

LINSELL TRAIN

Investment Adviser Brochure (Form ADV Part 2A)

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This brochure provides information about the qualifications and business practices of Lindsell Train Limited ("LT"). If you have any questions about the contents of this brochure, please contact us at ++44 207 808 1210 or info@lindselltrain.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about LT is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

2. Material Changes

This document is an updated brochure produced by LT in compliance with the requirements of the firm's registration as an investment adviser with the SEC. The previous brochure was updated on 27 April 2017. There is one material change to report.

With effect from 3 January 2018, the European Union Markets in Financial Instruments Directive ("MiFID II") regulations require broker dealers to explicitly separate their commission charges relevant to dealing and research. LT has taken the decision to bear the full cost of the third party research it uses and therefore no longer receives such soft dollar benefits from brokers.

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4. Advisory Business

Lindsell Train Limited (“LT”) was established in 2000 by Michael Lindsell and Nick Train. The business was founded on the shared investment philosophy that developed while the founders worked together during the early 1990s and which underlies our business today.

LT is and has been authorized and regulated by the United Kingdom Financial Conduct Authority (“FCA”) since December 2000 to carry out investment business.

Each of the founders, together with their respective spouses, owns 36.3% of LT. Another 24.3% is owned by the Lindsell Train Investment Trust plc, (“LTIT”) a closed ended investment fund listed on the London Stock Exchange and is held for investment purposes only. The remaining 3.1% is owned LT directors and staff. LT is also the appointed investment manager to LTIT.

This ownership structure allows the founders to maintain the integrity of the business principles which informs the culture of our company, namely:

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

LT specializes in the discretionary management of UK equity, Japanese equity and global equity mandates offered both through segregated accounts, subject to clients’ specific restrictions and guidelines, and pooled funds. Our client base is institutional in nature.

We do not offer any wrap fee programs.

As of January 31, 2018 our regulatory assets under management were US\$18,792,538,000, all managed on a discretionary basis.

For separately managed accounts, investment guidelines and restrictions and any other customized requirements (such as investment management fees) are agreed with the client and documented in the investment management agreement prior to accepting the service.

5. Fees and Compensation

The majority of our annual fees earned are based on an agreed percentage on the value of assets under management (“portfolio management fees”). We charge a fixed investment management fee for one of our segregated mandates at their specific request. The portfolio management fees we charge for our pooled funds range from 0.45% to 1.15% per annum on the net asset value of the relevant different share classes available to investors. We may offer fee rebates to fund investors in certain circumstances, e.g. on size considerations or for early investors in a newly established fund.

Some client accounts are also charged a performance-based fee as discussed below under “Performance-Based Fees and Side-By-Side Management”.

For separately managed and pooled accounts, fees are invoiced to either the client, the administrator or the custodian and paid by the custodian to us.

Our fee billing frequency varies between different clients and this is agreed with the clients prior to the provision of any discretionary investment management services. Most of our segregated client accounts are billed quarterly in arrears and monthly in arrears for pooled funds. We do not charge fees in advance. No additional fees or penalties are charged for termination of any service agreements. Fees are charged on a pro rata basis up to the point of termination.

LT’s fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses which are incurred by clients in separately managed accounts and charged to the pooled funds. See Item 12 - Brokerage Practices. Depending on the tax jurisdiction some fees are also subject to ad valorem tax or other government taxes, which are paid by the client. Clients in separately managed accounts may also incur their own custody fees, administration fees and bank charges for operating their own segregated accounts. In the case of investments in pooled funds managed by LT, investment related and operating related expenses including administration, legal, management fees, custody fees, dilution levies (if applicable) , bank charges and other related costs are deducted from the net asset value of the investment.

6. Performance-Based Fees and Side-By-Side Management

With respect to some of the client accounts under our management, we also have the ability to earn performance fees. LT only considers managing performance fee based accounts if this is specifically preferred and agreed in writing by the client. The structure of any performance fee is subject to negotiation and agreement with the client and documented in the investment management agreement.

Performance based fee arrangements may create conflicts of interest for LT and its employees to invest in riskier investments or favor the client by allocating investment opportunities to them instead of to clients from whom LT does not earn a performance based fee. LT has policies in place that seek to ensure that all clients are treated fairly and equitably in relation to fair allocation of trades in the portfolio. The performance return of each client's portfolio with the same investment strategy is monitored to ensure that there is no bias in the treatment of performance fee based accounts.

