Lindsell Train

Annual Stewardship Report

2023

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Foreword

The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. There are also high expectations that adhering to the Code will lead to sustainable benefits for the economy, the environment and society.

We reiterate our introductory comments from last year, where we noted that Lindsell Train was delighted to be amongst the first wave of signatories of this important Code, which reflects on our enhanced efforts as a company to integrate stewardship and responsible investment into our investment decision-making, reporting and governance activities. It is important for us that we continue to meet the expectations of the Financial Reporting Council, our investors and our stakeholders. In order to do so and in creating this report, we have reflected in the report on several factors - our history and culture; the progress we have made to date as stewards of our clients' capital; our plans to further raise our standards; and our ongoing ambitions to support the drive towards achieving sustainable outcomes on a broader scale.

We believe there to be a clear and accelerating convergence between achieving our clients' investment goals and investing in businesses that meet rising regulatory standards, particularly when investing over a time horizon such as ours, that stretches over decades rather than just quarters or years. The resultant long-term partnerships that we build with investee companies form the cornerstone of our approach to stewardship. This means we must be continually alert to all relevant long-term issues - including those related to responsible investing - and use our influence to maximise overall long-term value for our clients. As investors, we expect our portfolio companies to adapt and compete in a world that is increasingly focussed on sustainability and where the tangible risks and opportunities are ever more apparent. Of course, we must lead by example and I hope that this report satisfactorily outlines our own efforts to respond to the opportunities whilst managing the risks.

Our ESG Committee (of which I am Chair) is now firmly embedded in our governance structure and has been instrumental in ensuring that we remain abreast of regulation, continue to meet our clients' expectations and encourage the work and ambitions of our portfolio companies. Of specific note, during 2023 we measured our progress against our interim net zero targets, we enhanced our ESG training, we strengthened our commitment to the abolishment of Modern Slavery and we reviewed our approach to engagement.

Finally, over the course of 2023, we have dedicated significant time and resource to considering how we will respond to the introduction of both the Task Force on Climate-Related Financial Disclosures (TCFD) reporting (mandatory for Lindsell Train from June 2024) and the UK Sustainability Disclosure Requirements (SDR). Whilst these are not covered explicitly in this years' report, I would like to assure our investors and stakeholders that we are fully supportive of both and have ensured that both have been given the attention they deserve.

As I said last year, these are no small challenges, but we are confident we have the skills, resources and tenacity to address the expectations set by the Stewardship Code.

Nick Train, Chair
on behalf of the board of Lindsell Train Limited.

Unless stated otherwise, all information and data in this report is as at 31 December 2023.

I

SIGNATORIES' PURPOSE, INVESTMENT BELIEFS, STRATEGY, AND CULTURE ENABLE STEWARDSHIP THAT CREATES LONG-TERM VALUE FOR CLIENTS AND BENEFICIARIES LEADING TO SUSTAINABLE BENEFITS FOR THE ECONOMY, THE ENVIRONMENT AND SOCIETY

Lindsell Train is an investment company that specialises in the management of Global, UK, Japanese and North American equity portfolios, managing over £16bn of client assets as of 31 December 2023.

The company was founded in 2000 with the premise that keeping corporate complexity, including hierarchy, to a minimum would foster an optimal environment for fundamental research, high-conviction portfolio management, and long-term performance and stewardship outcomes for clients. As such, Lindsell Train continues to maintain a small and simple organisational structure, employing fewer than 30 professionals across all business lines.

Furthermore, our independence – with our founders and employees maintaining majority ownership – ensures we can continue to prioritise the integrity of these principles on which the company was founded. We believe our disciplined application of our business and investment principles is ultimately what underpins our ability to meet the diverse needs and objectives of our clients and progress our stewardship goals over the longer term.

A long-term focus is embedded in everything that we do:

- **Our investment philosophy, which emphasises protecting and growing the real value of our clients' capital over the long-term by investing in companies that are truly durable;**
- **Continuity of our external shareholder relationship with the Lindsell Train Investment Trust, which has supported the business since its establishment, and which is important as both a long-term partner and advisor; and**
- **Our recruitment policy, a key element of which is to seek out individuals who we hope will build their entire career at Lindsell Train.**

OUR PURPOSE

The 'purpose' of Lindsell Train is to achieve strong long-term investment results for our clients whilst providing a professional working environment. Underpinning this purpose is an investment-led culture, fostered through our simple organisational structure. This focus is recognised by our employees and provides the basis for working together effectively. We believe that this, together with our encouragement of independent thought, initiative and openness, promotes a strong work ethic and employee camaraderie, giving us the best chance of achieving our purpose.

OUR PRINCIPLES AND VALUES

Our firm was founded with three business principles, which remain in place today:

- To invest client capital as we would invest our own
- To align our interests with those of our clients
- To take the long view on investment performance and business development

We invest alongside our clients. Underlining strong alignment of interests, our Portfolio Managers continue to invest substantially in Lindsell Train equity and managed funds. Furthermore, 42% of total employees invest in Lindsell Train managed funds, 11 employees own equity in the business and five employees have a meaningful portion of their annual remuneration linked to our profit share scheme. Adopting a long-term perspective in business development involves engaging with investors who appreciate our patient investment approach, aligning with their long-term objectives. This entails careful market and distribution channel selection globally, while assessing regulatory, compliance, operational, and client service factors. Our business principles are based on our values of integrity, steadfastness and transparency. Our values are embedded throughout our business and extend to our relationships with employees, shareholders, clients and third parties.

Integrity – We are committed to doing business to the highest standards of integrity.

Steadfastness – We have always followed a well-defined approach of investing in exceptional companies for the longer term. This requires high conviction and patience through periods of market volatility, including macroeconomic, regulatory and geopolitical uncertainty.

Transparency – We communicate internally and externally with honesty, realism and respect.

OUR VISION AND STRATEGY

The company's strategic mission is to consistently meet our clients' expectations. This relates not only to the achievement of strong long-term investment results but also to fulfilling our clients' wider requirements, which have increasingly focussed on a desire to invest responsibly. We look to build strong and positive relationships by providing professional, responsive and friendly client service. We look to partner with clients who fully understand and embrace a long-term, high conviction investment approach and with whom we expect to maintain a fruitful partnership over many years. In order to meet these goals, our company has a culture based around our focus on investment, fostered through our simple organisational structure. Effective teamwork, encouraged and promoted by co-founders Michael Lindsell and Nick Train, underpins both investment and business management.

We recognise that in the past five years, we have not met our clients' expectations in terms of delivering relative outperformance. However, the longer-term track records for our flagship Global and UK equity strategies remain robust. Additionally, through this volatile period we have demonstrated a strong commitment to our investment approach, alongside our efforts to deliver client service excellence, including access to our Investment Team and explanation of our return drivers.

OUR INVESTMENT APPROACH

How do we look to achieve our investment objective of preserving and growing the real purchasing power of our clients' assets over the long-term?

At the heart of our approach is a conviction that inefficiencies exist in the valuation of 'exceptional' companies. Specifically, we note that durable, cash generative franchises are not only rare but also appear to us to be undervalued by other investors for most of the time. We invest in such 'exceptional' companies with the expectation of holding them for the very long-term. It is the resultant long-term partnerships that we build with portfolio companies that form the cornerstone of our approach to Responsible Investing.

Our truly strategic time horizon means we must be continually alert to all relevant long-term issues, with the objective of pre-empting risk and enhancing returns. Hence the consideration of all ESG factors which might affect our companies has always been central to our investment approach. Indeed, we have historically found that these 'exceptional' companies tend to exhibit characteristics associated with good corporate governance and responsible business practices. Furthermore, we believe that companies which observe such standards, and that are serious in their intention of addressing environmental and social factors, will not only become more durable, but will likely prove to be superior investments over time.

Our experience and research tell us that 'exceptional' companies are found only in a limited number of sectors, which means that many sectors are never (or rarely) represented in our portfolios. For example, we do not invest in capital intensive manufacturing industries or any companies involved in the extraction and production of coal, oil or natural gas. We also avoid industries that we judge to be sufficiently detrimental to society that they may be exposed to burdensome regulation or litigation that could impinge on financial returns (e.g. tobacco, gambling or arms manufacturers).

> “*'Ultimately ESG presents a real risk of the permanent loss of our client's capital and, accordingly, our job is to apply an ESG adjusted risk premium to what we analyse to be eternal assets. That way we ensure we observe Warren Buffett's #1 rule – don't lose money!*”
>
> —— **Nick Train, Portfolio Manager**

Furthermore, through our engagement strategy, we increasingly seek to encourage and support our companies to meet their own ESG commitments with the aim of improving standards and enhancing returns. Thus our evaluation of ESG factors is a natural part of our investment process and the exercise of our stewardship responsibilities is integral to our research process.

ESG STRATEGY AND OUTCOMES

Whilst we believe that our commitment to Responsible Investing through long-term partnerships with our portfolio companies is well understood and valued by our clients, we have continued to dedicate significant time and resource to establishing a more robust approach to active ownership, including enhanced ESG training, integration, engagement and proxy voting.

As a result of these efforts, we have improved existing policies, reviewed and responded to upcoming regulation, reflected on the appropriateness of our governance structures and worked with our clients and consultant partners to understand how we can serve their best interests. Below we have highlighted examples of specific outcomes achieved in 2023.

- Measured progress against our interim net zero targets - Q3 2023 marked a year since we established our baseline as well as the first assessment of our portfolio companies' progress towards our net zero goal, details of which can be found on page 35.

- Improved UN PRI scorecard - We received the PRI's updated 2023 scorecard, which shows that Lindsell Train has scored 4/5 in all three relevant categories. This improved scorecard reflects on our enhanced efforts as a company to continue to integrate stewardship and responsible investment into our investment decision-making, reporting and governance activities. Lindsell Train's Transparency Report can be found on our website **here**.

- Enhanced ESG Training – We recognise the importance of ongoing training for all employees and importantly our Investment Team and ESG Committee. During 2023 we expanded the scope of this training, as detailed on page 13.

- Strengthened our commitment to the abolishment of Modern Slavery – we have updated our Responsible Investment and Engagement Policy to specifically reflect on this commitment and have strengthened our partnership with CCLA and other members of Find It, Fix It, Prevent it (further details found on pages 22 and 44).

- Formalised our Engagement Framework - an engagement framework has been drafted and presented to the ESG Committee for its approval. We expect that this will be officially launched in Q2 2024.

Whilst we have made substantial progress, we have plenty on the agenda for 2024. Most notably, we will be producing mandatory TCFD reporting at both entity and product level for the first time this year and also responding to SDR regulation. We will be reviewing our resourcing of these activities as a result to ensure that we can continue to deliver the level of service that our clients have come to expect and deserve.

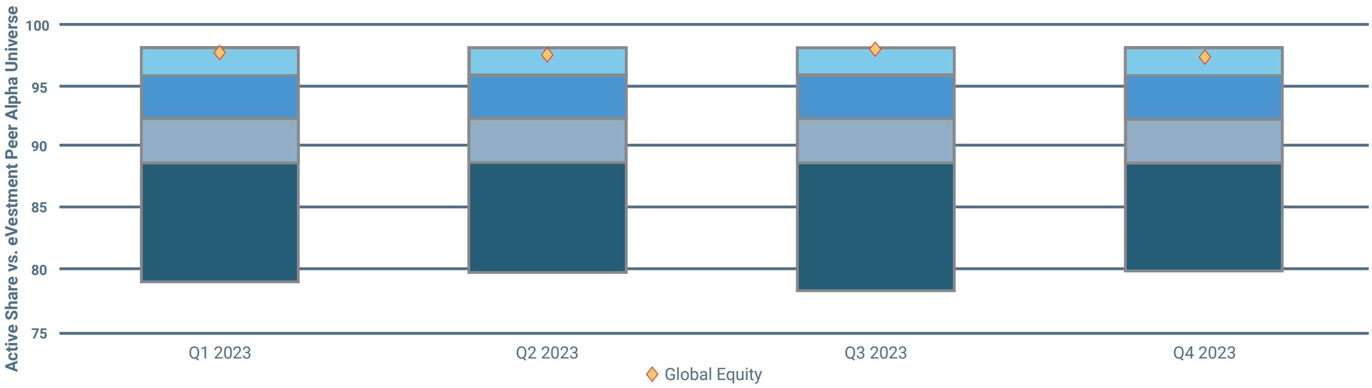
ASSESSING OUR VALUE

In assessing the effectiveness of how our purpose, strategy and investment principles combine to enable our stewardship priorities to benefit clients' long-term interests, we observe four objective and quantifiable metrics versus the market and industry peers:

- **Carbon Footprint –** Our Global and UK equity strategies are our largest, with total strategy assets representing 98% of our total firm's assets under management (AUM); and each strategy's carbon footprint has consistently been less than that of the applicable market index since inception. We discuss in further detail how our investment principles have guided us to avoid capital-intensive industries like coal, oil and natural gas, as well as benchmark each strategy's carbon footprint relative to that of the market under Principle 7 of this report.

- **Downside Market Capture –** Given our focus on quality, durable businesses for the truly long-term, our clients' expectations are that our portfolios should be more resilient during periods of market contractions. For the 10 years to the end of December 2023, our Global Equity Strategy's downside market capture is ranked within the 7th percentile of peers in eVestment's All Cap Global Equity Value, Growth and Core Universes. Over the same time period, our UK equity strategy's downside market capture is ranked within the first percentile of eVestment's All Cap UK Equity Value, Growth and Core Universes.

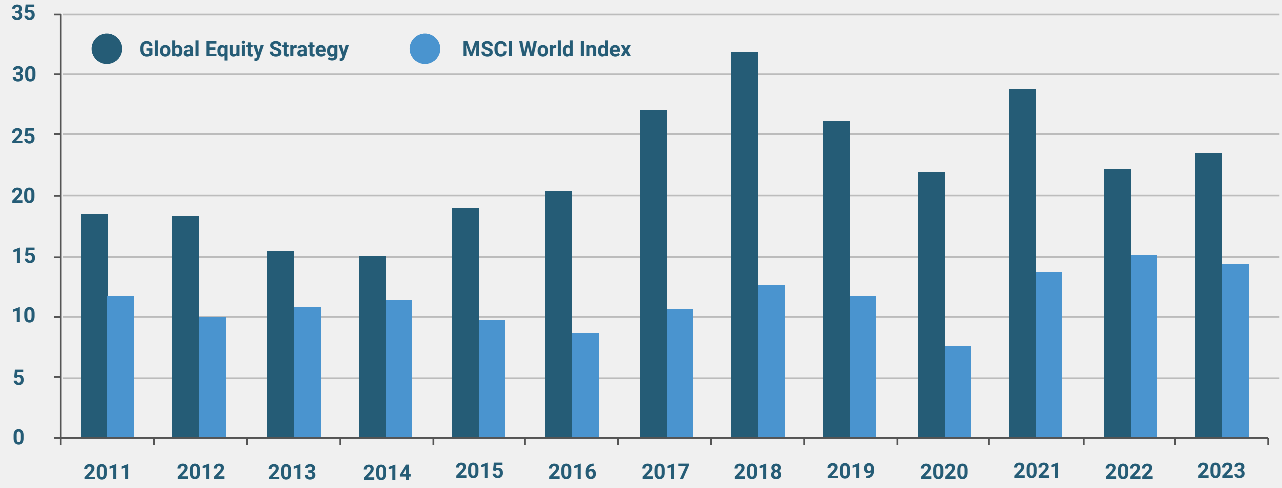
- **Active Peer Share -** A high active peer share indicates that a manager's holdings deviate significantly from that of the average manager in the universe. We feel our clients' interests are best served in the long-term by remaining consistent with our investment principles, i.e. an emphasis on companies with heritage and enduring quality, portfolio concentration and uniquely low turnover, which generates a differentiated approach to the index and peers. To evidence this, our strategies' active peer share rankings are high irrespective of which eVestment Global peer universe is referenced. The chart below shows our flagship Global Equity Strategy's active peer share rankings for each of the four quarters of 2023.



Source: eVestment Analytics; Lindsell Train Global Equity Active Peer Share rankings vs. eVestment All Cap Global Value Equity Manager Universe

- **Return on Equity (ROE)** – Fundamental to our investment principles and approach is our search for high quality companies with durable business characteristics, a low capital intensity, a record of prudent capital allocation and, crucially, a consistently higher than average return on equity. A combination of these factors should ensure that wealth retained within the company can compound over time building long-term value and supporting better than average share price performance.

