

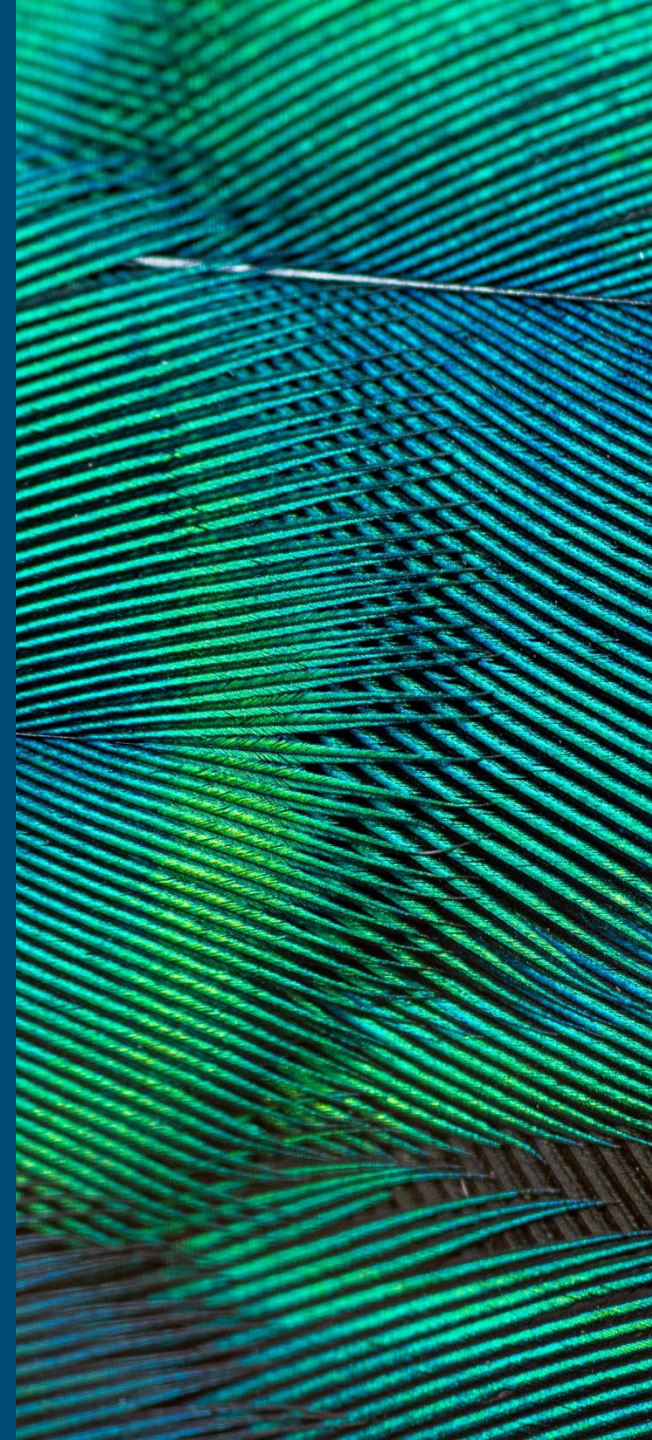
LINDSELL TRAIN

# Dealing with Uncertainty

May 2024

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23 April 2024 LTL 000-299-4

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Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

**Annualised performance:** Annualised performance shows longer term performance rescaled to a 1 year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request. Highest & Lowest return: The highest and lowest returns for any 1 year over the period since inception have been shown. NAV: The net asset value represents the assets of a Fund less its liabilities.

**Representative office:**

Prescient Management Company (RF) (Pty) Ltd,  
**Registration number:** 2002/022560/07 **Physical address:** Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 Postal address: PO Box 31142, Tokai, 7966. **Telephone number:** 0800 111 899. E-mail address: [info@prescient.co.za](mailto:info@prescient.co.za) **Website:** [www.prescient.co.za](http://www.prescient.co.za)

For any additional information such as fund prices, brochures and application forms please e-mail: [info@LindsellTrain.com](mailto:info@LindsellTrain.com).

The Lindsell Train Global Equity Fund is registered and approved under section 65 of the Collective Investment Schemes Control Act 45 of 2002.

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# Current uncertainties

- Heightened geopolitical tensions
- Sustained inflation, and higher-for-longer rates
- The true performance of indices 'under the hood'
- Rapid technological shifts, led by GenAI
- Strength of the Chinese consumer, the impact of GLP-1s, etc. etc.