7. Types of Clients

LT provides discretionary portfolio management services to financial institutions such as closed ended management investment companies (but not U.S. registered investment companies), wealth managers, insurance companies, multi-manager funds, corporate pensions (including ERISA), charitable institutions, foundations and endowments. We do not offer investment management services to private individuals such as retail or high net worth investors.

LT manages and promotes a number of its own named pooled funds domiciled in the United Kingdom, Ireland and the United States. Dealing in these funds is subject to the terms and conditions of the offering documents for these pooled funds, such as fund prospectuses or offering memorandums and the key investor information document ("KIID").

LT manages assets on behalf of clients who are classified as professional clients as defined under the FCA rules. As a minimum, U.S. investors in eligible LT pooled funds must at least be "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act of 1933. For our LT pooled fund domiciled in the United States, investors must also meet the "qualified purchasers" term as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "1940 Act"), for purposes of Section 3(c)(7).

The minimum account size for management of a separately managed account starts at US\$50 million and may be higher depending on the mandate and investment strategy. Each pooled fund share class has its own minimum initial size of investment and investment management fee, as defined in the relevant fund prospectus.

8. Methods of Analysis, Investment Strategies and Risk of Loss

We believe that in order to generate returns that can outperform the market, we must identify, then seek to exploit, a set of persistent anomalies within a given capital market.

Further, we manage our portfolios with a distinctive attitude to risk and a high sensitivity to cost. In this way, we believe that we can generate absolute returns over the long term and outperform the market averages, but cannot be guaranteed.

This approach results in a number of differentiating features, as follows:

- Our research efforts are focused on identifying companies with durable competitive advantages.
- Our valuation work generates price targets that we believe are often very different from those of other investors.
- We typically run a portfolio with a dividend yield that is expected to be higher than the benchmark and look to capture all available dividends, believing these increase the prospects for generating returns.
- Our portfolio turnover is unusually low.
- Our portfolios are typically highly concentrated, into thoroughly-researched businesses that we believe are strong performers or have the potential to be strong performers. We believe this portfolio concentration may help reduce the risk of loss of capital value over the long term.

Our approach to risk derives from our objective of achieving absolute returns over the long term. We view risk from the perspective of the permanent loss of investor capital and strive to minimize it. We take qualitative judgments about the assets we invest in relative to the likelihood of them delivering such a loss in value. In doing so we commit investments to companies that we believe have excellent characteristics with lower likelihood of disappointing owners in the long run. Although this may result in us sometimes taking significant risk versus a benchmark, and in taking significant stock-specific risk in respect of the concentrated number of stocks in our portfolios, we think the actual risk is lower than the apparent risk.

In constructing a client's portfolio, our portfolio managers will take into account the client's objectives and risks. The investment risks applicable to each account will depend on the nature of the account, its investment objective, strategy, guidelines & restrictions and investment time horizon. For separately managed accounts, we generally meet with clients at least annually to update on the investment strategy and portfolio performance.

Investing in securities, regardless of the way they are selected, involves a risk of capital loss that clients should be prepared to bear. Past performance is not necessarily a guide to future performance. Investors should bear in mind the following investment risks in respect of the strategies we employ:

Market Risk – Stock prices may change significantly triggered by political, economic and financial events. Some types of stocks like small companies, growth or emerging market stocks can be more volatile than other types of stocks such as “blue chip” stocks.

Currency Risk – Overseas stocks are subject to fluctuations in currency movements and the value of the portfolio denominated in a currency other than US Dollar may depreciate significantly.

Interest Rate Risk – Fluctuations in interest rate risk may cause stock prices to change. For example an increase in interest rates may impact the business of a security which may cause its market value to fall.

Liquidity Risk – Certain assets in a portfolio such as investments in securities of smaller companies may be more difficult to sell (i.e. illiquid stocks) when required and may limit the portfolio manager’s ability to readily convert the investment into cash.

Portfolio Concentration Risk – Given the relatively concentrated portfolios managed by LT (typically 20-35 holdings), there may be some larger equity positions. A fall in value of a single security could result in more significant losses to clients’ portfolios than if LT had invested in a wider number of securities.

Diversification Risk – Certain LT’s investment strategies have the majority of assets invested in one or a small number of countries or concentrated sectors relative to their benchmark market indices. This could have a higher than expected positive or negative impact on returns cause by changes in economic, political or stock market movements.

