 1 July
Pay Dates	31 January, 31 July

Fund Assets

¥11,853m / £62m

Share Price

A Yen	¥544.03
B Yen	¥245.45
B Yen Dist	¥187.61
B (£) Hedged – Dist	£3.13
B (£) Quoted – Dist	£2.15
C US$	$1.52

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

Fund Profile

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

Portfolio Manager

Michael Lindsell

Investment Manager & Distributor

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Manager

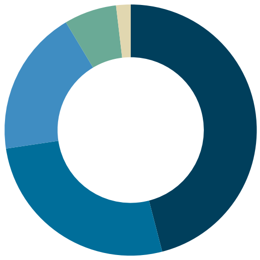
Waystone Management Company (IE) Limited

Regulated by the Central Bank of Ireland

Top 10 Holdings (% NAV)

Nintendo	9.89
OBIC Business Consultants	9.47
Kao Corp	8.68
Astellas Pharma	5.50
Square Enix	5.23
Shiseido	4.93
Sysmex	4.70
Milbon Co	4.64
Calbee	4.62
Yakult	4.58

Sector Allocation (% NAV)



Allocation and holdings subject to change.

Consumer Franchise/Brands	46.0
Media	26.7
Healthcare Incl. Pharmaceuticals	18.8
Financials	6.7
Cash	1.9
Total	**100.0**

Lindsell Train sector definitions.

Share Class Information

	Minimum Investment	Management Fees	Ongoing Charges Figure (OCF)*	ISIN	Sedol
A Yen	¥200,000	1.10% p.a.	1.30% p.a.	IE0004384180	438318
B Yen	¥10,000,000	0.60% p.a.	0.80% p.a.	IE00B11DWM09	B11DWM0
B Yen Dist	¥10,000,000	0.60% p.a.	0.80% p.a.	IE00B11DWS60	B11DWS6
B (£) Hedged – Dist	£100,000	0.60% p.a.	0.80% p.a.	IE00B3MSSB95	B3MSSB9
B (£) Quoted – Dist	£100,000	0.60% p.a.	0.80% p.a.	IE00B7FGDC41	B7FGDC4
C US$	$250,000	0.60% p.a.	0.80% p.a.	IE00BK4Z4T73	BK4Z4T7

*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 12 months to 29th December 2023. It is calculated by the Fund Administrator and published in the KIID dated 16th February 2024. It is an indication of the likely level of costs and will fluctuate as the Fund's expenses and 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. The OCF is capped at 0.90% for all B & C share classes and 1.40% for the A share class until further notice. Where the OCF falls below the cap the actual figure applies.

Company/Fund Registered Office
Lindsell Train Global Funds plc,
33 Sir John Rogerson's Quay,
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Mellon SA/NV

Regulated by the Central Bank of Ireland

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Regulated by the Central Bank of Ireland

Board of Directors
Alex Hammond-Chambers
Claire Cawley
David Dillon
Lesley Williams
Keith Wilson

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

Investment Team Commentary

Following the announcement of quarterly results in Japan, we have had further engagement with our portfolio companies in order to scrutinise progress. With Kao, one of our biggest holdings at c.8.5% of the Fund, management seems intent to address the issues that led to the company's overall operating profit margin falling under 10% in FY2022 and 2023. Specifically last year, Kao incurred ¥60bn of restructuring costs, sold a number of peripheral brands, closed factories in China and reduced fixed costs in Japan. This year, management has followed through with further initiatives as outlined below, with more hinted at in the future. Unfortunately, all these ameliorating measures have come in the wake of the company's botched strategic plans of 2019/2020, which have now been unceremoniously abandoned. This left us with a lingering concern that management is too inward looking, and not addressing legitimate concerns that overseas competitors might be stealing a march on the company. This has been the subject of much of our engagement with Kao in recent years.

On the other hand, Kao has achieved a full recovery in the profitability of its biggest and most profitable division, Fabric and Home Care, with operating profit margins back above 20% following the disruption of Covid and sharp rises in input prices. This division, which derives its sales predominantly from Japan, represents an important stable source of high margin cash flow for Kao, but one that cannot be expected to grow in any meaningful way given Japan's declining population.

For this reason, Kao has been steadily expanding its footprint overseas for a number of years. China, with its large and aspirant population, has been an obvious focus. Kao initially sold diapers but sales have succumbed to fierce local competition. Sales of female sanitary products remain promising as the products are more differentiated, but the company is right to recognise that in the current environment of declining consumer confidence and boycotts, growing sales here will prove difficult.

Despite multi-year efforts to expand overseas, sales outside of its domestic market currently make up 33% of Kao's total consumer franchise sales, a much lower percentage than for competitors like Proctor & Gamble, Unilever or Beiersdorf, all of which are much less reliant on their original home markets. To grow further, Kao needs to build consumer franchise sales overseas around its most differentiated brands. **Merries** diapers and **Laurier** sanitary products have already contributed, but better prospects include **Biore's** skin moisturizers and UV protection products, **Curel** and **Freeplus's** derma cosmetics products for treatment of sensitive skin, professional hair care brands such as **Oribe** and **Goldwell**, prestige cosmetics such as **Sensai**, and acquired overseas brands including **Molton Brown's** luxury toiletries, **Jergens** skin care and **John Frieda** hair care. We have questioned whether Kao has the marketing expertise to build businesses around these products. When pressed, the company has emphasised that moves are afoot through recent new appointments and company reorganisations to address these concerns. For instance, just recently the company specifically addressed its strategy in hair care with a welcome emphasis on premiumisation. And from our recent interaction with management, we sensed that there is an intention to reduce its number of cosmetics brands, which if implemented effectively, might lead to a firmer foundation for better returns. Indeed, addressing the profitability of the Cosmetics division would have the greatest impact on profits overall, given it is currently loss-making.

Most of the brands mentioned above form the core of Kao's second biggest division, Heath and Beauty, made up predominantly of skin and hair care products. Already half of sales are overseas, with the lion's share in Europe and the Americas. It is here that we would expect to see most growth in the future. It is also here that the prospect for an expansion in profitability is highest. We think it is more than realistic to expect margins from Health and Beauty to rise from their current level of under 10% to the 15% level attained in the past.

We have always admired Kao's domestic market positions and its core brands, and this forms the foundation of our long-term commitment to the company. The jury is still out on whether the current management team has the requisite skill set to make the most of these assets, though recent updates and management actions have certainly been encouraging. This, combined with a far from demanding valuation and a better backdrop for consumer spending in Japan, will hopefully lead to a continued recovery in the share price from 2023 lows.

Michael Lindsell, 9th December 2024

The top three absolute contributors to the Fund's performance in November were Nintendo, Sysmex and OBIC Business Consultants, and the top three absolute detractors were Shiseido, Astellas Pharma and Pigeon.

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

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

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