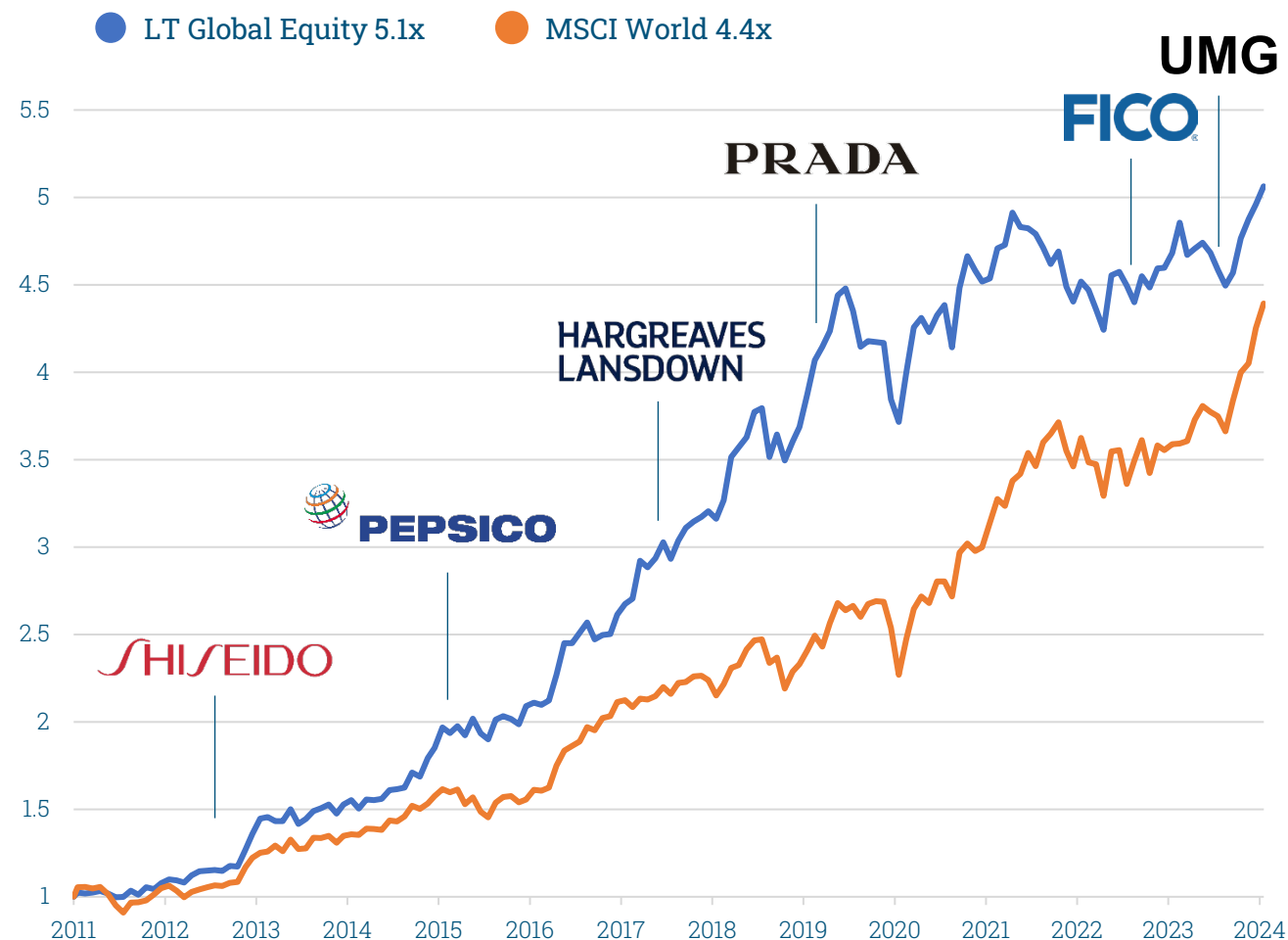
# Slow and Steady: Just Six Additions in Thirteen Years

LT Global Portfolio - Launched March 2011  
 Average turnover 4% p.a.  
 Six new names  
 Five complete sales - excluding takeovers

Astellas	HL	Kao	RELX
Brown-Forman	Heineken	LSE	Shiseido
Celtic	Intuit	Mondelez	UMG
Diageo	Ito En	Nintendo	Unilever
eBay/PayPal	JPX	PepsiCo	Walt Disney
FICO	Juventus	Prada	WWE/TKO

