

LINSELL TRAIN

Japanese Equity Fund

ALL DATA AS OF 30 SEPTEMBER 2023

QUARTERLY 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 (%) ¥

	2018	2019	2020	2021	2022
Japanese Equity Fund (A Yen)	-6.4	+20.1	+2.5	-9.5	+2.7
TOPIX Index	-16.0	+18.1	+7.4	+12.7	-2.5
Relative Return	+9.6	+2.0	-5.0	-22.2	+5.2

Total Return Performance to 30th September 2023 (%) ¥

	Annualised							
	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Appt.*
Japanese Equity Fund (A Yen)	-1.5	-2.2	+3.7	+3.2	-0.5	-0.7	+8.4	+6.3
TOPIX Index	+0.5	+2.5	+25.7	+29.8	+15.4	+7.6	+9.3	+5.8
Relative Return	-2.0	-4.7	-22.0	-26.6	-15.9	-8.3	-0.9	+0.5

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 Dollar
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

¥27,630m / £152m

Share Price

A Yen	¥512.04
B Yen	¥229.68
B Yen Dist	¥179.12
B (£) Hedged – Dist	£2.82
B (£) Quoted – Dist	£2.14
C US Dollar	\$1.43

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

Lindsell Train Ltd,
66 Buckingham Gate,
London,
SW1E 6AU

Tel: +44 (0) 20 7808 1210
info@lindselltrain.com

Manager

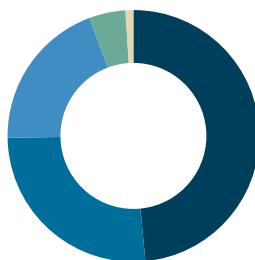
Waystone Management Company (IE)
Limited

Regulated by the Central Bank of Ireland

Top 10 Holdings (%NAV)

Nintendo	9.68
Kao Corp	9.20
OBIC Business Consultants	7.74
Astellas Pharma	6.75
Shiseido	6.30
Japan Exchange Group	4.67
Pigeon	4.63
Calbee	4.63
Yakult	4.60
Takeda Pharmaceutical	4.59

Sector Allocation (%NAV)



Allocation and holdings subject to change

● Consumer Franchise/Brands	48.5
● Media	26.3
● Healthcare Incl. Pharmaceuticals	19.6
● Financials	4.7
● Cash	1.0
Total	100.0

Lindsell Train sector definitions

Fund Attribution - Q3 2023

Top Contributors %

OBIC Business Consultants	1.27
Kao Corp	0.58
Japan Exchange Group	0.55
SBI Global Asset Management	0.33
Taisho Pharmaceutical	0.23

Top Detractors %

Shiseido	-1.37
Square Enix	-1.14
Yakult	-0.95
Milbon Co	-0.73
Pigeon	-0.70

Attribution calculated on an absolute basis.

Source: Morningstar Direct.

Share Class Information

	Minimum Investment	Management Fees	Ongoing Charges Figure (OCF)*	ISIN	Sedol
A Yen	¥200,000	1.10% p.a.	1.27% p.a.	IE0004384180	438318
B Yen	¥10,000,000	0.60% p.a.	0.77% p.a.	IE00B11DWM09	B11DWM0
B Yen Dist	¥10,000,000	0.60% p.a.	0.77% p.a.	IE00B11DWS60	B11DWS6
B (£) Hedged – Dist	£100,000	0.60% p.a.	0.77% p.a.	IE00B3MSSB95	B3MSSB9
B (£) Quoted – Dist	£100,000	0.60% p.a.	0.77% p.a.	IE00B7FGDC41	B7FGDC4
C US Dollar	\$250,000	0.60% p.a.	0.77% 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 the 31st December 2022. It is calculated by the Fund Administrator and published in the KIID dated 17/02/23. 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

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

Portfolio Manager's Comments

The third quarter resulted in a disappointing 2.2% fall in the net asset value of the Fund, reducing performance since the beginning of the year to a marginal gain of 3.7%. The TOPIX index on the other hand edged further forward by 2.5%, helped by continued strong performance from industrial companies (the iron and steel sector was up 19% and transport equipment – mainly auto companies – up 13%) and leveraged financials (banks were up 21%).

While the strong performance of areas that the Fund does not own (and in many cases will most likely never own) was again the biggest factor, there were some disappointing share price falls, including Square Enix which ended the quarter down 23%. The development and marketing costs associated with the latest release of its core title of Final Fantasy, Final Fantasy XVI, resulted in only marginal profits from its high definition games business division in the first quarter. Much was expected from this Playstation 5 exclusive title, and although sales saw a jump with 3 million units sold in the first week, this didn't match some of the market's bigger expectations. Now that these costs have been absorbed, we would expect a recovery in profits as the year progresses. Final Fantasy is Square Enix's most resonant franchise, selling more than 175 million copies since it was first launched in 1987. To put that into perspective, it's superseded by Nintendo's most storied Super Mario franchise that has sold 390 million units on all consoles since 1985, but matched by the Mario Kart franchise, which has sold almost exactly the same number of units as Final Fantasy since 1992. Dragon Quest, Square Enix's next highest selling title, has sold 85 million units, while Kingdom of Hearts comes in third with 36 million. Much is now expected of two further Final Fantasy titles due to release over the next year: the updated MMO (massive multiplayer on-line) version of Final Fantasy XIV, and the release of Final Fantasy VII Ever Crisis as a smart phone game. It is still early days in President Kiryu's reign, but we have a sense that the focus he is placing on profitability follows on from the sale of Square Enix's overseas studios, Eidos and Crystal Dynamics, which never really proved their worth and required a stronger grip on game development expenses generally. This quarter's share price fall has left the shares looking even better value, with an enterprise value of less than 2x sales – less than half the valuation of other listed game franchises in Japan and the USA. This for a company with two 35 year old franchises that emulate the sales of some of the best IP from Nintendo.