Weighted Average Return on Equity %



Source: Lindsell Train and Bloomberg 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.

2011-2023	Lindsell Train Global Strategy	MSCI World Index
13yr mean weighted average ROE	22%	11%

We have been able to deliver good long-term investment returns for our clients, a commitment to investing responsibly and also, we hope, the level of service that our clients require. However, like our expectations of the companies in which we invest, our clients' expectations of us are constantly evolving and rightly so. There is always more work to be done.

II

SIGNATORIES' GOVERNANCE, RESOURCES AND INCENTIVES SUPPORT STEWARDSHIP

Over 24 years on from Lindsell Train's inception, our common desire to build a business where corporate complexity is kept to a minimum remains strong. We have avoided as far as possible the bureaucracy and hierarchy that accompanies many large businesses. Instead, we have intentionally maintained a small and dedicated team of staff, currently numbering less than 30, who have on average worked at Lindsell Train for six years and represent a wide range of experience and skill sets. The company continues to be majority owned by our co-founders, and other key individuals, allowing us to maintain the integrity of the business principles on which the firm was founded. This independent and simple organisational structure, combined with a robust governance model, form the foundation of our approach to effective stewardship of our clients' assets. Stewardship is a core component of our approach and is integrated across all business activities, including investment where active ownership forms an important part of our process.

GOVERNANCE

Although aware of the limitations and potential risks associated with a smaller team, we believe that these are well balanced by the maintenance of a robust governance structure. Lindsell Train's Board of Directors has overall responsibility for assuring processes and policies and assessing the effectiveness of our activities, including those relating to stewardship.

In addition to the **Board of Directors**, and to facilitate the day to day running and oversight of Lindsell Train's regulated investment business, there is a **Management Committee**. The purpose of the Management Committee is to ensure the proper execution of the company's business strategy, as agreed by the Board of Directors. ESG is a standing agenda item at all Board and Management Committee meetings.

In addition, an **ESG Committee** ensures the clear definition of our ESG strategy and how this is put into practice, as well as to oversee the identification and mitigation of risks relating to ESG. The ESG Committee is also responsible for ensuring that as a business we monitor the sustainability of our operations. Nick Train is Chair of the committee, and he is joined by Mathew McNeill (Chief Compliance Officer - CCO), Madeline Wright (Head of Investment ESG) and Jessica Cameron (Head of Institutional Marketing & Client Service). Both Madeline and Jessica have passed the CFA Certificate in ESG Investing.

Further governance structures at Lindsell Train include the **Risk and Compliance Committee** and the **Valuation Committee**. We have summarised these committees within the table below.

The aforementioned committees were formed to manage all aspects of the firm's investment, distribution, administration, and control oversight functions as well as to encourage the sharing of knowledge and ideas across the various business functions at Lindsell Train.

All Committees as of 31st December 2023.

Board of Directors **Executive Directors:** Nick Train (Chair), founder and Portfolio Manager Michael Lindsell (CEO), founder and Portfolio Manager; Michael Lim, IT and Company Secretarial; Joss Saunders, Chief Operating Officer; Keith Wilson, Head of Marketing and Client Service **Non-Executive Directors:** Rory Landman; Julian Bartlett; Jane Orr	**Responsible for:** • Setting the strategy of the firm. • Establishing and maintaining a robust internal control framework. • Ensuring compliance with all applicable legal and regulatory requirements. ESG is a standing agenda item at all meetings of the Board, underlining the importance with which we view ESG and sustainability from a corporate perspective. **Frequency of meetings:** Three times per year
Management Committee Michael Lindsell (Chair), founder and Portfolio Manager; James Bullock, Portfolio Manager; Jessica Cameron, Marketing & Client Service; Joss Saunders, Chief Operating Officer	Responsible for matters relating to the day-to-day management of the company. Ensure that the frameworks of internal systems and controls within each function are operating effectively. **Frequency of meetings:** Quarterly
Risk and Compliance Committee Julian Bartlett (Chair), Non-executive Director; Michael Lim, IT and Company Secretarial; Joss Saunders, Chief Operating Officer; Mathew McNeill, Chief Compliance Officer, Richard Lambert, Risk and Projects Manager	Ensuring that all risk and compliance matters regarding the company are considered and addressed as appropriate, as well as alignment to Lindsell Train's risk appetite statement (as set by the Board); For compliance, this includes regulatory developments, regulatory filings, internal compliance metrics, and reviewing compliance related policies; For risk, this includes ensuring the risk control framework of the firm operates effectively covering all risk matters (strategic, business, operational and financial), reviewing risk related policies, procedures, ICARA, and BCP. **Frequency of meetings:** At least twice per year
ESG Committee Nick Train (Chair), founder and Portfolio Manager; Jessica Cameron, Marketing & Client Service; Mathew McNeill, Chief Compliance Officer; Madeline Wright, Deputy Portfolio Manager	To ensure the clear definition of the Company's ESG strategy and to provide a formal forum to discuss ESG risks and opportunities to our business, with the objective of identifying, monitoring and mitigating ESG risks and effecting change. Responsible for ensuring that Lindsell Train Limited monitors the sustainability of its operations and adopts the necessary policies and objectives to meet the standards expected of us by our clients, stakeholders, and regulators. **Frequency of meetings:** At least twice per year
Valuation Committee Joss Saunders, (Chair) Chief Operating Officer; Michael Lim IT and Company Secretarial; Mathew McNeill, Chief Compliance Officer,	Responsible for reviewing and maintaining the firm's valuation policy, as well as ensuring that any valuation matters are suitably addressed. **Frequency of meetings:** At least twice per year

Our business decisions support our aim to keep complexity to a minimum. One early policy decision we took was to limit the number of segregated mandates that we will manage, since each additional account has an impact on both our portfolio management and operational resources. Today over 55% of our assets under management are invested in pooled vehicles, up from 30% ten years ago. Not only does building pooled vehicles in this way allow us to keep corporate complexity to a minimum but another benefit is that investors in each fund gain the additional comfort of that fund's own independent governance structures, over and above that provided by Lindsell Train in its capacity as Investment Manager.

In this vein, we would also draw your attention to the Lindsell Train Investment Trust (LTIT), which owns nearly 25% of Lindsell Train Limited. The Lindsell Train Investment Trust is a UK quoted closed end fund. At the end of the reporting period, LTIT's stake in Lindsell Train Limited represents over 36% of the Trust's portfolio NAV. This means that the board of LTIT (five independent directors, together with Michael Lindsell) take a significant interest in both the long-term plans and the governance of Lindsell Train.

Lindsell Train's independence means that all business decisions are made with the long-term interests of our employees and our clients in mind. For example, we do not have (and have never had) 'targets' with regards to raising assets and we are careful in our approach to developing new client bases by type or geography. This ensures that we do not over-stretch our resources; in particular we need to carefully manage the time that our Portfolio Managers spend on activities not directly related to investment. It is for this reason that we also look to define the parameters of any client relationship to ensure that we can meet the servicing levels that our clients expect from us.

We look to partner with clients who fully understand and embrace a long-term, high conviction investment approach and where we expect to maintain a fruitful partnership over many years. We are also careful to prioritise projects that are meaningful to clients and to the success of our business.

RESOURCE

We believe that our ESG objectives will be better achieved if all staff are fully aware of them and understand their importance in the proper execution of their role. Hence Lindsell Train continues with its decision to integrate ESG across our business. This also reflects on the nature of the organisation and the attitude and aptitude of our staff, who need to be able to embrace variety in their roles. ESG integration within our investment process is led by the Lindsell Train Investment Team, and we provide more detail on how this is achieved below.

INVESTMENT

Madeline Wright (Deputy Portfolio Manager and Head of Investment ESG) is responsible for coordinating the Investment Team's ESG endeavours. However, given that responsible investing is and has always been a natural part of our investment approach, we think it most appropriate that all six Investment Team members take shared responsibility for ensuring that ESG is integrated throughout the investment process. With our concentrated approach and relatively small number of strategies we are typically invested in around 70 investee companies across all four of our strategies at any time. As a result, our Investment Team are fortunate to be able to dedicate appropriate time and capacity to interact with all our portfolio companies on a regular basis and in particular on pressing topics..

Within the Investment Team, ultimate oversight and decision making (including voting decisions) lies with the three Portfolio Managers, who have extensive experience in deploying our long-term investment approach. Portfolio Managers Michael Lindsell and Nick Train boast over four decades of expertise each, while James Bullock has accrued over 13 years of investment experience. Their multi-decade experience includes the assessment of various risks and opportunities (many of which are now formally recognised as ESG related) that may influence a company's long-term prospects, as well as the engagement on such topics with company management.

Name	Responsibility	Years in Industry	Years at LT
Michael Lindsell	Co-Founder, Portfolio Manager (Global & Japan)	42	24
Nick Train	Co-Founder, Portfolio Manager (Global & UK)	43	24
James Bullock	Portfolio Manager (Global & North America)	13	13
Madeline Wright	Deputy Portfolio Manager	11	11
Alexander Windsor-Clive	Deputy Portfolio Manager	8	8
Ben van Leeuwen	Deputy Portfolio Manager	5	5

OVERSIGHT

Key individuals involved in the oversight of ESG at Lindsell Train are senior members of staff who are either Certified Persons or Senior Managers under the Financial Conduct Authority's (FCA) Senior Managers & Certification Regime (SMCR). They bring to the table a wide variety of experience and expertise, having in most cases enjoyed multi-decade careers in investment management.

The strides we have made to date in the area of ESG have been a result of individuals rising to the challenge, recognising both the magnitude of ESG as a business risk and an opportunity. More generally, attributes we look for in our staff include: the desire to embrace our culture and working environment; the ability to work independently as well as to understand the wider team requirements; self-motivation; curiosity; analytical skills; ability to write articulately; and ability to think outside the box.

Please refer to the biographies included on page 55 for details.

TRAINING

We conduct regular (at least annual) ESG training for relevant staff, including all members of the Investment Team and ESG Committee. The training serves to remind staff about the key principles of Responsible Investing, to update them on industry and regulatory developments in stewardship, to confirm how Lindsell Train integrates such principles into our investment process and business strategy and to discuss milestones achieved and future priorities. The training also seeks to help our staff better understand the importance of a successful engagement strategy.

In July and October we hosted workshops that comprised our 2023 annual ESG training. This year we were extremely grateful to have been supported by a Global Consulting firm with deep knowledge of integrating climate analysis into stock selection and monitoring, as well as Global Canopy, co-founder and official piloting partner of the Taskforce on Nature-related Financial Disclosures (TNFD), investment consulting firm, Aon and portfolio company, Burberry.

The sessions focussed on the role of the manager, and specifically the responsibility and fiduciary duty placed on truly long-term investors such as ourselves; the implications of Artificial Intelligence (AI) for ESG; the importance of proxy voting, and in particular the increased focus on shareholder proposals; the regulatory pressures faced by listed large-cap companies and their readiness to respond; as well as the impact of equity manager engagement and consumer demands in shaping ESG strategy. Internal presentations focussed on the upcoming Sustainable Disclosures Requirements (SDR).

In addition to these in-person sessions, last year we introduced online ESG training to all staff using an online training solution, Skillcast. The course covers topics such as the importance of ESG in the wider world, how ESG issues relate to the financial services sectors, how to identify ESG issues facing our organisation and how to support ESG initiatives within the business.

INCENTIVES

Our remuneration arrangements take into account sound and effective risk management, do not encourage excessive risk taking and are in line with our business strategy, objectives, values and the interests of shareholders and clients.

We seek to pay competitive rates of fixed salary remuneration, supplemented by discretionary bonuses when appropriate to reflect the company's success and to reward individual and team contributions. Importantly we do not reward on the basis of short-term targets. Discretionary bonus payments recognise an employee's contribution to the overall business, including supporting the culture and values of our company, and their overall job performance (taking into consideration both qualitative and quantitative measures) and are subject to the employee's compliance with Lindsell Train's internal policies and procedures. Given the significant and growing importance of ESG in the investment industry and to the future of our business, management take into account all work that has contributed to our efforts in this area.

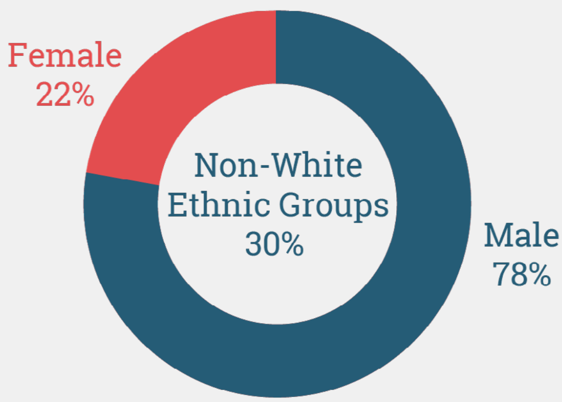
For key employees there is also the opportunity to acquire shares in Lindsell Train Limited as well as the opportunity to share in the profit of the company through a dedicated profit share scheme. The ownership of equity in our company encourages those employees who are shareholders to take a more strategic view on their careers at Lindsell Train, and moves to align their long-term interests with those of our clients.

In summary, we believe that Lindsell Train has a robust governance structure, rigorous processes and appropriate resources given the size and nature of our business. Critically, we also have the ability to recognise where we might not have the appropriate skills in-house and in these instances we are prepared to work with professional providers who offer exceptional services in their areas of expertise. For example, we engaged with a legal firm to help us meet our obligations under SDR. We try our best to look ahead and endeavour to adequately resource our company in order to continue to provide a service to our clients of which we can be proud.

EQUAL OPPORTUNITY, DIVERSITY AND INCLUSION

Our staff, clients and other parties with whom we engage expect us to have a clearly defined approach to diversity and inclusion as set out in our Equal Opportunity, Diversity and Inclusion Statement, which is available on our website.

Lindsell Train has always recruited and retained staff without prejudice and based on meritocracy. At the end of December 2023, the firm had a male to female ratio of 78:22, and non-white ethnic groups represented 30%.



We continue on our path to enhancing Lindsell Train's attraction as a place to work for both existing and future employees. Lindsell Train now operates flexible working practices as we believe that, as long as we can continue to fully meet our clients' expectations, offering more flexibility should mean more engaged, fulfilled and happy staff.

When recruiting staff, we have worked hard to ensure that the pool of candidates is as diverse as possible, by advertising roles and engaging with dedicated organisations such as GAIN (Girls Are INvestors) and social mobility charity, UpReach, through whom we have successfully recruited.

CASE STUDY

upReach
Transforming Social Mobility

Lindsell Train is proud to have a partnership with UpReach, an award-winning social mobility charity. UpReach has a mission to support undergraduates from lower socio-economic backgrounds to access and sustain top graduate jobs. UpReach is driven by a vision of a society in which everybody has an equal opportunity to realise their full career potential regardless of social background.

During 2023 we extended our partnership with UpReach, which includes hosting an annual internship experience, comprised of a day in our offices followed by an optional four-day virtual research project. The internship is aimed at university students considering a career in Investment Management. The day of presentations in our offices aims to provide an overview of the asset management industry, including its positive role within the wider finance industry, as well as an introduction to Lindsell Train, whilst the four-day project seeks to immerse candidates in the role of a research analyst. Having received very positive feedback, we have committed to continue this important event with UpReach.

III

SIGNATORIES MANAGE CONFLICTS OF INTEREST TO PUT THE BEST INTERESTS OF CLIENTS AND BENEFICIARIES FIRST

In the course of undertaking our investment management services, and factoring in our relationship with investee companies, stakeholders, clients and other interested parties, it is inevitable that there are occasions when potential conflicts of interests might arise. Our core values of integrity and transparency support our regulatory obligation to identify and manage such potential conflicts. Our Conflicts of Interest policy, to which all staff members must adhere, can be found on our website **here**.

We have taken appropriate measures to identify, prevent and manage conflicts of interest. Where a potential conflict is identified, we will seek to organise our business activities and arrangements in a manner so as to prevent the crystallisation of the conflict. This may include the appropriate segregation of functions and business lines such that a level of independence will mitigate the potential for conflict, as well as ensuring appropriate policies and staff training are in place.

Whilst we will take all reasonable steps to avoid conflicts of interest arising, we recognise that it will not always be possible to do so. Where necessary, we will clearly disclose in writing the details of the conflict to the client before undertaking any regulated business or providing any regulated services to that client. Disclosure in and of itself is not deemed by us to mitigate a potential conflict and our senior management will take all reasonable steps available to manage the conflict.