Total returns in GBP from March 2011 portfolio inception to end March 2024

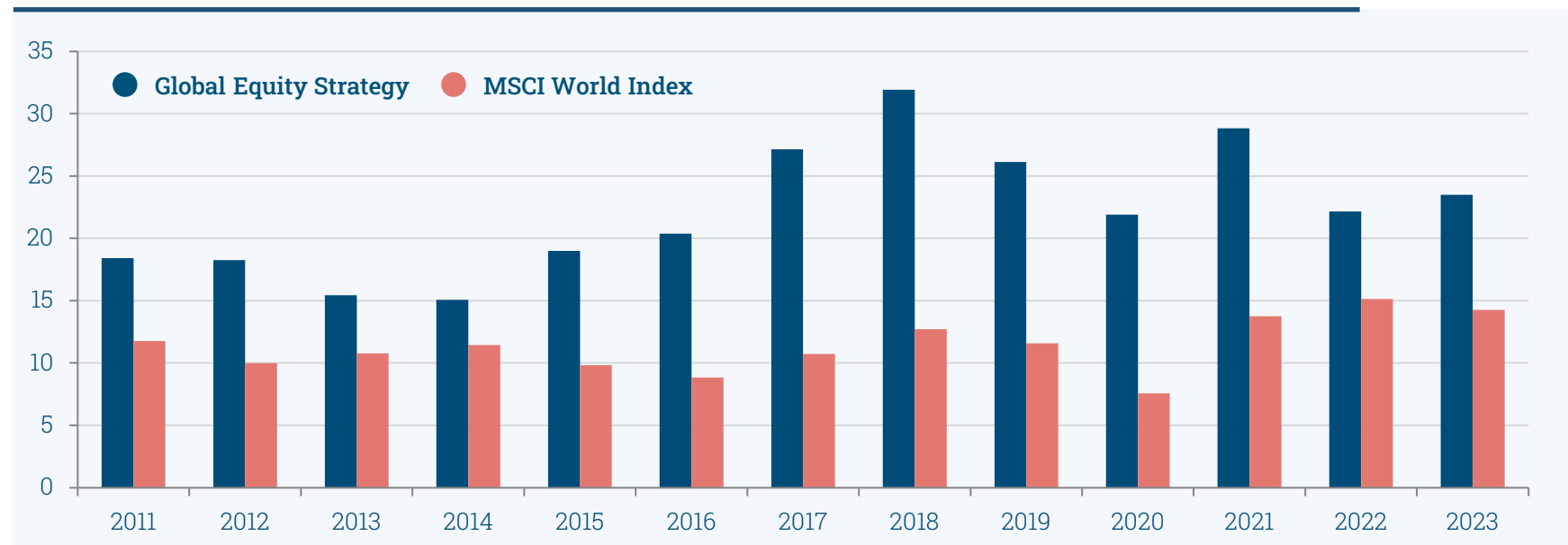
Source: Lindsell Train, Morningstar Direct & Bloomberg, April 2024





# Enduring Portfolio Characteristics

Weighted Average Return on Equity %



	Lindsell Train Global Strategy	MSCI World Index
13yr mean weighted average ROE	22%	11%
13yr mean weighted average dividend yield	1.9%	2.4%
13yr mean weighted average historic P/E	25x	19x

**Source:** Lindsell Train, Bloomberg and Charlie Munger as of end December 2023. Data sourced January 2024. Weighted average 13 years trailing ROE data based upon fiscal year end data points and Lindsell Train estimates. Lindsell Train Global Equity strategy year end portfolio weightings utilised to calculate weighted average. ROE values below -90 will be excluded and values above 75 will be capped as 75 in the calculation of the average of the fund. The data is provided for information purposes only as an example of the investment strategy and characteristics of Lindsell Train's Global Equity strategy. This is not a solicitation, recommendation or an offer to buy or sell any security, fund or financial instrument. Past performance is not a guide or guarantee to future performance. Investments carry a degree of risk and the value of investments and income from them may go down as well as up and you may not get back the original amount invested.

“Over the long term, it’s hard for a stock to earn a much better return than the business which underlies it earns”.

- Charlie Munger, 1994

# Sustainable Compounding Should Drive Future Returns

ROE	Starting PE	Ending PE	Projected 20 Year CAGR
22%	25X	19X	+12% p.a.
11%	19X	19X	+9% p.a.

