

LINSELL TRAIN

Japanese Equity Fund

ALL DATA AS OF 31 JULY 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 | -5.0 | -22.2 | +5.2 | -24.7 |

Total Return Performance to 31st July 2024 (%) ¥

| | Annualised | | | | | | | |
|------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|--------------|
| | 1m | 3m | YTD | 1yr | 3yr | 5yr | 10yr | Since Appt.* |
| Japanese Equity Fund (A Yen) | +2.0 | +3.1 | +6.8 | +4.5 | +2.6 | +3.7 | +7.8 | +6.3 |
| TOPIX Index | -0.5 | +2.1 | +19.5 | +23.1 | +16.5 | +15.0 | +10.5 | +6.6 |
| Relative Return | +2.5 | +1.0 | -12.7 | -18.6 | -13.9 | -11.3 | -2.7 | -0.3 |

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

¥13,659m / £71m

Share Price

| | |
|---------------------|---------|
| A Yen | ¥546.59 |
| B Yen | ¥246.20 |
| B Yen Dist | ¥188.18 |
| B (£) Hedged – Dist | £3.09 |
| B (£) Quoted – Dist | £2.12 |
| C US\$ | \$1.52 |

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 Manager

Michael Lindsell

Investment Manager & Distributor

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London,
SW1E 6AU

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Manager

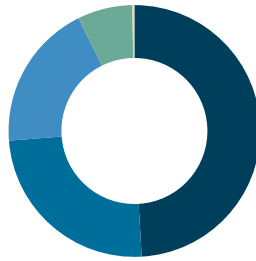
Waystone Management Company (IE)
Limited

Regulated by the Central Bank of Ireland

Issued and approved by Lindsell Train Limited. Authorised and regulated by the Financial Conduct Authority.

Top 10 Holdings (% NAV)

| | |
|---------------------------|------|
| Nintendo | 9.68 |
| OBIC Business Consultants | 8.57 |
| Kao Corp | 8.31 |
| Shiseido | 7.07 |
| Astellas Pharma | 6.07 |
| Yakult | 5.09 |
| Calbee | 4.86 |
| Square Enix | 4.83 |
| Pigeon | 4.82 |
| Milbon Co | 4.82 |

Sector Allocation (% NAV)

Allocation and holdings subject to change.

| | |
|------------------------------------|--------------|
| ● Consumer Franchise/Brands | 49.1 |
| ● Media | 24.7 |
| ● Healthcare Incl. Pharmaceuticals | 18.9 |
| ● Financials | 7.1 |
| ● Cash | 0.3 |
| 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,
Dublin, Ireland

Depository & Custodian

The Bank of New York
Mellon SA/NV

Regulated by the
Central Bank of Ireland

**Fund Administrator,
Dealing & Registration**

Link Fund Administrators
(Ireland) Limited

Tel: +353 1 400 5300
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Email: wfs-dublinta@waystone.com

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

A number of portfolio companies reported quarterly results in the final stages of July, which were on the whole encouraging. Yakult reported first quarter numbers that showed flat sales and profits compared to the same quarter last year. The momentum driving the domestic business is waning, offset by good sales growth in the Americas. China was weak but declines after a torrid year now seem to be moderating. On a volume basis, Yakult's first quarter average bottle sales peaked in 2022 at 40.3 million per day. In the latest quarter, sales were 36.8 million with weak Chinese sales, down 2.4 million from its first quarter peak in 2020, causing most of that fall. The fall illustrates how difficult China has been for Yakult but also points to the potential for recovery – especially as the company has continued to invest during the downturn in order to expand its footprint to inland cities. The consumer environment in China remains challenging so we don't expect any immediate positive response – indeed if anything we expect a moderate deterioration in the shorter term but at a lesser rate than before. Conversely, momentum is building in the Americas, especially in the USA where new investments have led to the highest sales in the country for some years. A firm trend of sales in Mexico, which ranks in volume terms at least second behind Indonesia with annualised sales of 4.0 million bottles versus 5.6 million, also helped the cause.

Also worth noting is how Yakult's overall profitability has improved in recent years, despite the trend of falling sales volume. Average bottle prices are highest in Japan, reflecting dominant market share and premium pricing. Next highest is Europe, where sales are concentrated in developed markets. Bottle pricing has picked up sharply in the Americas, driven by the USA. Pricing in Asia including China is lower than elsewhere and less than half of Japan's, but is nonetheless up c.40% over the last five years. In volume terms, Asia accounts for more than 50% of bottle sales. For a brand with such global resonance and ubiquity and penetration in important populous geographies, the current P/E multiple of less than 20x and an enterprise value of less than 1.5x sales seems unjustifiably undervalued. The shares rallied on the results though still remain modestly down for the year to the end of July.

Calbee, Japan's snacks supremo and a 5% portfolio holding, also reported. The end of Covid lockdowns and the gradual normalisation of sales trends has helped the company post record profits in recent quarters. It's encouraging to see how rising prices have been accompanied by increasing domestic volumes, reinforcing our belief in the brand strength of its core products. More of a challenge has been its overseas business largely centered on China, North America, Indonesia and the UK. These are all markets where Calbee's market shares are miniscule so gaining a foothold is difficult. To do so, it's important that it continues to offer consumers differentiated products. In China, sales are orientated around Japanese snack favorites

such as Jagabee snacks and Frugra cereals. In North America, the company primarily sells 'Harvest Snaps', a locally developed, speciality. In the UK, 'Seabrook' brand sales have done particularly well and in Indonesia 'Guribee' potato chips accounted for much of the company's recent success. Calbee's share price may have recovered from its recent nadir in 2022; however, with sales at just 1.2x its enterprise value, compared to the 3x ratios exhibited by other snack businesses we own, we believe there is ample room for appreciation – especially if the company makes a success of its overseas expansion.

Regular readers of this commentary will know that it is rare that we veer into the murky mass of macro commentary. However, given the significant volatility in late July and the first few days in August, which included the worst day for the Topix since 1987, it would be remiss not to say a few words. The recent decision by the Bank of Japan to raise short-term interest rates from zero to 0.25%, at a time when there are expectations of declining interest rates in western markets, seems to have been the catalyst for the correction. The move may well prove to be the beginning of the end for the Yen carry trade – i.e. the borrowing of Yen to finance the purchase of a wide range of higher yielding overseas assets. This has been a one way bet for three and a half years, and has undoubtedly helped fuel market liquidity and in some cases, speculation. Ultra loose Japanese monetary policy including zero or negative interest rates has persisted for some nine years. If the magnitude of the recent falls are anything to go by, the ramifications of this coming to an end might well be profound.

Michael Lindsell, 5th August 2024

The top three absolute contributors to the Fund's performance in July were Astellas Pharma, Calbee and Yakult, and the top three absolute detractors were OBIC Business Consultants, Japan Exchange Group and Nintendo.

Source: Lindsell Train, Morningstar & Bloomberg. All data as of 31st July 2024.

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

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