Our clients' best interests are of paramount importance to us, therefore if it is determined that we are unable to manage a conflict of interest, we will decline to act on behalf of the client concerned. Underpinning our conflicts of interest policy is our procedure for managing conflicts which is summarised below:

- **Conflict identification:** All staff are provided with training to ensure they are equipped to identify potential conflicts of interest, including those related to investment decision making, proxy voting and company engagement.

  Compliance works in conjunction with the Management Committee to assess whether any new conflicts arise as a result of business and product development.

- **Assessment:** Where a potential conflict is identified, this will be raised with Compliance who will lead a discussion with the relevant staff member(s) to determine the appropriate procedures and controls necessary to manage the conflict. From a stewardship perspective the aim is always to protect the independence of the decision-making process around stock selection, proxy voting and engagement. Where the view of the Chief Compliance Officer is that the conflict of interest cannot be adequately managed, the matter will be escalated to our Management Committee.

- **Record keeping:** The Compliance Team maintains a Conflicts Register which is a central record of all perceived and live conflicts of interest and the associated mitigating/management arrangements. Arrangements established to manage conflicts of interest are subject to review by the Compliance Team at set-up and on a periodic basis thereafter to test their ongoing effectiveness. The Conflicts Register organises perceived conflicts into the following categories:
    - Trading and Investment
    - Pricing and Valuation
    - Information Distribution and Disclosure
    - Personnel
    - Relationship
- **Board Oversight:** All conflicts of interests are reported to and reviewed by the Board at least annually.

Lindsell Train's Board, in conjunction with our Compliance Team and business unit heads, take responsibility for ensuring that our Conflicts of Interest Policy and Procedures are implemented appropriately and updated as necessary.

Examples of conflicts of interest in 2023:

Conflict	How we manage the conflict
Distribution relationships with portfolio companies Our investment strategy results in concentrated portfolios with potentially large stakes in portfolio companies. We can (and do) have product distribution relationships with certain portfolio companies which creates a risk that a conflict of interest may influence investment decisions, voting and/or company engagement.	We segregate decision making around stock selection, voting and engagement from the management of relationships with distributors. We also carefully assess where any matters on which we are required to exercise voting authority present a conflict and where a material conflict exists we will not vote.
Employees personally owning shares in portfolio companies Employees can have personal investments in the companies in which we are investing on behalf of clients, which means conflicts of interest could influence buy/sell decisions and/or voting and engagement activities.	All employees (which includes Portfolio Managers) must seek permission from Compliance for their personal securities transactions. Permission will not be given where a trade in the same security has been executed on behalf of a client in the prior ten days or where there is an open order for a client which is being worked on. Similarly, where the security is on our restricted stock list permission will not be granted. In addition, we apply a minimum holding period on all personal securities transactions of 28 calendar days. From a record keeping standpoint employees must ensure that details of their personal transactions and their holdings remain up to date. There is therefore full visibility of what our Portfolio Managers hold personally.
Portfolio companies who are also service providers to Lindsell Train Companies whose shares are held in Lindsell Train managed portfolios may also be companies who provide services to Lindsell Train. There is a risk that our Portfolio Managers could be perceived as having influence over our selection of appropriate service providers to the business.	We segregate decision making on stock selection from the decision making on service provider selection. This ensures that decisions on both are made independently of one another.
External business interests Employees who have external commitments (e.g. Directorships) may be influenced to act in a manner that conflicts with the interests of Lindsell Train or its clients. For example, Michael Lindsell is a Director of The Lindsell Train Investment Trust plc (LTIT). LTIT is a significant shareholder in Lindsell Train, invests in other Lindsell Train managed products and is responsible for the ongoing review and appointment of Lindsell Train as its Portfolio Manager.	Employees may not accept any external appointment or additional occupation without prior written approval from the Chief Compliance Officer. All employees must provide a quarterly declaration of all external business interests. Michael Lindsell is precluded from being involved in LTIT Board decisions regarding the appointment of Lindsell Train as Portfolio Manager, and LTIT Board decisions regarding the Trust's investments in Lindsell Train or in products managed by Lindsell Train.

Material non-public information obtained through company engagement Lindsell Train has a strong preference not to be made an insider. However, through the course of our engagement activities we will voluntarily agree on occasion to be given inside information to aid our discussion with a portfolio (or potential portfolio) company's management or board. Inside information could be used to influence investment decisions.	We have strict protocols in place to manage situations where an employee is in receipt of inside information. We operate a 'one in all in policy' and therefore trading restrictions on all personal and client trading are implemented on a company wide basis by Compliance and remain in place until the information is made public.
Segregated client investments in other Lindsell Train managed portfolios Clients which appoint Lindsell Train as their Portfolio Manager may have holdings in other vehicles which are also managed by Lindsell Train. This creates a potential conflict of interest insofar as it could be perceived that Lindsell Train has influence over investment decisions and voting matters related to these holdings. For example, The Lindsell Train Investment Trust plc (LTIT) has an investment in the WS Lindsell Train North American Equity Fund.	Lindsell Train is not permitted to make any investment decisions regarding holdings in other Lindsell Train managed vehicles. The investment decision making authority resides with the investment trust's Board of Directors. The position is the same in regard to voting. Where an employee of Lindsell Train sits on the investment trust's board, they will recuse themselves from decision making regarding the holding.

We believe our framework continues to be effective for managing conflicts of interest. We will continue to review and adapt our approach in light of business and regulatory changes to ensure that our clients' interests continue to come first.

IV

SIGNATORIES IDENTIFY AND RESPOND TO MARKET-WIDE AND SYSTEMIC RISKS TO PROMOTE A WELL-FUNCTIONING FINANCIAL SYSTEM

Lindsell Train recognises the responsibility placed on all market participants, big and small, to support an effective market system. As an investment manager it is our responsibility first and foremost to fulfil our obligations to our clients, in particular our objective of protecting the real value of our clients' assets.

We therefore aim to be alert to all market-wide and systemic risks which may impact our ability to generate good outcomes for our clients. Lindsell Train's Risk & Compliance Committee (RCC) is responsible for horizon scanning and monitoring such risks. The committee is ably supported by a combination of internal resources (including our own Risk Function) and existing partnerships, where there are often deep pools of expertise.

During 2023 we appointed a third party independent investment risk consultant to help support our Risk Function and the RCC to identify and monitor the pertinent risks in our portfolios. While we recognise that investors must take on some form of risk in order to generate returns, we nonetheless recognise the importance of overseeing all forms of risk and providing independent challenge to the Investment Team.

Crucially though, our investment approach remains unchanged, as has been the case since Lindsell Train's inception in 2000. We think we serve our clients and society best by taking a patient, supportive and long-term approach when making investments, and being very selective in the companies in which we invest. After all, the original purpose of the investment industry was to help providers of capital to find return-generating ideas in which to invest, not to try to outdo other market participants.

What's more, we take some comfort from the fact that our portfolio holdings (or the brands or market positions they occupy) have on average survived for more than 100 years. This means they have encountered World Wars, depressions, recessions, digital transformations, varying inflation and interest rate environments and more recently a pandemic. We therefore have every expectation that these companies can successfully navigate the challenges presented by the next few decades, such challenges including – continued digital disruption, data security risks, climate change and human capital risks, to name just a few.

During 2023, we identified several systemic risks, including the **meteoric rise of technology companies** (and most notably the "Magnificent Seven"), **the persistent valuation discount of UK equities**, and **modern slavery**, all of which are examined in more detail below. We also continued to monitor previously identified systemic risks that still pose a significant threat to the financial system, such as the **climate emergency.**

INCREASING CONCENTRATION OF GLOBAL STOCK MARKET

Investing in an index like the MSCI World should, in theory, offer broad and diversified exposure to the market. Passive instruments are often seen as a lower risk way of gaining exposure to global equities, though looking at the index today, there are reasons to be wary of this assumption.

After a brief respite in 2022, technology companies returned to their winning ways in 2023, buoyed by increasing optimism around Artificial Intelligence. The so-called Magnificent Seven – Microsoft, Apple, Nvidia, Amazon, Alphabet, Tesla and Meta – delivered over half of the MSCI World's total return last year, and now account for over 20% of the Index.

> *"This current phenomenon has not, and will not, change how we invest. We remain focused on optimising the bottom-up credentials of our highly concentrated, idiosyncratic portfolio, and don't believe that paying any extra attention to the index will result in a higher likelihood of outperformance. If anything, one might expect the opposite."*
>
> — **Ben Van Leeuwen, Deputy Portfolio Manager**

Few times in history has the global stock market been so concentrated on a handful of companies and, importantly, so concentrated on companies with very similar characteristics. All of the MSCI World top-10 are US businesses, and nine of the 10 can be broadly categorised as technology companies. Correlations between index heavyweights in recent years have been high – for example, the Magnificent Seven all underperformed the MSCI World in 2022 by at least 8 percentage points (USD, total return), and all outperformed in 2023 by at least 20 percentage points.

There is much to admire about many of these businesses, but we believe that replicating prior benchmark winners at this point would carry very significant risk. History suggests that when a small number of stocks have driven dramatic outperformance for a sector, arriving late to that party can be risky. If their concentration has driven recent returns, they could reverse this if they fall. We had a glimpse of what this might look like in 2022 – on an equally weighted basis, the Magnificent Seven fell -46% compared to a -18% fall from the MSCI World Index.

We believe a healthy and functioning financial system requires asset managers to maintain a consistency of investment approach, whatever that approach might be. With the global stock market so concentrated, providing investors with a variety of investment approaches and portfolios to choose from is more important now than ever.

At Lindsell Train, we try to find long-lasting franchises with deep moats and the ability to reinvest at super-normal rates of return for extended periods of time. Some of the Magnificent Seven form part of our investment universe, though many do not, and it's unlikely they will in the near future. James Bullock, Co-Portfolio Manager of the Global Equity Strategy and Portfolio Manager of the North American Equity Strategy, explored the concept of long-term compounding in more detail in a presentation at our Annual Update Event for clients and consultant partners in November 2023. He showed that the best quality compounding companies can, and will, have fallow periods where short-term challenges conspire against them. As long as a company is able to maintain a high and consistent internal rate of return, he argued that an investor is generally much better off holding on than trying to trade in and out of new ideas.

PERSISTENT UNDERPERFORMANCE OF UK EQUITIES

We wrote about the valuation gap between UK equities and their international peers in 2021, and in truth very little has changed over the past two years. Indeed, if anything the valuation gap has widened. As a manager of a dedicated UK Equity Strategy, and with significant domestic exposure in our Global Equity Strategy, this is deeply frustrating.

> *"The long underperformance of the UK stock market has resulted in what seems to us anomalously low valuations for world class companies listed on the London market. Diageo is the world's #1 alcoholic beverage business, Experian is the world's #1 credit bureau, LSEG is the world #1 provider of real-time financial data."*
>
> **Nick Train, Portfolio Manager**

Our clients understandably and regularly ask us why the valuation gap persists and what could prompt UK equities to fall back into favour with home and international investors. One particular conversation with one of our consultant partners inspired a recent Investment Insight, published in April 2023. Titled "Unintended Consequences" and written by Co-founder and Portfolio Manager, Nick Train, the piece **(found here)** examined the impact of UK pension funds divesting from the UK stock market, concluding that the UK's lack of globally significant technology champions has probably been the deciding factor for its recent backwater status. We were pleased to see the Investment Insight quoted in a number of national and trade publications, highlighting the industry-wide value assigned to our voice and opinions.

As Nick articulates in the piece, there are reasons to be optimistic on UK PLC. A number of UK businesses are not only best in class but are also available at a much lower valuation than their comparable peers in the US and even Europe. The UK stock market is arguably dominated by 20th century business models, which has meant that the extraordinary wealth created by technology has not had the same impact on the FTSE All Share as, say, the NASDAQ. However, we feel fortunate that we are able to gain access to a number of London-listed companies with a credible opportunity to benefit from continuing digitisation and the advancement of Artificial Intelligence.

When, or if, the valuation gap closes, we don't know. We welcome the UK government's attempts to stimulate interest in the UK equity market such as the Mansion House Reforms. Perhaps as or even more important, we are encouraged that international investors are beginning to stand up and take notice of the UK stock market. For instance, we understand from Diageo that US investors now account for over 40% of its share register. Bloomberg data confirms that, apart from Lindsell Train Limited, there are no other active UK investment managers amongst Diageo's top-ten shareholders. Interestingly, both Berkshire Hathaway (Warren Buffett's vehicle) and the Bill Gates Foundation are in the top ten of Diageo's share register and these are exactly the kind of long-term investors one would hope to see helping world class UK companies like Diageo to implement their growth strategies.

CLIMATE CHANGE

As highlighted within this section last year, climate risk remains the great issue of our era. Perhaps what has become even more apparent to us over the last 12 months is that whilst engagement (including at a collaborative level) leads to incremental change, it is law and regulation that drives real progress. Our engagement work this year has shown that the introduction of mandatory TCFD reporting has had the desired effect of driving progress and supporting consistency of reporting. Where action is not mandated, there is a risk that certain companies or geographies fail to prepare appropriately for the costs and business risks brought about by the climate emergency's physical and transition risks.

As you will read throughout this report, Lindsell Train remains committed to progressing our own climate risk-mitigation strategy and those of the companies in which we are invested.

MODERN SLAVERY

Modern slavery is a blight on humanity as we proceed deeper into the 21st Century, encompassing multiple forms of exploitation including forced labour, human trafficking and servitude. Recent estimates suggest that there are now 50 million people across the globe in modern slavery, with nearly 28 million in forced labour. The situation has been exacerbated by conflict, climate change and the pandemic. There is huge potential for businesses to take action to address and ultimately eradicate modern slavery globally, and we recognise that financial services have an essential role to play in this fight. As investors in several Fast Moving Consumer Goods (FMCG) and luxury fashion companies, we are particularly alert to modern slavery in the supply chain and the business and ethical risks it poses. Furthermore, as signatories of the CCLA-founded initiative Find It, Fix it, Prevent it, which is exclusively focused on the abolition of modern slavery, we are committed to delivering lasting positive change.

Lindsell Train's Modern Slavery Statement can be found on our website **here**.

OTHER INITIATIVES/CONTRIBUTIONS

In addition to the systemic risks detailed above, we have continued to engage with companies on specific matters that we believe will create a better functioning financial system. Lindsell Train believes that companies that observe high standards of corporate governance and responsible business practices should increase their chances of survivability and their ability to generate long-term sustainable growth, for the greater good of financial markets as a whole. Key to this are the incentive structures and capital allocation policies adopted by industry participants and Lindsell Train pays careful consideration to the policies of the companies in which we invest.

> **Remuneration** – In assessing a company's policies we focus more on how incentives are structured rather than the actual quantum of compensation. In other words we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles. Furthermore, at Lindsell Train, we strive to ensure that our own Remuneration Policy is aligned with what we expect from investee companies. Importantly we do not reward on the basis of short-term performance.
>
> **Capital allocation** – This is one of the most critical means for translating corporate strategy into action to maximise beneficial outcomes for all stakeholders. Lindsell Train investee companies generate a large amount of cash, and so assessing value creation opportunities is paramount to how we invest. After all, these financial decisions significantly impact the company itself, its shareholders and the entire economy.

Whilst we hope that in our role as an Investment Manager we have demonstrated our ability to identify and respond to market-wide and systemic risks, we would also like to set out how we contribute more widely to a well-functioning financial system.

SUPPORT POLICYMAKERS AND INDUSTRY INITIATIVES

We are pleased to support and uphold the important work led by a number of industry bodies, including the Investment Association, the FRC; Net Zero Asset Managers (NZAM) initiative; the Principles for Responsible Investment (PRI); the IFRS Sustainability Alliance; UpReach and Find It, Fix It, Prevent It. These have been selected with careful consideration of our resources and our ability to actively contribute to the initiatives we have chosen to support. We are aware of our limitations, and we are also mindful of the extent to which initiatives are often overlapping in their over-riding objectives. However, we recognise that collaboration and unified influence quickens progress and so we are eager to lend our support where we think we can make a difference. Please refer to pages 15 and 44 for details of our collaborations with both UpReach and Find It, Fix It, Prevent It.

THE INVESTMENT ASSOCIATION

UK STEWARDSHIP CODE

RACE TO ZERO

Signatory of: PRI Principles for Responsible Investment

IFRS Sustainability Alliance

Beyond this work, and within Lindsell Train more broadly, we promote: ensuring that all business activities comply with all applicable legal and regulatory requirements; the fostering of good governance, integrity and accountability; and ensuring that all investors have access to clear, comprehensive and high quality information. Where we do not have the expertise in-house, we work collaboratively with partner organisations, Authorised Corporate Directors and Management Company of our pooled funds. ACD and ManCo's of our pooled funds.