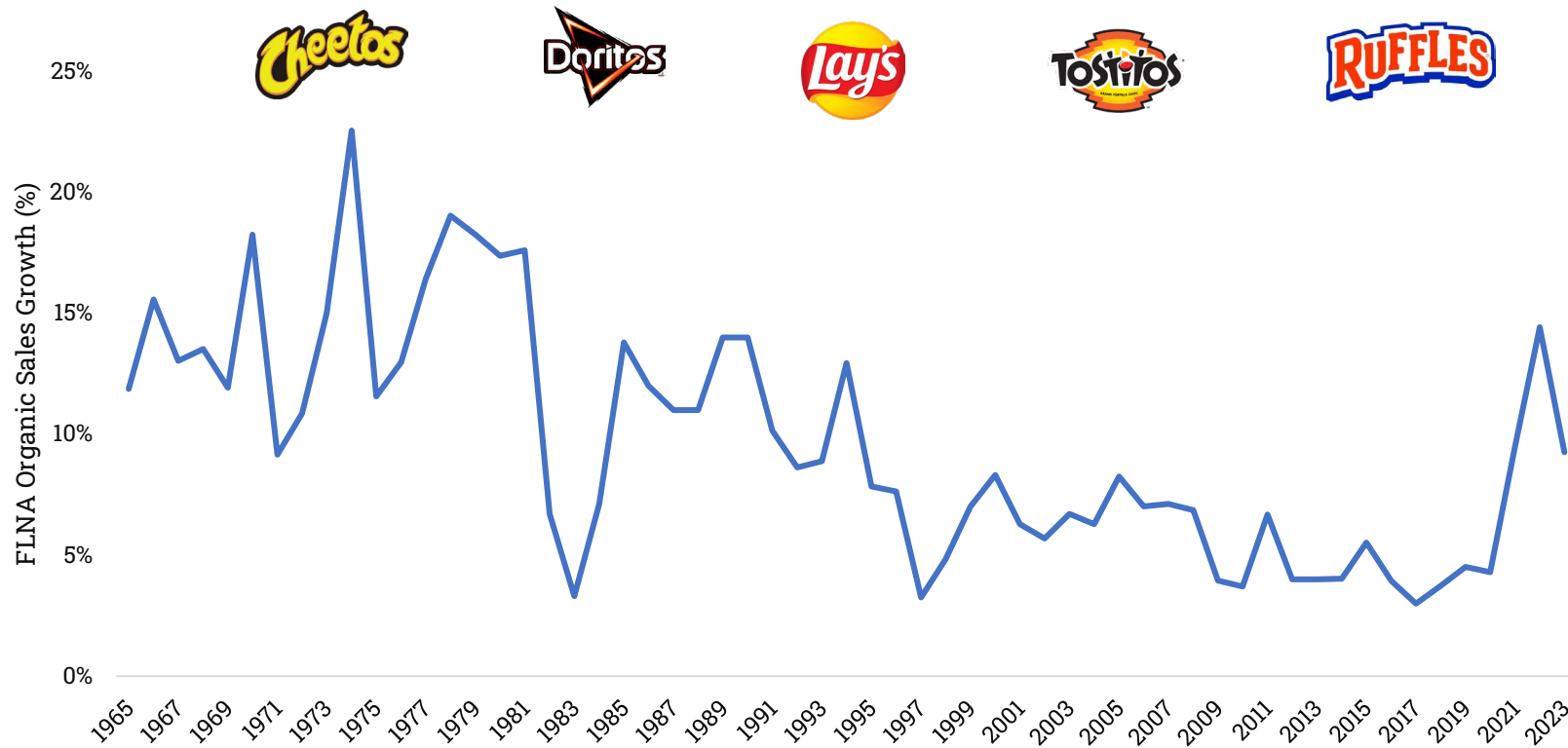
The example above is designed to illustrate a mathematical concept and does not reflect the current or future performance of the Global Equity strategy. Projected Compound Annual Growth Rate (CAGR) calculation assumes Return on Equity (ROE) is sustained for 20 years, that the PE falls to the 'ending PE' and that 50% of earnings are reinvested (at the same rates of return), with the rest paid out as dividends and used to buy more shares. Figures based on own assumptions, calculations, methodology and estimates.

The compounding effect of a sustained high Return on Equity is a more important factor in determining future returns than the PE ratio or the starting price

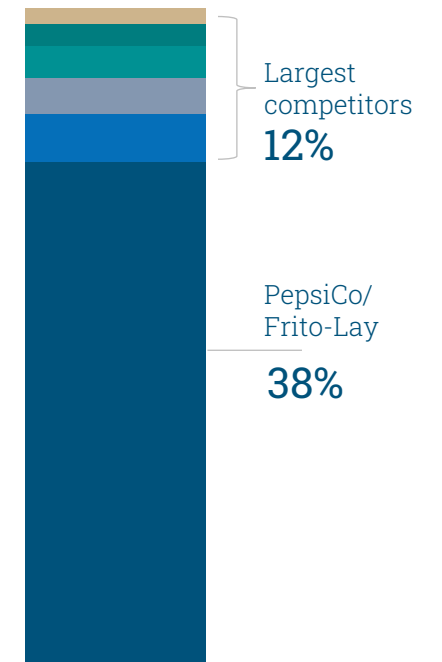
**Source:** Lindsell Train, March 2024. The information provided is an example of Lindsell Train's investment strategies and capabilities in managing Global Equities portfolios. All investments involve risks, including the loss of principal. Past performance is not a guide to future performance.