Concerns over the sustainability of consumer spending in China and the ongoing weakness of the property market impinged on the share price performance of some of our companies that have substantial business interests in China. Over the three month period, Shiseido fell 19%, Pigeon 15% and Yakult 20%. Around a quarter of Shiseido's sales come from China, c.36% of Pigeon's and c.20% of Yakult's. Historically, all three derive more sales from Chinese tourists compared to other portfolio companies, with less direct exposure to Chinese mainland sales. Overall, the Fund's exposure to Chinese sales is c.7%. Time will tell if these knee jerk reactions are warranted. We suspect consumption patterns will be more nuanced and companies will be rewarded with rising sales even in difficult times – as long as their products are adequately differentiated and have a discernable utility. And it's this that we value from Shiseido's cosmetics, Pigeon's baby care products and Yakult's probiotic drinks.

On the other side of the ledger, Obic Business Consultants had a good quarter, up 19%, partly in response to quarterly results which showed a steady take up of its cloud based accounting, payroll and business management software from small and medium-sized companies. This is an extraordinarily sticky and profitable business, even more so now as the client migration from on-premise to the cloud continues to accelerate. Japan Exchange Group, another exceptionally profitable business with operating profit margins above 50%, revised up expected earnings on the back of increased trading volumes in securities and derivatives associated with rising markets. The shares were up 12% over the quarter. Less explainable was the 11% rise in the price of SBI Global Asset Management, given that most of its assets are invested in bonds where prices have been static or falling. Finally, we were pleased to see the shares of Taisho Pharmaceutical up 15%. Sales of both domestic and overseas over the counter ('OTC') drugs are faring better than anticipated. Combine this with an outrageously low enterprise value of 0.3x sales and it is not surprising that the shares rallied so strongly. OTC drug companies are good businesses, offering many of the characteristics that we look for. Products are branded, inspire strong customer loyalty and form strong local franchises. Well-run companies typically command enterprise values of 3-4x sales. Taisho may not be as well-run as we would like, but we are hopeful this will change and if it does, 0.3x sales represents a steal.

Michael Lindsell, 6th October 2023

Source: Lindsell Train, Morningstar & Bloomberg; as of 30th September 2023

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

Contacts

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

Fax: +353 1 400 5350

Email: dublinTA@linkgroup.ie

Regulated by the

Central Bank of Ireland

Board of Directors

Alex Hammond-Chambers

David Dillon

Gerald Moloney

Lesley Williams

Keith Wilson

Important Information

This document is for information only and is not to be construed as a solicitation, recommendation or an offer to buy or sell any security, fund or financial instrument. This document is a marketing communication and has no regard for the specific investment objectives, financial situation or needs of any specific investor. This is not a contractually binding document. If in doubt, investors should seek advice from a financial advisor prior to investing. Any decision to invest should be based on information contained within the prospectus of the Fund, the Key Investor Information Documents (KIIDs) and the latest report and accounts. No investment decision should be based on this communication alone. Any references to specific securities are for the purposes of illustration only. Fund performance data is calculated net of fees with income reinvested unless stated otherwise. All performance and income data is in relation to the stated share class, performance of other share classes may differ. The dividend yield is not guaranteed and will fluctuate. There is no guarantee that the fund will achieve its objectives. Tax legislation and the levels of relief from taxation can change at any time. Any change in the tax status of a Fund or in tax legislation could affect the value of the investments held by the Fund or its ability to provide returns to its investors. The tax treatment of an investment, and any dividends received, will depend on the individual circumstances of the investor and may be subject to change in the future.

Past performance is not a guide or guarantee to future performance. Investments carry a degree of risk and the value of investments and any income from them may go down as well as up and you may not get back the amount you originally invested. Investments may be affected by movements in currency fluctuations. All references to benchmarks are for information purposes only. To the extent that the portfolio invests a relatively high percentage of its assets in securities of a limited number of companies, and also invests in securities with a particular industry, sector or geographical focus, they may be more susceptible than a more diversified portfolio to large swings (both up and down) in their value. Furthermore, the concentrated nature of the

portfolio leads to relatively significant holdings in individual securities which can have an adverse effect on the ability to sell these securities when the Investment Manager deems it appropriate and on the price of these securities achieved by the Investment Manager at the time of sale.

The Lindsell Train Global Funds plc – Japanese Equity Fund (the “Fund”) is a UCITS open ended investment company authorised in Ireland by the Central Bank of Ireland and is a scheme recognised by the UK Financial Conduct Authority (FCA).

This Fund is not registered under the Securities Act 1933 or the Investment Company Act 1940 of the United States of America (“USA”) and is therefore not for distribution to any US persons or to any other person in the USA. This Fund is not registered with the Securities & Futures Commission in Hong Kong and accordingly the distribution of this document is restricted. Opinions expressed whether specifically, or in general, or both on the performance of individual securities and in a wider economic context represent the view of Lindsell Train Limited at the time of preparation. They are subject to change and should not be interpreted as investment advice. Although Lindsell Train Limited considers the information included in this document to be reliable, no warranty is given to its accuracy or completeness. The information provided in this document was captured on the date indicated and therefore is not current. Current prices and the latest copy of the Prospectus can be obtained from Lindsell Train Limited or the Fund Administrator. No part of this document may be copied, reproduced or distributed to any other person without prior express written consent from Lindsell Train Limited.

Issued and approved by Lindsell Train Limited 66 Buckingham Gate, London, SW1E 6AU (registered office in England & Wales No.03941727). Authorised and regulated by the Financial Conduct Authority (FRN:194229)

Copyright Lindsell Train Limited 2023