Moreover, we believe it is important, wherever possible, that we actively represent the views of smaller organisations such as Lindsell Train, whose voices and businesses could potentially be at risk of being drowned out by larger organisations (with more extensive resources). As such, Lindsell Train investment professionals are keen to engage in discourse around the challenges of investing, and regularly attend and speak at industry events. Such communications connect us with our clients and the wider public and serve to encourage the adoption and advancement of a long-term investment approach. We also believe that if investment managers share their insights in this way, it helps to lift the overall expertise in our industry, to the ultimate benefit of investors. For example, during 2023 the Lindsell Train Investment Team:

- Hosted Lindsell Train client/prospect events in London, Cape Town and Johannesburg
- Presented at the AGMs of two investment trusts (Finsbury Growth and Income Trust and the Lindsell Train Investment Trust)
- Presented at Canaccord Genuity Wealth Management's Client Investment Conference in London
- Presented at Frostrow's Annual Investment Seminar in London
- Presented at the BCI Global Investment Manager Conference in Cape Town, South Africa
- Presented at Morningstar's Investment Conference in Johannesburg, South Africa
- Presented at the Glacier Investment Summit in Parys, South Africa

We also welcomed the opportunity to contribute to LGT Wealth's annual Sustainable Due Diligence Questionnaire alongside a number of other asset managers. The results of the questionnaire were used to compile LGT Wealth's 2023 Fund Sustainability Engagement Report.

V

SIGNATORIES REVIEW THEIR POLICIES, ASSURE THEIR PROCESSES AND ASSESS THE EFFECTIVENESS OF THEIR ACTIVITIES

The Lindsell Train Board of Directors has overall responsibility for assuring processes and policies and assessing the overall effectiveness of our activities, including those relating to stewardship. To that end, a number of the Directors contributed to this Stewardship Report in advance of its review and approval by Nick Train, Chair in April 2024. In doing so, the Board considers the report to provide a fair and balanced view of our approach to stewardship and responsible investment. In addition to the Board of Directors, Lindsell Train manages its business with the oversight of a Management Committee, a Risk and Compliance Committee, an ESG Committee and a Valuation Committee **(refer to page 11).** These committees were formed to manage all aspects of the company's investment, distribution, administration and control oversight functions as well as to encourage the sharing of knowledge and ideas across the various business functions at Lindsell Train.

The ESG Committee has overall responsibility for our stewardship activities, including ensuring their continuous improvement. Industry developments, regulatory responsibilities and any risks or opportunities relating to stewardship (including our company engagement activity) will be discussed in these meetings, with the objective of ensuring our stewardship activities are proving effective.

The ESG Committee is responsible for owning the Responsible Investment & Engagement Policy, the Proxy Voting Policy and the Diversity & Inclusion Statement of Lindsell Train and ensuring their effective implementation. The ESG Committee is also responsible for monitoring and reviewing each for their ongoing relevance, effectiveness, and further development, if required. All three are reviewed at least annually and are published on our website.

As way of an example, the Responsible Investment & Engagement Policy was updated in the reporting year to reflect the prioritisation of our focus on climate and social risks (and in particular, modern slavery). The update led to the inclusion of an explicit section focused on the importance of our engagement related to ethical supply chains within our portfolio companies. Similarly, our Proxy Voting Policy has been adapted to ensure that it aligns with the commitments to our ESG initiatives, such as Find It Fix It Prevent It, the CCLA backed initiative to tackle modern slavery in supply chains. Given the size and nature of Lindsell Train, we do not have an internal audit department; however the following internal control processes and frameworks have been established to support Lindsell Train's risk oversight and ensure that we follow our own procedures and policies.

RISK MANAGEMENT FRAMEWORK

The Risk and Compliance Committee oversees the risk management processes of Lindsell Train's business and the adequacy and effectiveness of its risk controls, including those relating to stewardship. The Risk function works closely with each business unit to design and implement suitable risk management systems and controls. The company maintains a corporate risk register that includes ESG risks proposed by the ESG Committee. The corporate risk register is reviewed by the Risk and Compliance Committee at each meeting, with the Chair of the committee reporting to the Board on a periodic basis (at least twice a year). The Chair can also escalate concerns to the Board outside of the periodic meeting, as felt necessary. A business risk assessment is produced annually by the Risk function as part of the ICARA report and is reviewed by the Board. The company's MiFIDPRU Public Disclosures are available on our website **here**.

COMPLIANCE MONITORING

The Risk and Compliance Committee also oversees the ongoing operations of sound internal control systems to ensure the effectiveness of the company's compliance arrangements are consistent with, and proportionate to, the risks posed by its regulated activities. Compliance reviews the firm's Conflicts of Interest Policy and register, including the associated controls, at least annually.

The compliance monitoring programme has been developed and maintained to provide oversight, on behalf of the Board, and to ensure that all relevant policies and procedures are adhered to, and also to detect and prevent compliance breaches. The company's compliance monitoring programme is risk based and tests are performed on a daily, weekly, monthly, quarterly, semi-annual and annual basis depending on the level and nature of risks identified.

In addition to the monitoring programme carried out by Lindsell Train's Compliance Team, the effectiveness of the company's compliance systems and records are also independently reviewed by ACA, an external firm of compliance consultants.

PROXY VOTING

GLASS LEWIS

Glass Lewis has been appointed as independent proxy voting agent to support the voting process. Glass Lewis assists in the voting of proxies, coordinating with clients' custodians and Broadridge Proxy Edge ("Proxy Edge Platform") to ensure that all proxy voting details, and information received relating to the clients' portfolio securities are processed in advance of the relevant deadline. Where we have received authority to exercise voting rights from clients, we will vote in accordance with our own predetermined approved voting guidelines. Lindsell Train's voting guidelines state that we will typically, but not always, vote in line with the company's management. Our voting guidelines are reviewed by the Portfolio Managers at least annually.

The administration of proxy vote instructions is delegated to approved persons within the Investment Team. Any decision to vote where not in line with the company's management requires written approval from the relevant Portfolio Manager in advance of casting the vote. A list of investment staff responsible and authorised to vote on behalf of clients is maintained and reviewed annually by a Portfolio Manager or Lindsell Train Director.

Instructed proxy votes obtained from Glass Lewis reports are recorded into a voting spreadsheet. This contains information of client accounts, dates voted, and the votes analysed into agendas. A proxy voting report is produced monthly by the operations team and signed off by the Chief Operating Officer/Head of Operations and a Portfolio Manager. Sample testing is conducted on this report by the Compliance Team on a quarterly basis to check that votes are being handled in line with the proxy voting policy and procedure. Any identified exceptions are recorded by compliance. Compliance may also require the Investment Team to undertake remedial action to mitigate against future possible exceptions and may also escalate any concerns or issues to the ESG and Risk & Compliance Committee.

EXTERNAL ASSURANCE PROCESS

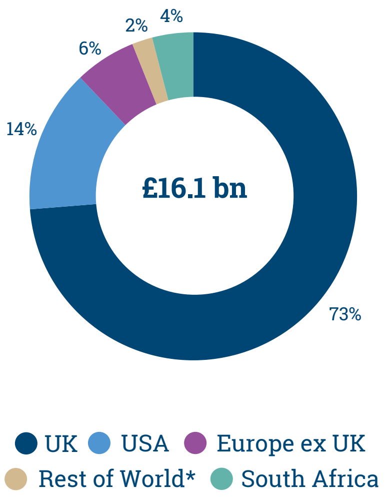
Our company's operational and control processes are reviewed by an external audit firm in the form of a TECH 01/20 AAF report (SSAE 16 or ISAE 3402 equivalent). The TECH 01/20 AAF report includes a review of our stewardship control processes, specifically controls around the governance and recording of voting and engagements with portfolio companies, ESG reporting deliverables to regulators and clients, and the accuracy and completeness of our proprietary ESG database. As the business evolves, we ensure our controls remain appropriate, which includes reviewing our TECH 01/20 AAF controls.

VI

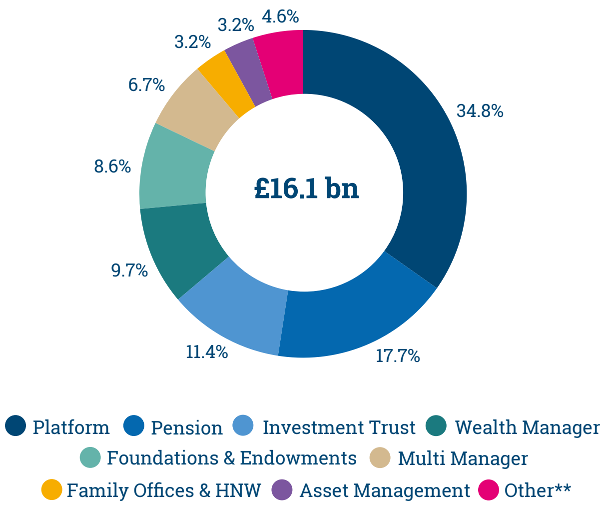
SIGNATORIES TAKE ACCOUNT OF CLIENT AND BENEFICIARY NEEDS AND COMMUNICATE THE ACTIVITIES AND OUTCOMES OF THEIR STEWARDSHIP AND INVESTMENT TO THEM

Lindsell Train's investor base is institutional in nature. Therefore, the clients to whom Lindsell Train provides investment management services are generally other financial entities such as pension schemes, foundations, investment trusts and regulated pooled vehicles. We have provided a breakdown of our assets by both client type and geography in the pie charts below.

Assets by client location,
31 December 2023



Assets by client type,
31 December 2023

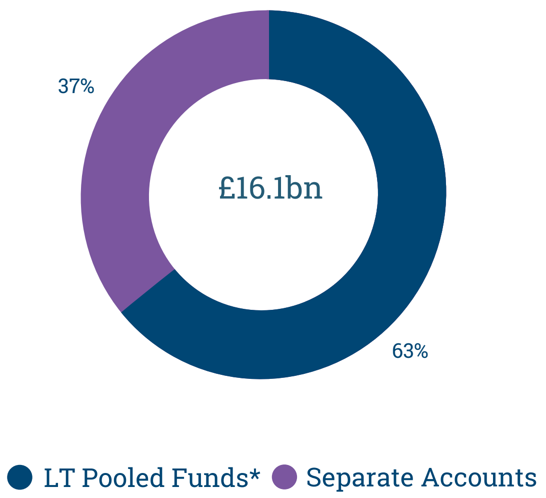


Includes: Isle of Man, Asia Pacific, Channel Islands, Middle East, South America and British Virgin Islands. This data looks through to the underlying clients in our pooled vehicles. Nominee, Not-for-profit, Insurance, Individuals and Public Funds.*

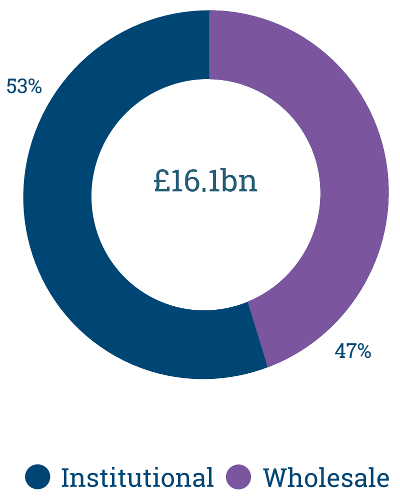
We do not deal directly with private retail investors as all of our clients through the wholesale channel are advised or intermediated by a financial advisor and/or investment platform. Indeed, together, platforms, IFA/wealth managers and private individuals (our 'wholesale business') make up just under half of our total AUM.

For this wide range of investors, we need to make sure that we produce client reporting that is understandable, clear and not misleading. Through ongoing dialogue with our clients we can ensure we are taking account of their investment, stewardship and reporting needs.

Assets by vehicle type,
31 December 2023



Assets by business channel,
31 December 2023



**LF Lindsell Train UK Equity Fund, LF Lindsell Train North American Equity Fund, Lindsell Train Global Equity Fund, Lindsell Train Japanese Equity Fund and Lindsell Train Global Equity LLC.*

Reflecting our long-term high conviction approach to investment, we look to partner with clients over many years. To give ourselves the best chance to fulfil this aim it is imperative that our services continue to meet our clients' goals and expectations, both with regards to investment and client servicing. Our clients' views and objectives are sought generally through pre-funding calls with the clients themselves and/or their advisors or investment consultants.

In most instances we have pre-existing relationships with these client intermediaries, which facilitates constructive dialogue and allows us to focus on the needs of our mutual clients.

In 2023, we conducted our annual ESG survey as part of the registration process for our Annual Update client event. Once again this provided valuable insight, enabling us to assess whether ensuring positive impact or ESG as a risk management tool is more important to our investors; whether our clients would view the addition of an ESG objective for our funds, alongside the existing financial return objectives, positively or negatively; and finally whether clients would like to learn more about how we integrate ESG into our investment process. On an ongoing basis, client and consultant feedback and evaluation of our services, combined with the internal controls and procedures that we have in place, enables us to manage our clients' assets in alignment with both their investment and stewardship policies.

We have available a range of documents and marketing materials that serve to provide a comprehensive overview of how we approach the investment challenge as well as how we ensure investments and clients are safeguarded. There are also minimum disclosure documents, as prescribed by regulation, to ensure that investors fully understand the risks associated with the product in which they are investing.

Of Lindsell Train's 27 employees, eight are dedicated to Marketing and Client Services. We prioritise client engagement and seek to anticipate client requests. Moreover, any decisions or discussions requiring senior management input or approval can be effected efficiently because of our small organisational structure. We have always believed it is important that our clients have access to our Investment Team through direct meetings and communications written by the Investment Team, including reporting commentary and our 'Investment Insight' series – as such communication is productive for both parties. We learn from our clients while they (hopefully) learn from us.

As a result of our bottom-up investment process, our client reporting is highly focussed on our views of individual companies. Reflecting our integrated approach, these reports will often include discussions on responsible investment and stewardship matters. We also report more extensively on our engagement activities with individual companies in a quarterly dedicated ESG and Engagement report, which has been made available to clients on request and has had an accelerating readership. Furthermore, we aggregate the four quarterly reports into an annual review document which is published on our website, alongside our Proxy Voting Record for the calendar year. The ESG & Engagement Report provides a summary of any company-wide stewardship milestones, as well as details of our key engagement activity during the period under review, including any initiations, escalations, results or collaborations.

Throughout 2023 we have continued to respond to a large number of due-diligence questionnaires and requests for meetings focussed on stewardship and ESG, and we continue to respond to increased demands for ESG data (in particular climate related data) and reporting. The dedicated Responsible Investment area on our website houses all ESG reporting and policies. Topical thought-pieces produced by the Investment Team are also available on the website. In response to our efforts, we have been assured by our clients as well as our consultant partners that we are providing the necessary reporting for our clients to meet their own ESG regulatory reporting obligations, for example providing clients with carbon intensity metrics to complete their own TCFD reporting obligations.

VII

SIGNATORIES SYSTEMATICALLY INTEGRATE STEWARDSHIP AND INVESTMENT, INCLUDING MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES, AND CLIMATE CHANGE, TO FULFIL THEIR RESPONSIBILITIES

Lindsell Train has a single investment approach which is implemented across all our strategies (and hence funds and geographies) by one Investment Team. All six members contribute to the research process, as we do not separate out research from portfolio management. We think it is important that all members of the team are generalists to encourage as broad a range of market, industry and company knowledge as possible. The process is iterative in nature and all research is reviewed and debated as a team. Embedded in this approach is our evaluation of ESG factors, including climate change, as it is our view that we can best serve clients through the application of an integrated approach, where our Investment Team leverage ESG considerations to make better decisions.

Whilst the primary aim of Lindsell Train is to protect the real value of our clients' capital over the long-term, in our search for 'exceptional' companies (that is durable, cash generative businesses that achieve higher than average returns on capital) we must take into account long-term risks and opportunities, including those related to ESG and climate change.

The exceptional companies that Lindsell Train seeks to invest in are rare and we expect to hold these companies for the very long-term, which for us means several stock market or economic cycles. As such, our investment process places significant emphasis on heritage and sustainability. It is no accident that our portfolio holdings (or the brands they own or market positions they occupy) have on average survived for more than 100 years. This means they have encountered World Wars, depressions, recessions, digital transformations, regulatory changes, varying inflation and interest rate environments and more recently a pandemic. We therefore have every expectation that these companies can successfully navigate the challenges presented by the next few decades, such challenges including — continued digital disruption, climate change and data security risks, to name just a few.