# Durable Consumer Demand



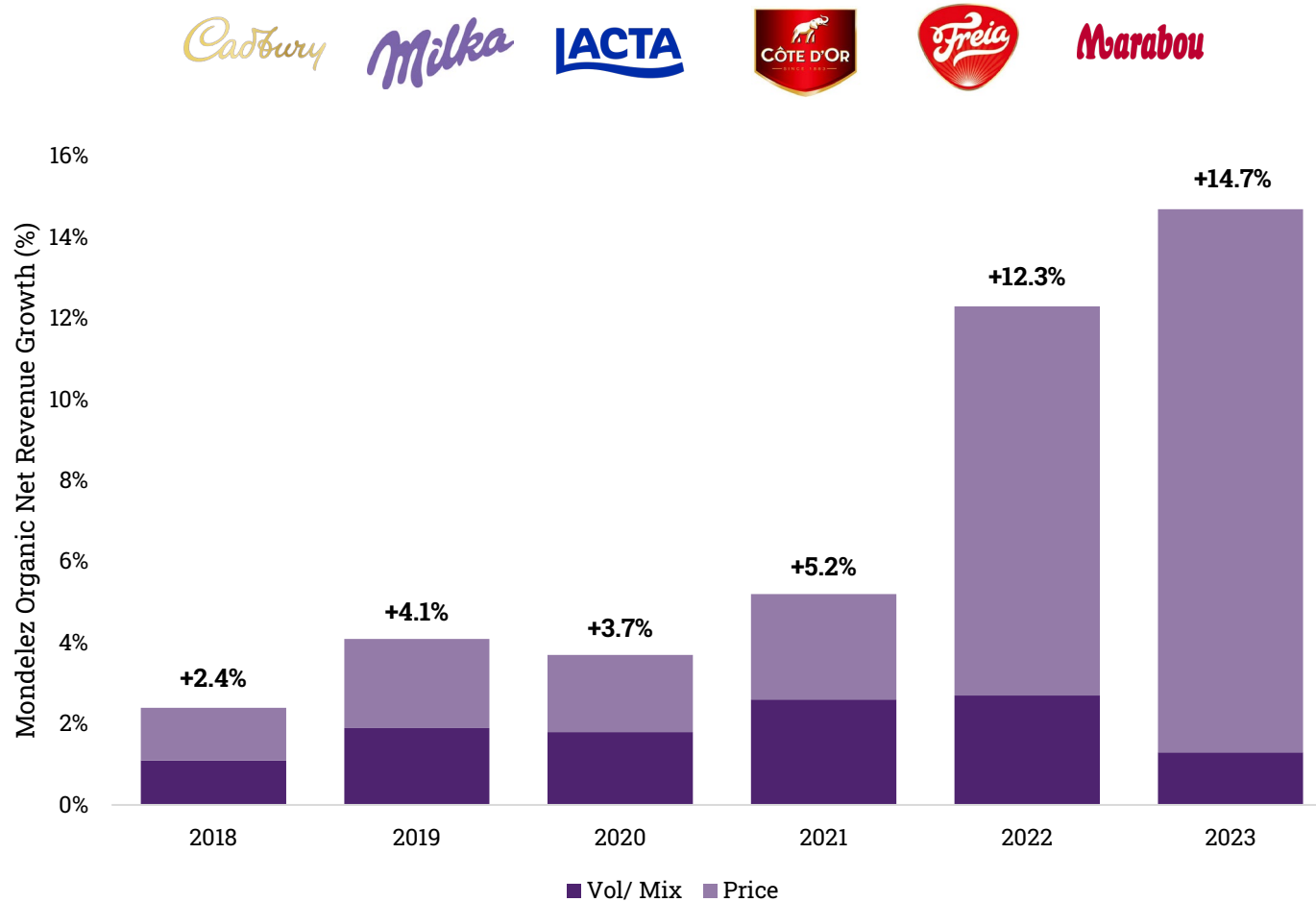
Global salty snack market share



Frito-Lay North America has never had a year of declining sales since its merger in 1961

Source: PepsiCo company filings, April 2024. FLNA stands for Frito-Lay North America.