Counterparty Risk – Securities trading for the portfolio is subject to brokers and counterparties’ risk which could result in default of the transaction’s underlying contract or significant delay in settlement.

9. Disciplinary Information

LT and its employees are required to disclose all material facts regarding any legal or disciplinary events. LT has no information to disclose that is applicable to this item.

10. Other Financial Industry Activities and Affiliations

LT is not registered as a US broker dealer or representative firm, futures commission merchant, commodity pool operator, commodity trading advisor, or is it an associated person of any of these types of entities. LT is authorized and regulated by the UK Financial Conduct Authority.

Michael Lindsell is a director of Lindsell Train Investment Trust plc ("LTIT") and Keith Wilson is a director of Lindsell Train Global Funds plc ("LTGF"). LT is appointed investment manager for LTIT and LTGF and receives an investment management fee from them. Both Michael Lindsell and Keith Wilson do not receive any remuneration for their services as directors of those funds. The majority of the boards of directors in LTIT and LTGF are independent and are not affiliated with LT. As such, we believe that no material conflicts arise from their appointments.

Betsy Palmer who is Head of North American Client Service for LT is a registered representative of Alps Distributors Inc., a FINRA regulated broker dealer.

11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

LT has adopted a Code of Ethics that outlines our principles of integrity, competence and fairness. The Code of Ethics provides employees with guidelines on a range of activities including personal account dealing, gifts and entertainment policy, conflicts of interest and how to report code breaches. It is available to all clients or prospective clients on request.

LT employees and its connected parties may buy or sell for their own account the same securities in which LT invests on behalf of clients or buy or sell interests in funds that LT manages on a discretionary basis. LT maintains a policy whereby employees are not allowed to deal ahead of a client account. All relevant personal account transactions require prior clearance from the compliance officer or compliance managers and employees are required to sign a written undertaking to comply with LT's personal account dealing policy. The compliance officer carries out regular reviews of personal account transactions to ensure that the procedures are followed and that there are no Code or compliance violations.

LT has also adopted an insider dealing and market abuse policy applicable to all employees that prohibits personal account transactions while in possession of material non-public information.

LT does not trade in securities as principal or effect transactions for any person other than for a client. Securities are transacted with an approved broker as agent on behalf of a client.

LT may recommend that a segregated client portfolio invest a portion of its account in a suitable fund for which LT acts as investment adviser. An example of this is where a client has a small portfolio and investment in the fund will reduce transaction costs such as separate custody and administration costs. The investment fund must also meet the client's investment objective. Any decision to invest in such funds will be subject to

independent consideration of the recommendation by the client and prior written approval from the client. If a client chooses to include an LT investment fund in its LT managed portfolio, LT agrees to waive its fees relating to the amount of assets invested in the investment fund to avoid “double charging”.

12. Brokerage Practices

Brokers are selected by LT based on various criteria such as reputation, credit rating, competitiveness on costs and services, dealing expertise, geographical coverage, ability to provide liquidity and ability to provide consistent best execution.

LT can only deal with brokers who are on their approved list. The approval process requires an assessment of various factors such as a broker’s credit status and suitability based on quantitative and qualitative data. Each broker must be regulated by their local financial regulatory authority, able to classify us as a professional client, provide its written terms of business and meet best execution obligations. Upon completion of the approval process, the final sign off is given by a member of the compliance team and a senior Director before the broker is added to the approved list. It is the policy of LT to only arrange delivery versus payment settlement of transactions.

LT does not deal as principal but places orders with its approved brokers on behalf of clients’ accounts and as such these brokers owe a duty of best execution. LT monitors these brokers' performance including factors such as:

- Price
- Costs and commissions
- Speed of execution
- Likelihood of execution and settlement
- Order size and impact (including risks that the order size could negatively impact the price achieved)
- Execution capability of the selected broker and/or venue
- Quality and settlement efficiency of the selected broker
- Any other considerations relevant to the order

What constitutes best execution may vary depending on the situation and this may not always equate to obtaining best price or lowest cost. LT will assess the relative importance of the relevant execution factors before placing orders for clients. In most circumstances, the overall price, the order size and liquidity will be the factors considered most when setting the execution strategy.