We also believe there to be a clear accelerating convergence between achieving our clients' investment goals and investing in businesses that meet rising ESG standards, particularly when investing over a time horizon that stretches over decades rather than just quarters or years.

HOW DO WE IDENTIFY EXCEPTIONAL BUSINESSES?

The cornerstone of Lindsell Train's investment process is to identify whether a company is 'exceptional', which includes a judgement on whether it is likely to be profitably in business in 20 years' time. Surprisingly few quoted companies meet this test of durability, as evidenced by the high attrition rate for constituents of equity indices in the past. In terms of what characteristics we look for, we have found that there are a number of common features that our holdings exhibit, namely: heritage; predictable earnings (through pricing power and/or intellectual property); good governance; low capital intensity; and sustainably high returns on capital.

Companies defined as exceptional by Lindsell Train typically demonstrate the following:

- Durability and longevity, evidenced by a deep competitive moat. The company should also demonstrate its ability to sustainably compound real cashflows over a multi decade time cycle. Often the most obvious candidates for investment are those companies and franchises that have already demonstrated their ability to survive and prosper over the long-term.

- Sustainably high returns on capital.

- Superior capital allocation practices. At a minimum, we expect companies to reinvest in the business to maintain its competitive edge. Next we expect companies to consider acquiring complementary businesses, so long as by doing so they at least maintain their high return on capital. When the opportunity to make accretive investments does not exist, we would expect management to return cash to shareholders through paying dividends or through share repurchases at accretive prices.

- A conservative balance sheet (i.e. with low debt). We are willing to accept limited leverage, as long as it is not in order to maximise returns today at the cost of future earnings.

Our evaluation of ESG factors is a natural part of our investment process and is incorporated into our framework at the earliest stage of idea generation and continues throughout the ongoing research/monitoring of companies, including company engagement.

Of course, when we identify what we believe to be an exceptional business we intend to hold it for the long-term, which for us means several economic market cycles. As a result, changes to the portfolio are infrequent – for example, since the inception of our flagship Global Equity representative account in March 2011 we have only sold completely out of eight positions and added six new positions. Although none of these decisions were driven exclusively by ESG factors, as we allude to above, any relevant factors would have fed into the research undertaken. This includes giving greater favour to a company that demonstrates being on a path to improving its ESG credentials and with this the long-term potential shareholder returns.

CASE STUDY

EVALUATING MARKET DYNAMICS ON DURABILITY - GLP-1 DRUGS

October 2023 saw an increase in attention to food manufacturing companies in relation to the effects of weight-loss drugs on consumer behaviour. With the global number of people affected by obesity estimated to grow to 1bn by 2030, many believe that these drugs could have a part to play in improving public health. Madeline Wright, Deputy Portfolio Manager and Head of Investment ESG initiated our ongoing due diligence on this important social phenomenon, to better understand the implications for the snack companies we hold in our portfolios, as well at the potential social impact.

Analysis predicts that the number of patients taking GLP-1 drugs – designed for tackling diabetes and obesity — is predicted to grow 5x to encompass 7% of the US population by 2035, and that people taking the drug are estimated to reduce their daily caloric intake by between 20-30%. If these figures are accurate, this equates to a meaningful shift in consumer behaviour towards a healthier lifestyle. Of course, changes in consumer perception and evolving government guidance have been steering consumers towards healthier consumption for some time now and so fortunately there is history to draw on to weigh up the implications.

Firstly, most snack companies are alert to evolving health standards and the corresponding product demand and have tilted their portfolios towards 'well-being' brands in response. Not only do these products, such as energy or protein bars, enjoy the same consumption patterns as snacks but they offer consumers a lower calorie and more nutritional option. For example, five of Mondelez's nine most recent acquisitions fall into the 'well-being' bucket. We believe that having these brands in its portfolio allows it to reach the widest possible range of consumers, with offerings that are compatible with rising dietary standards. Ultimately, it's not a sustainable or desirable business model for snack companies to sell increasingly large volumes of unhealthy food to shorter-lived, sicker populations and thus there is ample growth opportunity for the companies that support and evolve with changing consumer demand. Indeed, premiumisation is certainly an important piece here, as higher unit prices or smaller package sizes can help individuals to control their portions and consume less of the food in one go.

From a business risk perspective, we believe that standard grocery "centre store" categories are probably more likely to be affected by GLP-1 drug influenced behavioural shifts than snacking categories. We've long thought that snacks are a superior category to Grocery as products tend to be impulse, low volume and low unit priced purchases with strong brand loyalty and low private label penetration (for example, global private label market share is just 5% in chocolate), so even if American consumers reduce their calorie intake by the highest 30% estimate, there's likely to still be room for the occasional moderate indulgence in their favourite snack. We hope we're not being too optimistic to think this may even enhance brand loyalty – nobody wants to waste their occasional treat on an inferior product – which could put the owners of 'real deal' category leading brands, such as Mondelez's global #1 Oreos, in a stronger position.

In terms of the scope of impact, GLP-1 drugs are available only in the US and a handful of other geographies such as the UK and Denmark, and they are very expensive. Of course, over time the price will fall and they will expand to other countries, but not into the entire population, and probably not in any significant way into emerging markets whose populations lack the resources – and need – for these drugs. Fortunately, our snack companies are well positioned to benefit from future emerging market growth. But we aren't writing off developed market demand for snacks – the US Census predicts that the US population is expected to grow by 79 million people by 2060, crossing the 400 million threshold in 2058, and net international migration is projected to overtake natural increase. Again, we'd view the "centre store" brands as being at more risk from these demographic changes – migrants living in the US, unfamiliar with ancient American staples like boxed mac'n'cheese, are unlikely to develop a new artificial cheese habit, but might well be tempted to trade their snack brands up. Which is why we don't view PepsiCo's 57% of revenues from the US as necessarily a bad thing.

Our experience and research process points us to only a limited number of sectors to find 'exceptional' companies. These are consumer franchises, internet/media/software, financials and marketplaces. Hence there are a number of sectors that do not appear in our portfolios.

For example, we do not invest in capital intensive manufacturing industries or any companies involved in the extraction and production of coal, oil or natural gas. We also avoid industries that we judge to be sufficiently detrimental to society that they may be exposed to burdensome regulation or litigation that could impinge on financial returns (e.g. tobacco, gambling or arms manufacturers). The omission of these sectors, as well as our structural preference for capital-light companies, leads to a synchronous improvement in the ESG ratings of our portfolios. Thus our investment approach already gives us a 'head start' because of the innate integration of many aspects of ESG in our portfolios.

Through our process of ESG integration, we will consider all factors that we believe will affect a company's ability to deliver long-term sustainable value to shareholders. ESG factors we routinely assess include but are not limited to environmental (including climate change); social and employee (including turnover and culture); remuneration (including share ownership principles); innovation; cyber resilience; responsible data utilisation; strong and diverse boards (including skill-set diversity); respect for human rights; anti-corruption and anti-bribery; and any other risks or issues facing the business and its reputation.

Governance will generally take precedence in our quality evaluation, not only because of its obvious role in determining how capital is deployed, but also because we think it is important for there to be a clear alignment between remuneration of executives and the long-term interests of the company, which are increasingly related to finding and implementing sustainable business solutions.

If our companies can get all this right, then they will increase their chances of surviving in the long-term. This aligns with how we explain to clients the long-term investment horizons that we believe are necessary to achieve the returns they seek.

We assess these factors and their materiality to the investment thesis underlying each of our companies. All ESG research conducted by the team is catalogued via a proprietary database of risk factors (Sentinel). The database helps us to centralise and codify our team's views, as well as to prioritise our ongoing research and engagement work. As a User Member of the IFRS Sustainability Alliance we are able to cross-reference this work with the SASB Materiality Map©, which identifies likely material sustainability issues on an industry-by-industry basis, allowing us to coordinate research along (increasingly standardised) industry reporting methods, and to mitigate against potential blind-spots.

Like all our company analysis, this research is bottom-up and sourced from published reports and accounts, together with other publicly available information and meetings with management. Fortunately, our highly concentrated approach enables meaningful in-depth stock-level analysis that can be leveraged to inform decisions and enact change, with the collection of data across our portfolios significantly simplified by the fact that across all our portfolios we invest in around 70 companies in total.

Importantly, however, the extensive research conducted to identify the ESG risks posed at a stock-specific level is our own. We seldom use broker research, nor do we subscribe to any specific ESG research, data or analytical tools. In practice we estimate that more than 90% of research is carried out in house. In particular all valuation work is our own. In some cases we engage with brokers or industry experts to gain a better understanding of a particular sector or industry and such research may include Responsible Investing/ESG related information. We are also able to leverage the information available on the Glass Lewis Viewpoint platform, as and where appropriate. The majority of this work is qualitative in nature; however there is a quantitative element to the Sentinel database to the extent that we score the ESG risks posed to each business based on subjective materiality.

If we believe that an ESG factor is likely to impact a company's long-term business prospects (either positively or negatively) then we can reflect this in the long-term growth rate that we apply in our valuation of that company, which alongside our more qualitative research will influence any final portfolio decisions (for example, whether we start a new position or sell out of an existing holding).

Below are insights into the Investment Team's ESG evaluation of Rightmove and UMG, the most recent respective additions to our UK Equity and Global Equity portfolios.

CASE STUDY

rightmove

ESG EVALUATION FOR INVESTMENT BUY CASE

Consideration of ESG risk and opportunity is integrated into the pre-investment work we do on all of our holdings, so we have been monitoring Rightmove in Sentinel – our ESG risk and opportunity database – for some time as we have long considered it a serious potential investment. As with existing holdings, any ESG risk that we deem to be materially significant requires careful assessment to ensure that we are comfortable that it does not pose an existential threat to the business. In the case of Rightmove, the UK's largest online property portal, we have identified no ESG risks that we would deem materially significant. Perhaps the key risk – common to all data owners – is the potential for leakage of sensitive information (Rightmove's customers are estate agents, who ultimately deal with details of individuals' houses), necessitating the robust cyber security measures the company has in place. But having this unique view into the housing market also brings opportunity, as political changes drive more demand for data on properties – for example the mandatory displaying of Energy Performance Certificate (EPC) ratings on all houses put on the market – and Rightmove has more data than anybody in the UK. As a capital-light, primarily digital company with low carbon emissions, Rightmove's inclusion marginally decreases the weighted carbon footprint of the Portfolio. Additionally, from a net zero alignment perspective, Rightmove is currently "Aligning", which suggests that they are moving in the right direction, however we will engage with management to encourage further progress.

CASE STUDY

Universal Music Group

ESG EVALUATION FOR INVESTMENT BUY CASE

We monitor all potential ESG risks on an ongoing basis for any prospective investments as an integral part of our research process. In the case of Universal Music Group, purchased in November 2023, certain risks we flagged included responsible talent management and the potential for reputational damage to their labels (which could affect future artist recruitment); artist contracts & perceptions of unfairness; executive pay and incentive structures; the climate impact from staff & artist travel; diversity considerations on the artist roster; and succession planning. We have discussed all of these issues with the company.

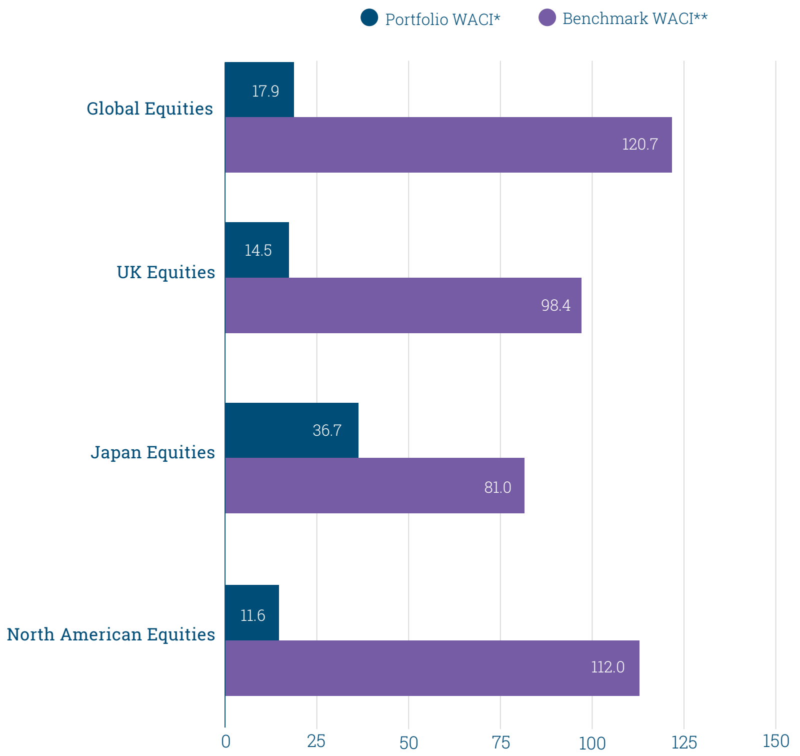
With regards to responsible talent management, following developments in the film industry (specifically related to the disclosure of large-scale sexual harassment), we sought confirmation that the company had appropriate HR infrastructure in place. On artist contracts, while we acknowledge the general perception of advantageous terms for labels at the expense of artists, we believe that this does not sufficiently capture the realities of the economics of the music business. UMG and the other labels make advances to a wide range of nascent artists, and returns are not guaranteed. Indeed, the labels have a crucial role to play in upholding the music industry, and maintaining a virtuous circle of investment. On executive pay, we note that the company has introduced an improved contract with its CEO and Chairman, Sir Lucian Grainge, who has moved from an all-cash compensation package to one based on a mixture of cash and equity, with a lower headline fixed salary, and new performance-based options. Simultaneously, we note that Sir Lucian's new contract now extends until 2028, which alleviates succession concerns, but we continue to meet with a number of other executives, to better understand the talent pipeline.

So far we have been satisfied with our findings, but we continue to track all these issues closely.

CLIMATE CHANGE & STEWARDSHIP

We believe that the risks associated with climate change and the transition to a low-carbon economy will affect all businesses, irrespective of their size, sector or geographic location. Therefore, no company's revenues are immune and the assessment of such risks must be considered within any effective investment approach, particularly one like ours that seeks to protect our clients' capital for decades to come.

That said, evidently the transition to a low-carbon economy will affect some sectors more than others and fortunately, as mentioned above, these are typically the sectors that Lindsell Train avoids, most notably capital-intensive industries and companies involved in the extraction and production of coal, oil or natural gas. As a result, when we look across our holdings, we are pleased to note that all four of our strategies have a significantly lower than average weighted average carbon intensity than their comparable benchmarks.



**WACI = weighted average carbon intensity (t CO2e/ $ M Sales). This measure is a portfolio's exposure to carbon intensive companies. Companies with higher carbon intensity are likely to face more exposure to carbon-related market and regulatory risks. This metric can serve as a proxy for a portfolio's exposure to potential climate change-related risks relative to other portfolios or relative to a benchmark. Carbon emissions are apportioned based on portfolio weights/exposure, rather than the investor's ownership share of emissions or sales. **Source: Morningstar.*

In addition to this, we also track the total carbon emissions, carbon footprint (tCO2e/$M invested) and carbon intensity (tCO2e/$MSales) of our portfolios. By looking at the underlying data we are able to quickly identify which stocks in our portfolio are most exposed to climate-related risks.

As noted above, we conduct more than 90% of our research in house, including the gathering of ESG data on our companies. We therefore fully support the aims of any organisation promoting transparency and consistency of information. As such, we are public supporters of TCFD, signatories of NZAM and a User Member of the IFRS Sustainability Alliance. Together these initiatives and organisations, and many others, are driving a cross industry effort to encourage companies to report essential ESG data and disclosures in a uniform and consistent way. This information is critical for our analysis and will enable important comparison work across industries, sectors and companies.

Where we are unable to source data, we rely on estimates and assumptions from third-party data providers such as Bloomberg. Pleasingly however, many of our companies now report emissions data (as shown in the table below), and where there are omissions, we continue to engage with these companies for an improvement in their data reporting on this important issue.