# Extraordinary Pricing Power



Since 1905 UK Inflation has risen by

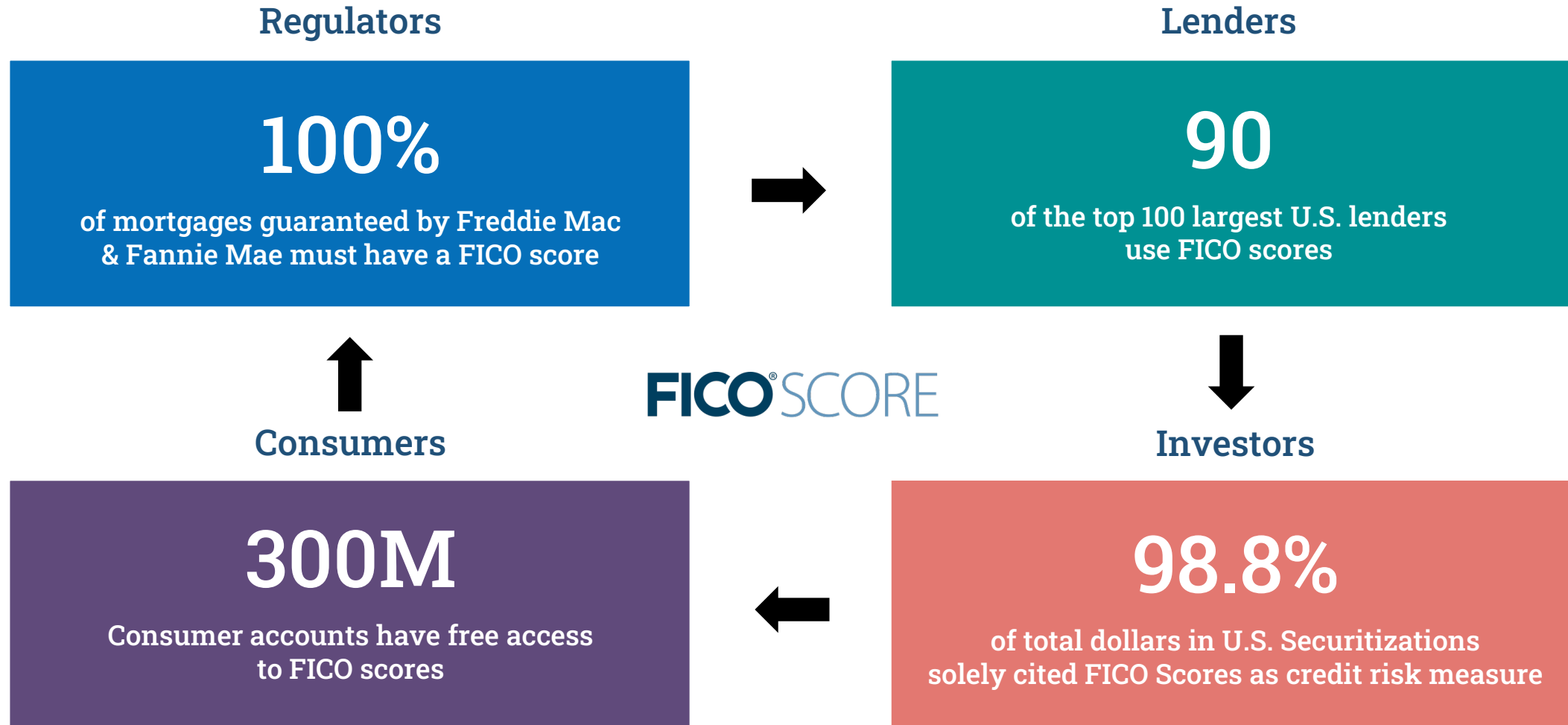
**135x**

The price of a Cadbury Dairy Milk bar by

**196x**

Source: Mondelez company filings & data, April 2024.

# Essential Services



Source: FICO company filings, Mercator Advisory Group, April 2024.

# Increasingly Recurrent and/or D2C Revenues

% of Total Sales



Electronic Revenues\*



Recurring Revenues\*

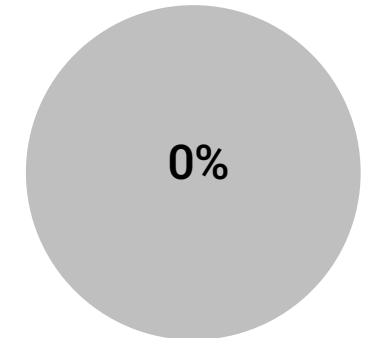
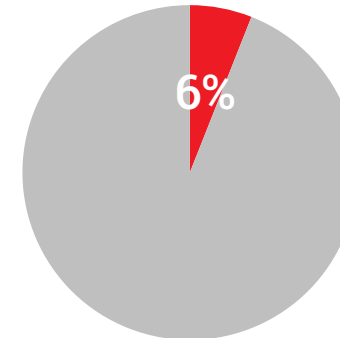
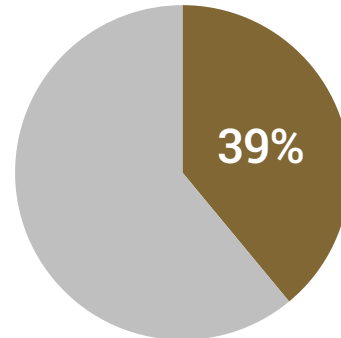
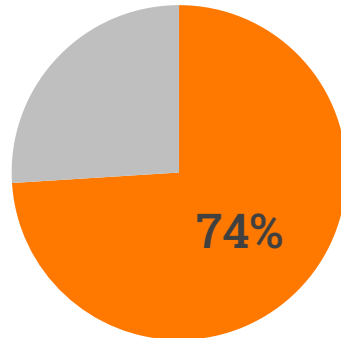