LT monitors the effectiveness of its order execution arrangements and order execution policy to identify and, where appropriate, correct any deficiencies. We will assess our approved brokers, to whom we transmit orders, to ensure that they achieve best

execution on a consistent basis and assess whether we need to make changes to our execution arrangements or our panel of approved brokers. Apart from execution quality, our annual assessment will also include a review of each broker's financial status, service delivery and settlement efficiency.

Prior to 3 January 2018, client's commissions were used by LT to pay for both brokers' own research and independent third party research, which is referred to as "soft dollars". Commissions would only be used to pay for "permitted research" as defined by the FCA and as permitted under SEC "safe harbor" rules.

The soft dollar benefits received were not always proportionately allocated across client accounts. Certain of those permitted soft dollar services received by LT may have benefited a client whose commissions were not used to pay for those services. Soft dollar credits received from the soft dollar broker could only be used to pay for "permitted research & dealing" services that met the FCA rules and permitted SEC "safe harbor" rules. LT did not receive any soft dollar services that did not aid in the investment decision making or trade executions.

It was recognized that potential conflicts of interest might be created between LT and clients for using commissions paid by clients to pay for both broker and third party research. To mitigate this conflict, clients received periodic reports detailing the amount of commissions paid by clients other than investors in pooled vehicles, analyzed into execution and research components, including amounts paid for any third party soft dollar services. For investors in pooled vehicles, commission costs of trading in the pooled fund's portfolio were reflected in the net asset valuation.

Effective January 3, 2018 new requirements pursuant to the European Union Markets in Financial Instruments Directive ("MiFID II") requires brokers to explicitly separate their commission charges relevant to dealing and research. As such, LT has discontinued its practice of using commissions to pay for third party equity research. LT has instead taken the decision to bear the full cost of the third party research it uses, which will have the benefit of reducing dealing costs for clients.

LT does not receive client referrals from broker-dealers.

LT may permit clients to direct brokerage if specifically requested by the client. Directing brokerage to clients' selected broker could result in higher costs for a client, because LT may not be able to obtain the most favorable price or best execution with the client's selected broker and may not be able to aggregate orders with other clients. In addition, a disparity in commissions charged may exist between the commission paid by the client for such trades and those paid by other clients.

LT buys or sells the same securities simultaneously for a number of clients. LT will aggregate clients' orders if this is deemed appropriate by LT and in the best interest of

clients. It may be advantageous to aggregate orders as this may achieve better execution at more favorable prices and reduce transaction costs including commissions.

It is the policy of LT to allocate transactions from aggregate orders promptly, fairly and equally in particular where accounts are managed with the same investment strategy. The transaction shall be first allocated pro rata with reference to the size of clients' accounts at the uniform average price paid per unit (excluding charges). If an order cannot be completed or filled, this will be allocated to the nearest round lots (where applicable) based on the initial intended allocation. If the transaction is too small to be of significance to the larger accounts, LT has discretion to allocate to clients where it is deemed appropriate and does not disadvantage other clients.

It is LT's policy to allocate executions on a basis believed to be fair and equitable, acting in the best interest of clients and ensuring the management of any conflicts that may arise. A portfolio manager may use discretion where there are issues concerning standard trading board lots, cash availability of client accounts, investment restrictions and accounts requiring cash to fund large redemptions. Such exceptions are recorded on the trade allocation register and are subject to compliance monitoring review by the compliance team.

Subject to a client's consent, LT may conduct cross trades between clients if LT believes that the transaction is beneficial to both parties and does not give rise to any conflicts of interest. Such transactions are placed with approved brokers who deal in the market on clients' behalf at prevailing mid-market price. A lower commission rate is therefore charged to both clients. A record is kept of all cross trades noting down the executing broker, reason for the transaction, prices and commission costs. Cross deals (if any) are reported to clients annually including details of the relevant brokerage incurred. The client has the right to withdraw its consent to such cross trades at any time.

13. Review of Accounts

LT's portfolio managers are responsible for managing their assigned client accounts and are expected to familiarize themselves with the clients' investment guidelines and restrictions. Their investment process and investment performance are periodically reviewed and communicated with the client.

Compliance with investment guidelines for all our clients' (including pooled funds') accounts is monitored daily at the end of each business day and reviewed by our compliance team. Portfolio managers receive notifications of any breaches. Material advertent breaches and dealing errors identified are investigated by compliance and reported to senior management and the relevant client. They are rectified promptly and clients compensated by LT for any losses incurred. (if applicable LT's cost is recovered from the broker or other third party that was responsible for such breach or error). Any

gains made by the client resulting from an advertent breach or dealing error are retained by the client. Investment guideline breaches and dealing errors are periodically reviewed by the compliance team as part of LT's compliance monitoring programme.