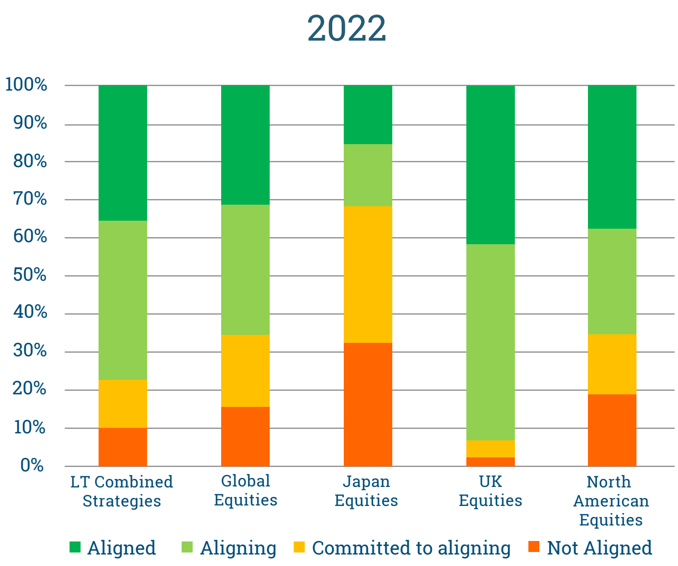
	% REPRESENTATIVE ACCOUNT PUBLISHING SCOPE 1 + 2 EMISSIONS DATA	% REPRESENTATIVE ACCOUNT PUBLISHING SCOPE 1 + 2 + 3 EMISSIONS DATA
Global Equities	91%	90%
UK Equities	97%	96%
Japan Equities	78%	69%
North American Equities	87%	87%

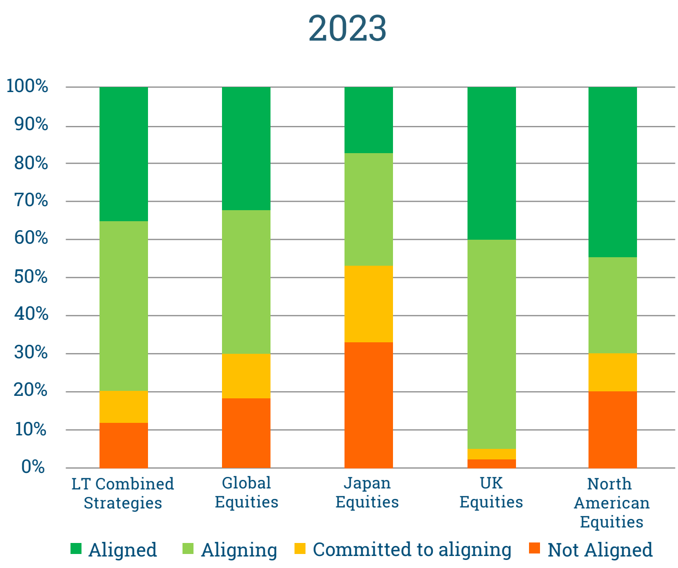
Source: Lindsell Train. As at 31st December 2023

PORTFOLIO COVERAGE ALIGNMENT

As signatories of NZAM Lindsell Train is committed as a company to support the goal of net zero greenhouse gas emissions by 2050 or sooner, and have set the goal for all our investments to be net zero within this timeline. Given our long-term approach to investing, we expect the majority of our progress to be driven by targeted engagement with management, fostering alignment between us and our investee companies' ESG aspirations. This was our principal motivation for electing to adopt a portfolio coverage interim target, in line with the Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework, which seeks to increase the proportion of a manager's AUM aligning to a Net Zero pathway. We also believe this method of improvement (targeted engagement as opposed to divestment) to be most likely to drive real-world change as we aim to actively support companies in improving the sustainability of their practices by understanding their individual goals and, where appropriate, providing our thoughts on their road maps.

The chart below shows the alignment of each of the representative accounts for our strategies, and our company when combined, on an asset-weighted basis as at August 2022 and 2023.





As a reminder, Lindsell Train set an objective of increasing the percentage of our AUM achieving aligned status from 36% in August 2022 (baseline) to 55% in 2030. Please refer to page 43 for details of our progress to date.

VIII

SIGNATORIES MONITOR AND HOLD TO ACCOUNT MANAGERS AND/OR SERVICE PROVIDERS

Lindsell Train does not outsource any of its regulated core functions. The only outsourced administrative function is IT. Glass Lewis aid the administration of proxy voting and provide additional support in this area. However, it is important to stress that the Portfolio Managers maintain decision making responsibility, which is based on their detailed knowledge of the companies in which we invest. This means that we do not need to monitor Glass Lewis in the way that most of our peers monitor their proxy voting service provider, who are executing votes in accordance with an agreed policy on their behalf. Nevertheless, we are pleased to confirm that Glass Lewis' services have met our needs during the period under review.

Prior to appointing any significant external service provider a detailed due diligence review is conducted. The level of work involved will depend on the nature, type and importance of services required. Services that are considered more critical are subject to enhanced review which covers cyber security, conflicts, creditworthiness, service benchmarks and risks of potential disruptions from any service failures. At a minimum, a documented terms of business is required which must be approved by a director. Considerations are given to the following key risk areas in the oversight review process and these will vary depending on the type of service selected:

- **Operational – service quality, information security, technical competence and ramifications of any service disruptions**
- **Strategic – ownership structure, position in the industry, size of firm and geographical coverage, business history, business commitment**
- **Financial – financial statements, credit ratings, pricing of the service, price changes**
- **Legal – terms of business, SLAs, confidentiality, privacy, termination terms, breach of service, data ownership, cloud storage, conflicts of interests**
- **Regulatory – data protection, anti-money laundering**

Additional checks such as obtaining customer references are also considered in the review process. Once appointed, ongoing reviews are conducted annually including service review meetings.

IX

SIGNATORIES ENGAGE WITH ISSUERS TO MAINTAIN OR ENHANCE THE VALUE OF ASSETS

Engaging with and monitoring portfolio companies is an essential element of our investment strategy. Our work can be broadly categorised into one of the following:

- Monitoring: recurring ongoing dialogue to help maintain and enhance our relationships with company management and increase information flow, with the overarching objective of improving our understanding of the company, its management and their long-term strategy.
- Engagement: interactions that focus on more specific ESG-related issues. These interactions have intent and are usually initiated by Lindsell Train, though management may seek our opinion on a specific matter and thus our engagement activity may also be reactive.

MONITORING

The team's ongoing monitoring includes reviewing investee company annual reports and accounts, together with other publicly available information, and meeting with company management, when appropriate. All members of the Investment Team are involved in this process.

When we meet with company management, we will discuss with them all factors that we believe will affect the company's ability to deliver long-term sustainable value to shareholders. As a result of our strategic investment horizon, we build relationships with investee companies over a number of years and we generally find management appreciative of our views and observations. We seek open and constructive dialogue with company management and board members, in order to broaden our knowledge of the company's strategy, operations and risk management, and to ensure any concerns we might have are addressed. Our experience has demonstrated that ongoing constructive dialogue, with consistent messaging, has more often than not resulted in satisfactory outcomes.

ENGAGEMENT

Where we have specific concerns with management's strategy, company performance (financial and non-financial), or risk profile, or where we deem it necessary to protect our clients' interests, we will proactively engage with management. The Investment Team will consider the individual circumstances of the company and the issue at hand, in order to determine realistic objectives and define the scope of our engagement, ensuring that:

- **The objective is suitably focussed on long-term value preservation and creation**
- **The objective is specific and there is clarity around delivery**
- **The objective is realistic and achievable**

We will then make clear our concerns and expectations to the company. In most circumstances we arrange a meeting with senior management, board members, or if appropriate with the company chairperson or the senior non-executive director. The feedback from these meetings is then discussed amongst the Investment Team. In some instances, the matter on which we are engaging is swiftly resolved, and in other cases, the response may be a multi-stage, multi-year process. As long as the dialogue is constructive and ongoing, and management clearly outline a proposed course of action, we can be comfortable with a longer timeline to resolution. Where this is not the case, we will consider escalating our engagement. Given the concentrated nature of our portfolios (20-35 stocks) and the fact that all positions are sizeable and meaningful, all engagement activities are considered a priority. The Investment Team see it as a critical part of their company research to dedicate appropriate attention to any engagement activity and during 2023 we addressed with each portfolio company's management all ESG concerns that we viewed as most relevant to that holding.

Our long-term approach generally leads us to be supportive of company management; however, where required and if in the best interests of our clients, we will try to influence management on specific matters or policies. Our intention is to have open and constructive dialogue with management and board members, in order to broaden our knowledge of the company's strategy and operations and to ensure any concerns we might have are assuaged.

Given we often build up large, long-term, stakes in the businesses in which we invest we find that management are open to (and very often encourage) engaging with Lindsell Train. As mentioned above, constructive dialogue has more often than not resulted in satisfactory outcomes, thus limiting the need for escalation. However, where this is not the case, we will consider escalating our engagement and stewardship activities, as detailed in our response to Principle XI below.

SCOPE OF MONITORING AND ENGAGEMENT ACTIVITY

Meeting with company management is not a pre-requisite for making an investment decision, as we believe the quality of the business is more important than the quality of the present management, which anyway is likely to change within our investment timeframe (20 years). Nevertheless we try to meet with company management at least once a year, as we believe that our interactions with management have a positive cumulative effect. Through successive meetings with management we can build a better understanding of their strategy and also a relationship of trust.

During 2023 the Investment Team conducted over 200 company meetings, including one-on-one meetings, group presentations and conference calls.

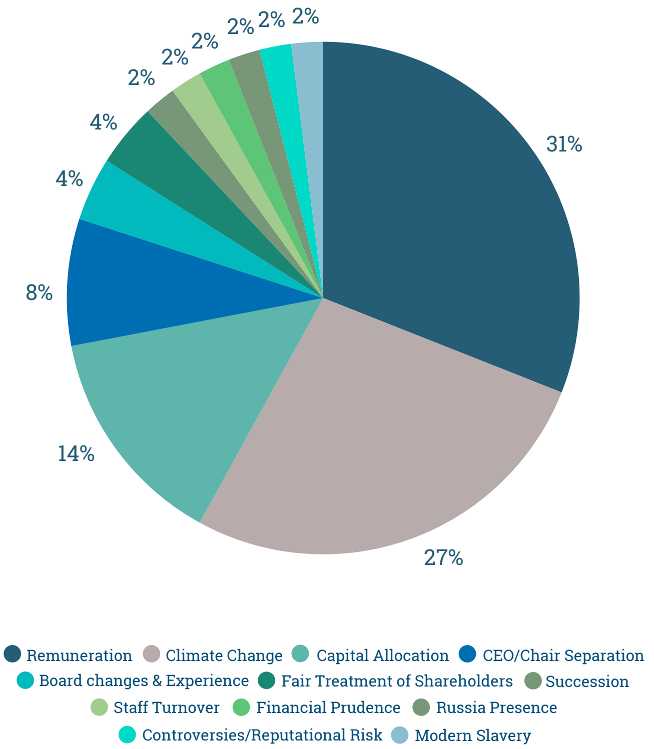
Whilst our contact with companies is consistent across all our strategies there are some anomalies worth mentioning. In Japan, transparency is generally lower and we find regular meetings with companies more valuable. These meetings may sometimes move to the category of "engagement", often in the area of corporate governance, where Japanese corporates on average have greater room for improvement. In comparison, transparency in the US is much higher; however, Lindsell Train pays careful consideration to the compensation policies of the companies in which we invest and we have typically found that US companies have remuneration policies that are less aligned with shareholders' interests and our principles – thus leading to the periodic need for engagement.

PRIORITISING ENGAGEMENT

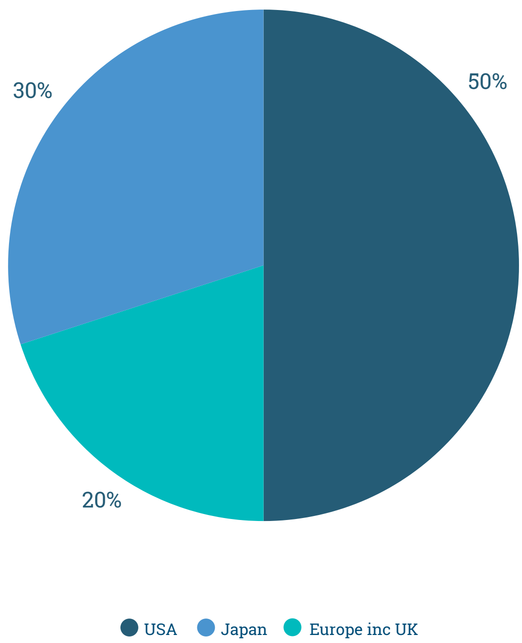
As in previous years, given the concentrated nature of our portfolios and long-term nature of our investment process, we have not had to prioritise our engagement by topic, as we have been able to address all matters of interest, opportunity or concern. However, there are some emergent themes that have resulted from our engagement work, which we may look to prioritise in our future endeavours, as not only are these material risk areas, but they are reflective of where the team has consequently improved their knowledge over time.

During 2023 we engaged with the management of 35 of the 70 companies in which we are invested across all our portfolios, on matters specifically relating to ESG. This equated to a total of 54 engagements broken down as follows:

Engagement by Topic



Engagement by Geography



**Across our Global, UK, Japanese and North American strategies. Portfolio company engagement activity for period 1st January 2023 – 31st December 2023. Source: Lindsell Train*

CASE STUDY
REMUNERATION

As demonstrated by the table above, Lindsell Train pays careful consideration to the compensation policies of the companies in which we invest. In assessing their compensation policies we focus more on how incentives are structured rather than the actual quantum of compensation. In other words we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles.

Where we do not believe that a company's compensation policy is aligned with the long-term best interests of the shareholders we will write to management to inform them of our intention to vote against such policies.

Over the course of 2023, the Lindsell Train Investment Team engaged with 19 companies on matters related to remuneration. These engagements included meeting with management and, where we did not believe that raising our concerns orally had the desired effect, writing to management as a means of escalating our engagement. There were 15 such instances during the course of 2023.

As minimum criteria we expect companies to demonstrate alignment with the following principles:

- Long-term executive compensation should be linked to measurable performance goals that are under the direct influence of the individual concerned and should be paid in cash. In this way executive incentives are aligned to the contribution they make to the business.
- Real alignment is best achieved when executives buy shares with cash in the same way as we do as investors. Long-term compensation in the form of equity linked awards has the disadvantage that the share price of the company at any point in time may be influenced by exogenous factors that are not under the direct control of the executive.
- Performance should be assessed over a longer time period than three years. Rarely do strategic decisions undertaken by an executive board reveal their full worth over just three years.
- Independent non-employee directors should be compensated in cash.

CLIENT REPORTING

Through our formal quarterly reporting to clients, we detail key engagement activity including the nature of the engagement, who was involved and where appropriate any follow-up steps that have been taken. We separate ongoing engagement activity, reporting on results and collaborations for ease of reference for our clients. We hope that the improved layout of these quarterly reports has aided our clients with their own reporting and has also allowed investors to quickly assess the progress of our engagement efforts.

In some instances, the matter on which we are engaging is swiftly resolved, and thus reflected in the same report. In other cases, the outcome of our engagement may take longer so will be described in a later report. It is always the case that we monitor our engagement activity to the point that there is a clear resolution.

CASE STUDY

CAPITAL ALLOCATION

ITO EN
We Love Nature

We are long standing investors in Japanese drinks company, Ito En. We are attracted to the characteristics of differentiated branded franchises and we particularly admire the healthy sugar free characteristics of Ito En's portfolio and its overall position in the Japanese soft drinks market. There has long been the potential for Ito En to expand overseas especially in Asia where consumption of green tea, Ito En's staple, is already well entrenched. We have engaged with management over a number of years to encourage more ambitious expansion and to promote consolidation within the Japanese soft drinks market. We have also proactively engaged with the Ito En Board to encourage them to use their net cash to retire preference shares. During the first quarter we reignited our engagement efforts by raising these matters again with the President, Daisuke Honjo. With regards to the preference shares, the Board acknowledge the wide price difference between the preference and ordinary shares as a concern and confirmed that they are considering their options, which include offering shares to employees as an incentive as well as a more aggressive share buyback program. Whilst this work is ongoing, we are comforted by the yield premium of the preference shares compared to the ordinary dividend yield.