Digital Sales\*

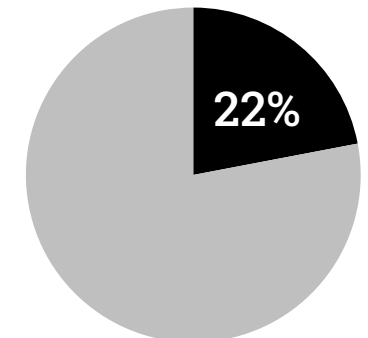
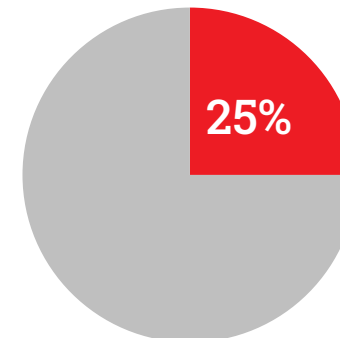
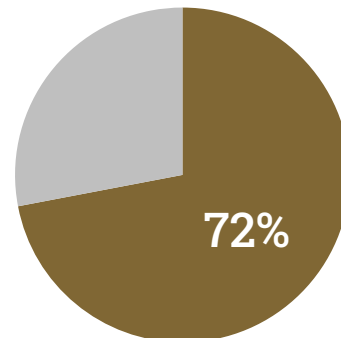
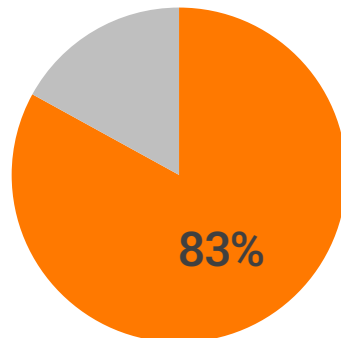


DTC Revenues\*

FY 2018



FY 2023

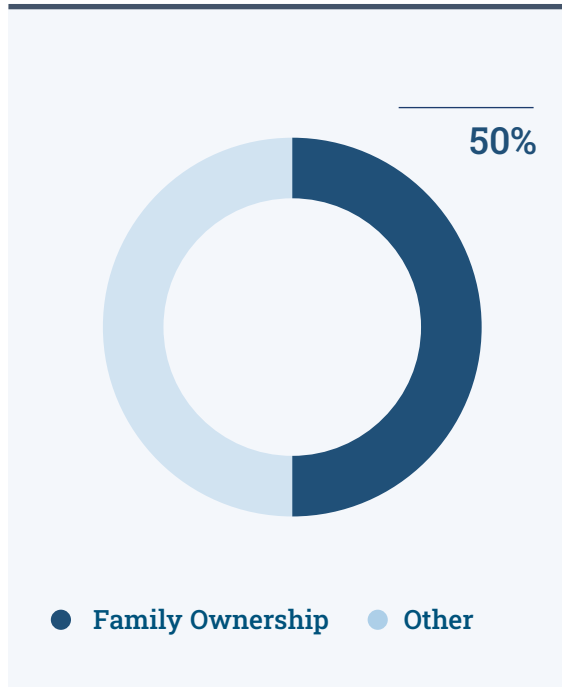


Source: Assorted company filings, April 2024.

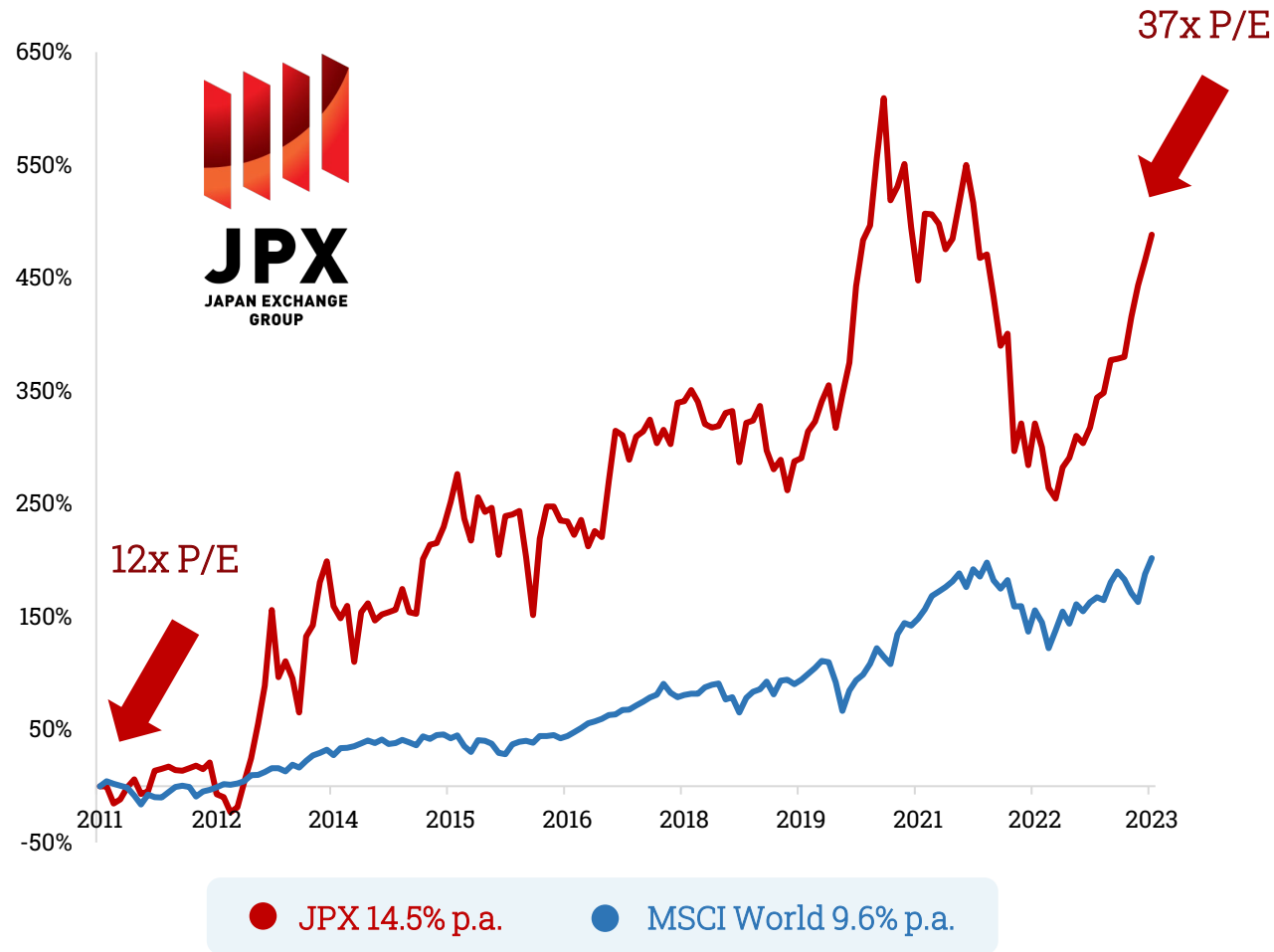
# Responsible Co-Ownership for the Truly Long-Term

