

# LINDSELL TRAIN

## UK Equity Fund

ALL DATA AS OF 31 MAY 2024

MONTHLY 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
<b>Relative Return</b>	<b>+3.6</b>	<b>+7.3</b>	<b>-5.6</b>	<b>-6.4</b>	<b>-3.3</b>

### Total Return Performance to 31st May 2024 (%) £

	Annualised							Since Launch
	1m	3m	YTD	1yr	3yr	5yr	10 yr	
WS LT UK Equity Fund (Acc)	+1.5	-0.2	-0.1	+0.4	+1.4	+2.4	+7.4	+9.6
FTSE-All Share TR Index	+2.4	+9.9	+8.7	+15.4	+7.9	+6.5	+5.9	+6.1
<b>Relative Return</b>	<b>-0.9</b>	<b>-10.1</b>	<b>-8.8</b>	<b>-15.0</b>	<b>-6.5</b>	<b>-4.1</b>	<b>+1.5</b>	<b>+3.5</b>

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

£3,474m

### Share Price

Acc	517.21p
Inc	341.62p
D Acc	212.91p
D Inc	173.38p

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 2.1%

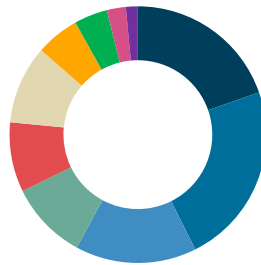
Source: Morningstar Direct.

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)

Unilever	9.98
London Stock Exchange Group	9.96
RELX	9.89
Experian	9.87
Diageo	9.59
Sage	8.79
Hargreaves Lansdown	6.15
Schroders	5.50
Mondelez	5.47
Burberry	5.30

## Sector Allocation (% NAV)



Allocation and holdings subject to change.

Financial Services	23.0
Beverages	19.7
Personal Goods	15.3
Media	9.9
Support Services	9.9
Software	8.8
Food Producers	5.5
Real Estate Services	4.2
Travel & Leisure	2.4
Cash	1.5
<b>Total</b>	<b>100.0</b>

## 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 31<sup>st</sup> May 2023. It is calculated by the Fund Administrator and published in the KIID, dated 7<sup>th</sup> 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.

## Contacts

### Investment Manager & Distributor

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London,  
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info@lindselltrain.com

### Authorised Corporate Director (ACD)/

Authorised Fund Manager:  
Waystone Management (UK) Limited

### Depository & Custodian

The Bank of New York  
Mellon (International) Limited

### Fund Administrator, Dealing & Registration

Link Fund Administrators  
Limited

Tel: 0345 922 0044  
Email: investorservices@linkgroup.com

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

## Investment Team Commentary

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Three important portfolio holdings reported results in May – Burberry, Experian and Sage. Investors were unimpressed by the updates from Burberry and Sage, sending their share prices lower; while Experian's prompted a rally to a new high.

From our perspective and commenting generally on the trio, their results were broadly as we expected. Each company confirmed it is executing on its stated strategy, albeit to a greater or lesser success in the short term. For each we believe successful implementation of the stated strategy should lead to higher future earnings and a higher P/E rating for those earnings. Accordingly, we intend to add to each when we judge appropriate.

Burberry's revenues were down c.4% in its most recent year, to just under £3bn. Revenues are likely to fall further in the current one, as difficult trading conditions persist. We note that at today's market capitalization of £3.6bn, Burberry is valued on c.1.25x historic revenues. This seems low for a business that has generated operating margins of over 16% p.a. on average for the last decade and will definitely be too low if the current, relatively newly installed, CEO, CFO and Head of Design can restore excitement to the brand and grow revenues again.

Experian's results prompted analyst upgrades for medium term revenue growth and higher profit margins for the company. These seem credible to us. The lessons we have learned from watching successful digital and software businesses over the last decade is that growth rates and profitability can scale as such companies' services become increasingly valuable to a growing customer base. Experian is one of a relatively small set of UK-listed companies that offer participation in such effects. Those lessons also suggest that the ostensibly "high" prospective P/E that Experian trades on, of c.28x, is, in fact, not high at all and the shares offer good value.

Sage's outlook, by contrast, disappointed investors, with growth expectations pulled back marginally. As long-term holders we must avoid being backward looking, but have to note that the new medium-term forecasts for Sage, of its revenues growing at high single or low-double digits, would have appeared incredible five years ago, when the company was struggling to grow at all. Sage has two big opportunities, it seems to us. To grow its Intacct subsidiary in the US and, using Sage's network of global partners, in other geographies too. Second, but associated, to take advantage of new AI-enhanced services to bring significant efficiency gains to existing and new customers worldwide. Again, as with Experian, there are few listed UK companies with a global strategic opportunity comparable to this and Sage's current market capitalization of c.£10bn could be much higher, we expect, if it can execute on that opportunity.

I suppose we should not have been surprised by the revelation in May that Hargreaves Lansdown has been approached with a buyout proposal from a Private Equity consortium. Its prior stock market valuation had seemed exceptionally low. But many UK-listed asset and private wealth management franchises seem exceptionally lowly valued too. We watch developments not just at HL, but across the whole sector with interest.

### ***Nick Train, 4<sup>th</sup> June 2024***

The top three absolute contributors to the Fund's performance in May were Hargreaves Lansdown, Experian and Schroders, and the top three absolute detractors were Sage, Burberry and Diageo.

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

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

## Important Information

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The Fund is registered for distribution in the UK but not in any other jurisdiction.

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