CASE STUDY

CAPITAL ALLOCATION

Like many Japanese companies, Nintendo could be accused of maintaining an overly conservative balance sheet. Currently the company has ¥2 trillion (over £10bn) of cash to guard against tech change and for future growth investments. As a rule, we are supportive of our companies maintaining net cash balances and, indeed, would be concerned by any significant levels of net debt, however we recognise that Nintendo could manage its balance sheet more efficiently. As such, during Q3 we encouraged the Board to review its capital allocation and the uses of its retained earnings. If it was decided to return funds to shareholders we expressed our preference for a share buyback at an accretive share price rather than a special dividend. This matter is ongoing.

CASE STUDY

CAPITAL ALLOCATION

During the course of 2023 we engaged with Unilever on five separate occasions. The frequency is explained by our awareness of the extensive changes underway amongst Unilever's most senior officers. 2023 saw a new CEO, CFO and Chair and we were concerned to ensure we understand the implications for the company's strategy resulting from such a sweeping overhaul. On one such occasion we requested a call with Designate Chairman, Ian Meakins, specifically on the matter of strategic priorities and M&A. In 2022 we had engaged with management at the time of Unilever's attempted purchase of GlaxoSmithKline's (GSK) consumer healthcare business. With GSK having rejected the offer, the deal collapsed, but it was clear that Unilever has an urgent strategic imperative to continue reorientating its portfolio towards faster growing health and hygiene at the expense of food.

During our engagement, Meakins reassured us that going forward the focus will be on stock keeping units (SKU) rationalisation, bolstering existing high-performing brands and targeted geographic expansion, before any more deals are proposed. Unilever recognises that they have overinvested in some emerging markets, in some cases at the expense of some developed markets, and hence a more targeted approach, with due consideration given to the translation of local currency earnings, is required. Whilst we were comforted by Meakins' recognition of the mis-steps made, we will await evidence of improved capital allocation. Until then, this matter remains under review and we will maintain our engagement efforts until we are satisfied that the strategic direction of the company is aligned with the best interests of its shareholders.

CASE STUDY
CAPITAL ALLOCATION

We are long-term investors in Astellas Pharmaceutical, having initially invested in 2005, and have regularly engaged with management over this holding period. Indeed, during the course of 2023 we spoke to management on three occasions, one such discussion in December 2023 was classified as "engagement". We raised our concern that Astellas appeared to be relying too much on deal making and shifting away from their in-house innovative research model and consequently their capital allocation policy. Astellas refuted the latter claim noting that it continues to act in accordance with its capital allocation priorities, which include an annual increase in the dividend, together with share buybacks.

That said, the expiry of their Xtandi patent in 2027 concerns management and investors, and so we are persuaded by its efforts to generate the replacement sales necessary to mitigate the expiry. It should be noted though that the acquisition of Iveric Bio in 2023 for $5.9bn is its largest ever acquisition and takes debt to an acceptable but higher level of gearing of c2.7x cashflow. We have always valued Astellas' strong balance sheet with minimal net debt as it gives the company the flexibility to invest and bolster its pipeline – as this acquisition shows. However management anticipates that debt will be paid back in 5-7 years, which means we must accept that the company's financial flexibility will be reduced for some time. Whilst we can't expect an immediate response to our engagement, we were encouraged to receive a communication from Astellas confirming that our feedback was to be raised with the management team at an upcoming meeting. We continue to monitor the situation closely.

CASE STUDY
GOVERNANCE

This marked our inaugural engagement with Juventus' new CEO, Maurizio Scanavino and shortly followed the announcement of their latest equity issue. As should be expected, the focus of the engagement was on the financial position of the company. Having not qualified for the Champions League in 2023-24, when considering the subsequent financial impact to media revenues and sponsorship deals, a further equity raise was likely inevitable. Whilst this is not welcomed, given the dilutive impact of the issue, we are reassured that with a new Chair and CEO, and subsequently a new business plan and governance structure to accompany, there is a renewed focus on financial discipline. Pleasingly, management appears as ambitious for its financial performance as it is for its ongoing sporting performance and Scanavino is determined to reduce net debt, put an end to capital raises and achieve profitability. In terms of outstanding legal disputes, we sought confirmation that things were moving in the right direction. Scanavino confirmed this to be the case.

CASE STUDY

NET ZERO ENGAGEMENT

RACE TO ZERO

During the summer of 2023, our Investment Team undertook a project to reassess our portfolio company's alignment with net zero, in order that we could then report on our own progress against our interim net zero target. Whilst part of this project was desk based, the team attempted to engage with the 20 companies that were initially identified in 2022 as "not aligned". In five instances, our attempts to speak to management were unsuccessful and so we relied on public resources. In all cases we improved our knowledge of each company's current status and appetite to set and deliver on net zero.

We identified three companies (S&P Global, Oracle Corp, and Brown-Forman) as having progressed to being "aligned", and three companies (T. Rowe Price, Ito En, and Kao Corp) that advanced to the "aligning" stage. Additionally, Pigeon Corp, Verisk Analytics, and Milbon are just a few examples of other companies that have made notable improvements in their sustainability reporting, even if they have not climbed up the categorisation scale. Some of these companies have made good progress by setting Scope 1 and 2 targets but will need to address Scope 3 emissions to advance further.

Only a year on from having measured our baseline and set our interim target, we are pleased with the progress that has been made. However, where this was not the case, we reminded management (in most cases orally) of our expectations and pointed them to similar companies where we had identified improvements, to encourage collaboration, as well as supplying details of potentially useful 'gold standard' resources such as the Science Based Targets Initiative.

X

SIGNATORIES, WHERE NECESSARY, PARTICIPATE IN COLLABORATIVE ENGAGEMENT TO INFLUENCE ISSUERS

We recognise that there may on occasion be some benefits to our clients of acting collectively; however our preference is to engage with management privately, as this enables us to build a more effective relationship with boards and management. It also allows us to express our own nuance on the issue under consideration, which is seldom the same as other investors given our intention to hold our investments for the very long-term. Sharing views may sometimes be helpful, where regulation permits, if only to understand the approach that other large shareholders are taking.

As such, we will consider bilateral conversations with other like-minded investors to confirm alignment of shareholder interest, or better understand why and where this isn't the case. We are aware that organisations such as PRI are able to facilitate such conversations on an anonymous basis and we would therefore consider such an approach as and when appropriate. Indeed, there is much we can learn and share from leveraging the experiences and capabilities of all financial market participants. During 2023 we demonstrated our continued support of Find It, Fix It, Prevent It, a collaborative investor initiative on modern slavery, as detailed in the following case study:

CASE STUDY: MODERN SLAVERY UK BENCHMARK

Background and aims: Modern slavery is the greatest human rights issue of our time and there is huge potential for action by businesses to reduce modern slavery globally. The role of financial services is essential in the fight to eradicate modern slavery. On which basis, the Find It, Fix It, Prevent It initiative (convened by CCLA) has assumed the important role of spearheading this work, most recently through the creation of the Modern Slavery UK Benchmark, launched in November 2023. The benchmark seeks to:

1. **Develop a framework on the degree to which companies are active in the fight against modern slavery**
2. **Create an objective assessment of corporate modern slavery performance aligned with statutory requirements, government developed guidance, as well as international voluntary standards on business and human rights**
3. **Support investor engagement with businesses on their approach to modern slavery**
4. **Provide a vehicle for learning and sharing good practice**
5. **Create a mechanism to leverage business competition to drive improvement in practice.**

Our role: Lindsell Train participated as a member of the Scorecard Working Group, which comprised five organisations (SupplyESChange, Lindsell Train, Vodafone Group, Reckitt and Columbia Threadneedle). The group debated the contents of the scorecard used to assess the companies. The discussion was wide-ranging, including assessing the necessary number of questions and the scorecard's applicability to various industries.

In summary, the benchmark assesses the largest UK listed companies on the degree to which they:

- **Conform with the requirements of Section 54 of the Modern Slavery Act 2015**
- **Disclose information outlined in the Home Office Guidance on Modern Slavery**
- **Report on 'Finding', 'Fixing' and 'Preventing' Modern Slavery.**

Following the publication of the results of the benchmarking exercise, Lindsell Train has committed to further collaborate with CCLA to engage directly with two Lindsell Train portfolio companies that fall into Performance Tier 4. In addition, it is our intention to use this framework to inform our engagement on this important topic across all our holdings, and to enable us to benchmark our companies versus their peers. Where we identify a need for action, we will escalate our engagement in line with our escalation process. Furthermore, we hope that the publication of this Benchmark (Q4 2023) will lead to increased scrutiny and engagement with companies on this important human rights issue and, in turn, will be a catalyst for improvement.

> *This is a great example of investors taking the lead and using modern slavery statements as a catalyst for improvement and I welcome it.*
>
> **Rt Hon Theresa May MP**

For further details on the scoring methodology and Tiering of UK listed companies, please refer to the following **report**.

EVIDENCE OF WILLINGNESS TO COLLABORATE

Over the course of 2023 and in particular in the days that followed the Christmas Eve announcement, (see Case Study below) Lindsell Train engaged with other Manchester United shareholders. This was partly to confirm our understanding of the details of the proposal and also to confer as to what action we, the minority shareholders, might take in the event that there was evidence of unfair treatment of shareholders. Fortunately, the situation resolved itself, as detailed in bullet four below; however our willingness to engage with co-investors is demonstrated by the action we are prepared to take to protect the position of our investors, should this be necessary.

CASE STUDY

FAIR TREATMENT OF SHAREHOLDERS

Background: On Christmas Eve 2023, Manchester United confirmed the sale of a 25% stake in the club to Sir Jim Ratcliffe's INEOS Group. Whilst we would have preferred to have received an offer for all our equity in Manchester United, on the assumption that there was no acceptable deal on the table for the whole of the company, we were of the view that this news was preferable to a complete breakdown of the sale process that began in November 2022. There were four reasons for this:

1. **The proposal placed a benchmark valuation on the company. INEOS is paying the implied highest ever price for a football club, of £4bn, excluding debt.**
2. **As part of the transaction INEOS injects a further $300m into the company at the same premium valuation. This is mildly dilutive for existing shareholders, but the new capital at a 60% premium creates value too.**
3. **After the transaction, the Glazers retain control of the company, with over 70% of the votes. This means that the position of minority "A" shareholders, like us, does not really change. The destiny of the company remains in the hands of the family and our interest is aligned with them.**
4. **The deal confirms the principle that the "A" shares carry the same economic interest as the "B" shares, the latter being those owned by the family - and now INEOS - that have more votes. The Glazers are selling "B" shares at $33, the same price we will be offered for our "A" shares.**

XI

SIGNATORIES, WHERE NECESSARY, ESCALATE STEWARDSHIP ACTIVITIES TO INFLUENCE ISSUERS

In general, when an escalation of engagement is appropriate then a senior member of our Investment Team will contact company management to seek further information and make clear our concerns and expectations. In most circumstances we arrange a meeting with relevant members of the company's board, which may extend to the chairperson or a senior non-executive director. The feedback from these meetings is then discussed amongst the Investment Team who will decide whether the responses received require further escalation.

All such decisions are made on a case by case basis, although importantly our general approach is uniform across our strategies and therefore across sectors and regions. Usually we will consider **writing formally to management**, **making a public statement** (generally through our reports to investors) or under certain circumstances we might initiate **collaborative engagement** with other shareholders. Our preference however is for private and confidential conversations, as this enables us to build a more effective relationship with boards and management and we think is as likely to lead to a positive conclusion.

If we do not believe that raising our concerns in these ways is having the desired effect we will, where appropriate and if possible, **use our voting rights.** That said, please bear in mind that our aim is to be invested in exceptional companies with strong corporate governance and hence it ought to be rare that we find ourselves in a position where we are voting against management. However, where we do, as our holdings in individual companies tend to be large, our votes often carry significant weight in the outcome of a vote. Where we are voting against management, we will communicate with them to confirm the reasons why.

Finally, if concerns are raised with a portfolio company about fundamental changes to the business model on which we do not receive sufficient comfort – in particular, if the sustainability of its returns over the long-term were under threat or if a sustainability risk associated with the company has increased beyond our comfort level — then in an extreme case Lindsell Train would think seriously about **disposing of the position,** should we believe that action to be in the best interest of our clients. There were no instances in 2023 where we disposed of a holding on account of material ESG risks or concerns.

As you will have read, 2023 was an active year for us on the engagement front, particularly in the context of the number and nature of the investments we have across our firm. We are fortunate that we can ensure that sufficient attention is given to all matters, as required. The majority of our engagement and escalation work seeks to procure a pre-determined objective which we are confident is in our clients' best interests; however in some cases the best outcome for our clients is not immediately clear. In these instances, we will work with management to endeavour to reach the most favourable outcome.

Examples of Escalation in 2023:

Company	Geography	Years invested	Escalation Methodology				EscalationTopic(s)
			Wrote to Management	Voted Against Management	Abstained	Public Report	
Adobe	USA	4*	✓	✓			Remuneration: Management resolution
Alphabet	USA	4*	✓	✓			Remuneration: Management resolution
Astellas	Japan	>15				✓	Capital allocation
CME	USA	4*	✓	✓			Remuneration: Management resolution
Coca Cola	USA	4*	✓		✓		Independent Chair: Shareholder resolution
Colgate	USA	4*	✓		✓		Independent Chair: Shareholder resolution
Disney	USA	13	✓	✓			Remuneration: Management resolution
eBay	USA	13	✓	✓			Remuneration: Management resolution
FICO	USA	2	✓	✓			Remuneration: Management resolution
Intuit	USA	13	✓	✓			Remuneration: Management resolution
Johnson & Johnson	USA	4	✓	✓	✓		Remuneration x2: Management resolution - against; Shareholder resolution - abstain
Medikit	Japan	>15				✓	Capital allocation
Mondelez	USA	11	✓		✓		Remuneration x2: Management resolution - abstain; Shareholder resolution - abstain
Nike	USA	4*	✓	✓			Remuneration: Management resolution
Oracle	USA	4*	✓	✓	✓		Remuneration: Management resolution - against; Independent Chair: Shareholder resolution - abstain
PayPal	USA	9	✓	✓			Remuneration: Management resolution
Pepsi	USA	9	✓		✓		Independent Chair: Shareholder proposal
Taisho	Japan	>15				✓	Business Strategy, corporate goverance
Shiseido	Japan	12				✓	Business Strategy
TKO (formerly WWE)	USA	13	✓	✓			Remuneration: Management resolution
Tsutsumi Jewellery	Japan	13				✓	Business Strategy, corporate goverance

** Since launch of WS Lindsell Train North American Equity fund.*

Further details of our voting activity, and in particular our thoughts around best practice for remuneration structures, are provided under Principle XII below. Here we also provide case studies on how we have used our voting rights to escalate our views to company management.

CASE STUDY

MAKING A PUBLIC STATEMENT

MEDIKIT
"This 'over capitalisation' is acknowledged by the company. Medikit has offered to buy its own shares in a tender but, rather impractically, at only a steep discount to the current price. We doubt anyone will sell." – **Read more here**.

SHISEIDO
"Some of these hits to profitability have been out of Shiseido's control – especially the boycott – but it's also frustrating that the company hasn't been more exercised in repositioning its business with more urgency." – **Read more here.**

TAISHO PHARMACEUTICAL & TSUTSUMI JEWELRY
"There are two holdings in our Japan portfolio where we have had a history of questioning the company's business strategy and have had associated reservations about corporate governance." – **Read more here**.

RESULT
Whilst we remain invested in Medikit, Shiseido and Tsutsumi Jewelry, we sold our holding in Taisho Pharmaceutical in November 2023, post the announcement of a management buyout. We continue to monitor the progress of the other three holdings and will continue to escalate our engagement where required in order to protect shareholder interests.

XII

SIGNATORIES ACTIVELY EXERCISE THEIR RIGHTS AND RESPONSIBILITIES

Lindsell Train's Proxy Voting policy is available on our website here and our voting records can be found here.

The primary voting policy of Lindsell Train is to protect or enhance the economic value of its investments on behalf of its clients. Lindsell Train's Portfolio Managers are responsible for proxy voting decisions and it is our policy to exercise all voting rights which have been delegated to us by our clients. Proxy voting decisions are the result of careful judgement in order to ensure the best possible outcome to generate long-term shareholder value.