Material family ownership by number of holdings

## Global Equity



# Turnover Case Study: UMG for JPX



# UMG

Est. 1934

- Largest music entertainment company in the world, with iconic labels and a 30%+ market share
- The industry has been transformed by the shift to streaming
- Repeat listening characteristics makes catalogue content immensely valuable
- Music is highly strategic for social media and tech platforms
- Significant opportunity ahead for subscriber growth, ARPU\* increases, contract renegotiations, and margin expansion

Source: Bloomberg, company filings, April 2024. ARPU stands for average revenue per user. This is not intended as a buy or sell recommendation. Past performance is not a guide to future performance.



# The benefits of patience



**“The stock market is a device for transferring money from the impatient to the patient.”**

WARREN BUFFETT

Source: WWE/TKO 2024; Lindsell Train & Bloomberg March 2024; Warren Buffett. Total Returns in GBP from fund inception 16 March 2011 to 31 March 2024.



# Lindsell Train Investment Team



## **Michael Lindsell**

Japanese & Global Equities

Michael co-founded Lindsell Train Limited in 2000 and is the firm's Chief Executive. He is the portfolio manager for Japanese equity portfolios and jointly manages Global equity portfolios. Michael has over 40 years' experience in investment management. Before founding Lindsell Train he spent seven years at GT Management, first as CIO in their Tokyo office, then in London with responsibility for all GT's global and international funds. Following the acquisition of GT by Invesco in 1998 he was appointed head of the combined global product team. His previous experience included working at Mercury Asset Management where he was director and head of Japanese fund management in London; at Scimitar Asset Management in Hong Kong where he ran Pacific and Japanese mandates; and at Lazard Brothers as an investment manager. Michael has a degree in Zoology from the University of Bristol.

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## **Nick Train**

UK & Global Equities

Nick co-founded Lindsell Train Limited in 2000 and is the firm's Chairman. He is the portfolio manager for UK equity portfolios and jointly manages Global equity portfolios. Nick has over 40 years' experience in investment management. Before founding Lindsell Train he was head of Global Equities at M&G Investment Management, having joined there in 1998 as a director. Previously he spent 17 years at GT Management where his final role was as Chief Investment Officer for Pan-Europe, having built long investment track records in both UK and Global equities. Nick has a degree in Modern History from the University of Oxford.

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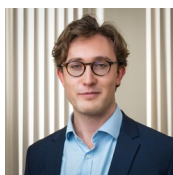


## **James Bullock**

Global & North American Equities

James joined Lindsell Train in 2010 and is a portfolio manager. He has jointly managed global equity portfolios since 2015 and is responsible for the North American Equity Fund. James has a Masters degree in Physics from the University of Oxford and a doctorate in Biomechanics from the University of Cambridge.

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## **Ben van Leeuwen**

Global Equities

Ben joined Lindsell Train in 2019 and was promoted to Deputy Portfolio Manager of the Global Fund in 2023. He has a degree in English Language and Literature from the University of Oxford.