

THE LINDSELL TRAIN INVESTMENT TRUST PLC

The new benchmark derived from annual average yield on the longest-dated gilt will also be adopted as a component of the discount rate in Lindsell Train Limited's ('LTL') valuation formula replacing the one derived from the Consol.

Future performance fees will be calculated with reference to the new benchmark in place of the old one and in addition there will be a cap on all fees paid (management and performance) at 5% of NAV or market capitalisation whichever is lower in any one financial year. In the event of the imposition of the cap, the high water mark for determining any future performance fee would be adjusted downwards to account for the amount of the fee withheld.

Since the Company was established the original Consol benchmark has always been a tough hurdle to beat versus equities in general. Since inception to the end of March 2015 it compounded at 4.6%pa versus the MSCI index in Sterling at 4.3%pa as shown in the table A comparing LTIT's NAV and the benchmark returns. Of course, continuing to outperform the benchmark becomes even tougher whenever a high water mark is established after the payment of a performance fee. We expect the new benchmark to be even harder to beat in the future.

In our shareholder communication we will continue the practice of referencing our returns to the performance of equities as measured by the MSCI Index in Sterling when it is relevant and especially when exposure to equities is high – as it is today.

Chart A

Comparison of the Consol and longest dated Government Bond yield over the last 15 years