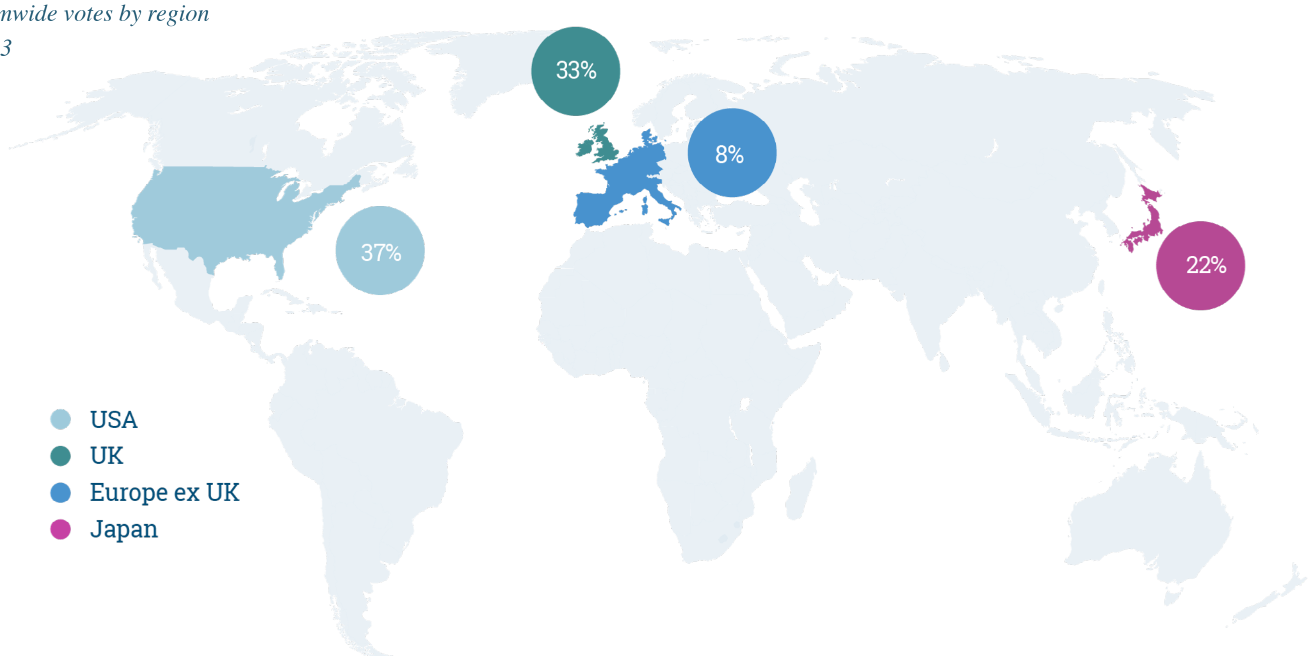
We would note that as part of our investment process we purposefully look to identify high quality companies with thoughtful and experienced management, and therefore we do not expect many contentious votes. However, we will vote against any agenda that threatens long-term shareholder value, in particular concerns over inappropriate management incentives, changes in capital structure and mergers or acquisitions which are seen as detrimental to the investment held. Where we plan to abstain or to vote against a company backed resolution, our intentions will be communicated to the company management in advance of voting. Our approach to proxy voting is uniform across all funds/strategies and therefore also across sectors and geographies.

Lindsell Train has appointed Glass Lewis to aid the administration of proxy voting and provide additional support in this area. For example, Lindsell Train can leverage Glass Lewis research (produced in partnership with Sustainalytics, ESG Book and BitSight) and also its voting guidance. However, the Portfolio Managers maintain decision making responsibility based on their detailed knowledge of the portfolio companies. We believe retaining ownership over the exercise of our votes forms an important part of our investment process and proactive company engagement strategy.

PROXY VOTING

Firmwide votes by region

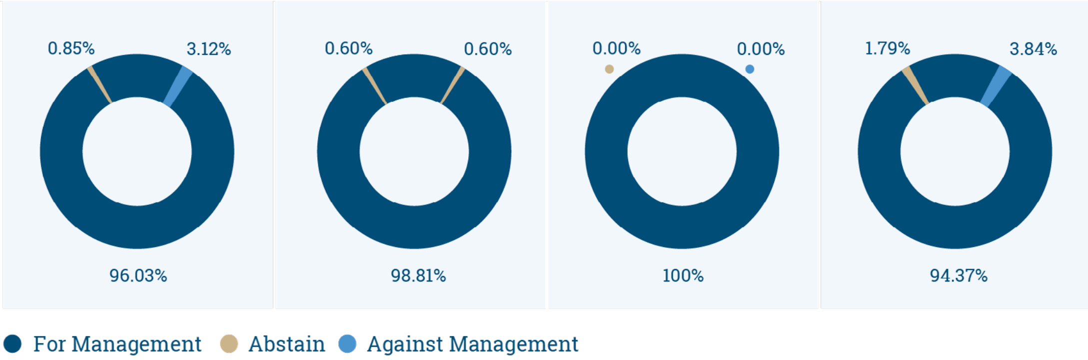
2023



From an administrative perspective, the Glass Lewis Viewpoint platform streamlines and digitalises the overall voting and approval process. The Viewpoint platform enables Lindsell Train to monitor what shares and voting rights we have and also provides the necessary alerts ahead of voting deadlines.

The Investment Team can access the platform to review all votes, taking into consideration any ongoing or past engagement activity. On the rare occasion that a vote is missed, late or rejected, we have policies and procedures in place to ensure each incident is investigated and the appropriate remedial action is taken. Lindsell Train has a house view on all votes to the extent that our voting decisions are not informed by a third-party provider. Whilst we would be willing to consider a client's input and direction on voting, in practice this has not arisen. A small number of segregated clients have chosen to conduct their own voting and, in some instances, we will collaborate by sharing our voting intentions with these clients ahead of time. We do not participate directly in any stock lending arrangements.

	GLOBAL EQUITY STRATEGY	UK EQUITY STRATEGY	JAPAN EQUITY STRATEGY	NORTH AMERICAN STRATEGY
Size of strategy (£m)	£9,066m	£6,880m	£157m	£36m
Number of meetings	24	21	22	25
Number of resolutions	353	336	235	391
% of votes cast	100%	100%	100%	100%



You will note that votes against management are typically low across all strategies. As we have explained, the main reason for this is that our long-term approach to investment generally leads us to be supportive of company management. Prior to reaching the point of voting against company management, we will try to influence management through our engagement activities. Our intention is to have open and constructive dialogue with management and board members, in order to broaden our knowledge of the company's strategy and operations and to ensure any concerns we might have are assuaged. Given we often build up large, long-term stakes in the businesses in which we invest, we find that management are open to (and very often encourage) engaging with Lindsell Train.

Where our engagement is not successful, we are prepared to hold management to account, where necessary and appropriate. Our vote against and/or threat of sale would not be taken lightly by management, as we are often large strategic shareholders.

During 2023, in the majority of cases where we have voted against management it has been on matters relating to remuneration. Please see our case studies below for context of how we assess remuneration structures at our companies.

Disappointingly we were in the minority in all instances and thus the resolutions were passed. We will continue to engage with these companies to try to secure a better outcome. We were however encouraged to hear that last year one of our portfolio companies, WWE (now TKO), noted that it had revised the performance periods for its remuneration policy, partly in response to our engagement and feedback. We provide more detail on this below in a case study, however we had been engaging with WWE for many years on its remuneration policies and had used our votes to abstain and vote against management, whilst communicating our rationale for doing so. That said, there is still work to do and we continue to engage with them on other remuneration issues.

CASE STUDIES

AGM Date: 31 May 2023
Resolution: Advisory Vote on Executive Compensation
Lindsell Train Vote: Against
Result: Passed – 92% For / 8% Against

In Q2 2023, after the announcement (in Q1 2023) that Endeavour would be combining its Ultimate Fighting Championship (UFC) assets with WWE to create a new, separately-listed company, we engaged with WWE leadership to better understand the future prospects of the business once the deal officially went through later in the year. Our engagement covered an update on the progress of the deal, prospects for its upcoming rights renegotiations, anticipated synergies, capital allocation, the ongoing relevance of their assets, remuneration and reputational risks. With regards to the issue of remuneration we have been engaging with the company over a number years as we did not believe that WWE's compensation policy was aligned with the long-term best interests of its shareholders.

In 2022 we had voted to abstain on the advisory vote on executive compensation in recognition of the progress that had been made by the company to be transparent in its remuneration practices and the ongoing developments that it was making to make changes in this area. However, in 2023, progress regarding remuneration was insufficient and we wrote to the management informing them of our intention to vote against this resolution at their AGM.

Partly in response to our engagement and feedback (as confirmed by management), we were encouraged that WWE/TKO has now revised the performance periods for Performance Stock Units (PSUs) in its Long-Term Incentive Plan (LTIP). Previously it was measured over one-year time periods, but partly owing to the pressure we have put on the company, it will now be measured over three-year time periods. As a result, for future votes we may choose to vote differently. However, this is now slightly more complicated given that WWE has now transitioned to TKO, and we do not know what the compensation structures will look like at the newly combined company nor how much continuation there will be with the legacy policies of WWE. There are still aspects of WWE's legacy policy that we believe should be improved, and so we will continue to voice our concerns, encourage the company to review its compensation structures and make progress in this area.

AGM Date: 1 March 2023
Resolution: Advisory Vote on Executive Compensation
Lindsell Train Vote: Against
Result: Passed – 80% For / 16% Against / 4% Abstained

In the case of FICO we had several concerns regarding it's remuneration strategy.

FICO executive incentives were proposed in the form of equity linked awards that may be influenced by factors unrelated to the performance of the company/individual.

Specifically we had concerns over:

- The use of adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) as performance measure in the STIP and LTIP. We feel that the use of adjusted EBITDA (which excludes stock-based compensation deductions as an expense) as a basis for the performance measures has the effect of distorting the real profitability of the company. We, like the accounting profession, regard the cost of stock-based compensation as a true cost to the company and ignoring it overstates the level of profitability achieved.

- The use of relative Total Shareholder Return (TSR) as a performance measure in the LTIP, as we feel the share price is not under the direct control of the executives.

- The period over which management is being assessed is shorter than we would like (short performance periods of 1-3 years). Rarely do strategic decisions undertaken by an executive board reveal their full worth over just three years. In FICO's long-term incentive plan, it uses shorter performance periods than we would like.

- The level of equity overhang is c.25% (overhang refers to the potential dilution in the value of equity due to stock options pending conversion to equity). The potential dilution to existing shareholders must be fully considered when making decisions over the number of shares made available for stock-based compensation. As a general principle, we regard an equity overhang of over 10% of the total shares in issue for any company as excessive and potentially detrimental to long-term shareholder interests. In the case of FICO, it has an equity overhang of c.25%. We feel executives should buy shares with cash in the same way as we do as investors.

We therefore wrote to the management of FICO, outlining our reasons for voting against the resolutions concerning compensation at their upcoming AGM. This was our first written engagement with FICO on this matter, and so we detailed our preferred approach to compensation and invited the remuneration committee to respond to our concerns. We will continue to engage with the company on this matter.

AGM Date: 17 May 2023
Resolution: Shareholder Proposal Regarding Independent Chair
Lindsell Train Vote: Abstain
Result: Not Passed – 25% For / 72% Against / 3% Abstained

In addition to scrutinising executive compensation, we also consider governance standards at our companies. As an example, one aspect that we look at is the independence of the board chair. As a general rule, we believe it's helpful for a company to have an independent board chair, to provide sufficiently objective analysis and challenge. However, we do consider this on a company by company basis, and acknowledge that a combined CEO and chair role can also be positive in providing greater decision-making agility, provided that a suitable leader is in the role.

At Mondelez, we believe that this is the case. In addition, we concur with the board that sufficient protections are in place, including a strong independent lead director role, and the ability to determine the best leadership structure for any given time. Accordingly, we abstained on a shareholder proposal that was proposing an Independent Chair, to demonstrate our ideological preference for a separation of the CEO and Chair roles, while also not fully disagreeing with the current set-up, which has served shareholders well.

The organisation tabling this resolution did not reach its goals in this case, because the majority voted against.

We will continue to monitor this situation on an ongoing basis.

AGM Date: 17 May 2023
Resolution: Shareholder Resolution Regarding Report on Child Labour in Cocoa Supply Chain
Lindsell Train Vote: Against
Result: Not Passed – 19% For / 78% Against / 2% Abstained

For many years we have encouraged and tracked the progress of Mondelez's cocoa sustainability programme, Cocoa Life. In Q2 2023, ahead of its AGM, we re-engaged with Mondelez on account of a contentious shareholder proposal relating to the eradication of child labour from the cocoa supply chain. We were eager to hear Mondelez's views on the proposal and also receive an update on the progress management were making on this specific initiative. Indeed, the company confirmed that 74% of their supply chain is now covered by their Cocoa Life program, up from 28% in 2020. Despite this, like Mondelez, we recognise that eradicating child labour from the cocoa supply chain is a more systemic issue that requires wide-scale collaboration and for this reason we have voted in line with management, as it is unreasonable to expect Mondelez to solve this wider issue on its own.

We are satisfied so far with Mondelez's substantial efforts to make cocoa sourcing sustainable, which is evident through the scale and achievements of its Cocoa Life program. We continue to closely track the company's ongoing efforts and progress.

APPENDIX I

LINDSELL TRAIN BIOGRAPHIES

MICHAEL LINDSELL
Portfolio Manager

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

NICK TRAIN
Portfolio Manager

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.

JAMES BULLOCK
Portfolio Manager

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. He has a Masters degree in Physics from the University of Oxford and a doctorate in Zoology from the University of Cambridge.

MADELINE WRIGHT
Deputy Portfolio Manager

Madeline joined Lindsell Train in 2012 and was promoted to Deputy Portfolio Manager in 2019. Madeline has a degree in English Language and Literature from the University of Oxford and previously spent a semester as a visiting student at Yale University. After leaving Oxford, she studied in Japan for a year where she learnt to speak the language to a high standard.

ALEXANDER WINDSOR-CLIVE

Deputy Portfolio Manager

Alexander joined Lindsell Train in 2016 and was promoted to Deputy Portfolio Manager in 2021. Alexander has a degree in History from the University of Bristol.

BEN VAN LEEUWEN

Deputy Portfolio Manager

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

JESSICA CAMERON

Head of Institutional Marketing & Client Services

Jessica joined Lindsell Train in 2018 and was appointed Head of Marketing & Client Services in February 2024. She has over 15 years' experience in the investment management field. Prior to joining Lindsell Train she worked at Longview Partners (2011 – 2018) within the Institutional Clients team and was also a board director for Longview's Luxembourg funds. She started her career in 2007 at BlackRock, where she worked as a product specialist on the London based Global Equity team and before that as a member of the Global Consultant Relations team. Jessica has a degree in Modern History from the University of St Andrews. She is an Investment Committee member of the University of St Andrews Investment & Treasury Assurance Group (ITAG), which is responsible for the University's endowment funds.

MICHAEL LIM, DIRECTOR

IT & Company Secretarial

Michael joined Lindsell Train in 2001 as Chief Operating Officer (COO) and was appointed Director in 2010. He stepped down as COO in early 2022 and is Company Secretary and responsible for the firm's IT functions. Michael has over 30 years' management experience in finance, securities operations and compliance, having worked in senior management positions for international brokerage institutions Sun Hung Kai (London) and Tai Fook Securities (London). Michael holds a degree in Economics from Queen Mary College, University of London and is a qualified Chartered Accountant.

JOSS SAUNDERS, DIRECTOR

Chief Operating Officer

Joss joined Lindsell Train in May 2021. He has over 20 years' experience in investment management. Having qualified as a Chartered Accountant in Ernst & Young's Audit division in 2001, Joss moved to Henderson Global Investors as a Senior Business Analyst and then in 2004 to Barclays Global Investors (BGI). By the time he left in 2011 he was COO for the UK institutional business of BlackRock following its takeover of BGI. He joined Baillie Gifford in 2011, first as Director of Overseas Finance, then as a Director within their Investment Operations and finally as COO and Finance Officer of their European entity. Joss has a BA honours degree in Economics with French and an MSc in Corporate & International Finance, both from Durham University.

MATHEW MCNEILL

Chief Compliance Officer

Mathew joined Lindsell Train in 2020. He has over 18 years' experience in financial services, 13 of those in dedicated compliance roles. Prior to joining Lindsell Train, he worked for three years as an independent consultant in senior compliance roles with clients including Royal London Asset Management, Quilter, M&G Prudential and Merian Global Investors. He previously worked as a Compliance Manager with Vanguard Asset Management and in the Regulatory & Operational Risk Team at Aegon Asset Management. He started his compliance career in 2007 with Aberdeen Asset Management. Mathew has a degree in History and Politics from the University of Strathclyde.