Client accounts' portfolio holdings and cash are reconciled by LT operations team to clients' appointed custodian records at least weekly.

We provide our segregated managed account clients with written monthly portfolio reports that showing details of securities held, valuations, cash positions, portfolio performance including appropriate attribution analysis (where required), as well as commentary by the investment managers. We produce monthly reports showing performance, top holdings and commentaries for investors in our pooled funds. Investors of our pooled funds also receive semi-annual and annual audited financial statements from fund administrators.

14. Client Referrals and Other Compensation

LT does not receive any economic benefit from non-clients for advisory services.
LT does not pay any compensation to third parties for client referrals.

15. Custody

LT does not offer or handle any client money or have custody of client securities or cash, provided, however, that LT is deemed to have custody of the assets in Lindsell Train Global Equity, LLC, a Delaware incorporated private fund (the "Fund"). The audited financial statement of the Fund is distributed to its investors within 120 days following the end of its fiscal year. The Fund's securities are held and registered with the appointed custodian nominee name and the cash held by the custodian is registered in the Fund's name.

Apart from the above, clients' portfolio securities and cash are held by clients' own appointed custodians and are registered in the custodian's nominee name. The custodian has the power to appoint a sub-custodian. The ownership of cash and stock holdings is segregated from the custodian's own account and registered and held separately in trust for the beneficiary of the client. LT does not have access (other than for trading) or any authority to register or instruct custodians to register securities or transfer cash into its own name or another nominee name.

16. Investment Discretion

All our accounts are managed on a discretionary basis. Certain managed account clients may have specific requirements or investment restrictions depending on their investment objectives. Our discretionary authority and limitations are governed in the investment management agreement or any side letters with our clients. In the case of pooled funds, they are also governed by the terms of the applicable offering memorandum. These documents are executed prior to taking on any authority or making any investment transactions on behalf of clients.

17. Voting Client Securities

Clients must provide LT with written authorization to vote their securities and this is governed by the terms in the client's investment management agreement. The majority of our clients prefer LT to vote their securities on their behalf. If a client wishes to vote directly without LT's influence or assistance, this instruction is reflected in the client's investment management agreement. For pooled funds, we have authority to vote on behalf of the fund without specific authority from investors.

The primary voting policy of LT is to protect or enhance the economic value of its investments on behalf of its clients. LT will vote against any agenda that threatens this position, in particular concerns over inappropriate management remuneration or incentives, changes in capital structure and mergers or acquisitions which are seen as detrimental to the investment held. LT's intentions will be communicated to the company management.

All voting decisions are made in consultation and approval by the applicable portfolio manager. However, clients may wish to exercise their voting rights attaching to one or more of their investments which may be inconsistent with LT's voting intentions across other clients' accounts. LT will vote such client's shares in accordance with such client's prior written instructions. Once the proxy votes are submitted, they are recorded into a proxy voting database maintained by LT, where they are classified into financial, governance, capital and strategy headings.

From time to time, conflicts of interest may arise when LT carries out its voting policies. For example, a client's holding in the portfolio may include an investment fund which is managed or advised by LT. Another potential conflict may arise where a fund manager has a significant business relationship with the investee company's board member. Where a conflict of interest arises, LT will not vote directly but will disclose the conflict and seek the client's voting decision on the resolution.

Details of LT's voting decisions, with reasons for any abstentions or votes against the company management are reported to clients quarterly.

Clients and prospective clients may obtain a copy of LT's proxy voting policies and procedures upon request.

LT does not assist in legal proceedings such as class action settlements involving companies whose securities are held in the clients' accounts, unless requested or instructed by our clients. We require clients' written approval before proceeding with such claims.

18. Financial Information

The SEC requires us to provide you with certain information or disclosures about LT's financial condition if our financial condition is reasonably likely to impair our ability to meet contractual commitments to our clients. LT does not have any subsidiaries and it does not have any financial condition that is likely to impair its ability to meet its contractual and regulatory commitments. LT does not require and does not accept prepayments of fees.

LT is not subject to any bankruptcy proceeding nor has it been at any time since the Company was incorporated in March 2000.

19. Registration with State Advisers

Not applicable to SEC registered advisers.