

# LINSELL TRAIN

## Japanese Equity Fund

ALL DATA AS OF 31 AUGUST 2023

MONTHLY REPORT | FACTSHEET

### Fund Objective & Policy

To increase the value of Shareholders' capital over the longer term from a focused, actively managed portfolio of equities primarily quoted on stock markets in Japan. The Fund's investment performance is compared with the TOPIX (Tokyo Stock Exchange (First Section) Index) in Yen terms. The fund is not constrained by the benchmark (TOPIX) and will take positions in individual stocks that differ significantly from the Index with the aim of achieving a return in excess of the benchmark. There is no guarantee that a positive return will be delivered.

### Calendar Year Total Return Performance (%) ¥

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

### Total Return Performance to 31st August 2023 (%) ¥

	Annualised							
	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Appt.*
Japanese Equity Fund (A Yen)	-0.6	+3.3	+5.3	+4.3	+0.6	+0.6	+9.4	+6.4
TOPIX Index	+0.4	+9.6	+25.1	+22.0	+15.7	+8.7	+10.2	+5.8
<b>Relative Return</b>	<b>-1.0</b>	<b>-6.3</b>	<b>-19.8</b>	<b>-17.7</b>	<b>-15.1</b>	<b>-8.1</b>	<b>-0.8</b>	<b>+0.6</b>

**Source:** Morningstar Direct. Fund performance is based on total return of A Class shares and is net of fees. For periods greater than one year, returns are shown annualised. The TOPIX performance has been changed to total return with effect from 2/11/09 as disclosed in the Prospectus. Prior to that it was based on capital return. \*Lindsell Train was appointed as portfolio manager to the fund in January 2004.

Past performance is not a guide to future performance.

### Fund Information

Type of Scheme	Dublin OEIC (UCITS)
Launch Date	30 October 1998 (LT appointed January 2004)
Classes	A Yen, B Yen & B Yen Dist., B £ Hedged – Dist., B £ Quoted – Dist., C US Dollar
Base Currency	Yen (¥)
Benchmark	TOPIX
Dealing & Valuation	12 noon each UK/Irish/Japanese Business Day
Year End	31 December
Dividend XD Dates	1 January, 1 July
Pay Dates	31 January, 31 July

### Fund Assets

¥28,941m / £157m

### Share Price

A Yen	¥519.66
B Yen	¥233.00
B Yen Dist	¥181.72
B (£) Hedged – Dist	£2.85
B (£) Quoted – Dist	£2.14
C US Dollar	\$1.48

**Source:** Lindsell Train Limited and Link Fund Administrators (Ireland) Limited.

### Fund Profile

The portfolio is concentrated, with the number of stocks ranging from 20-35, and has low turnover.

### Portfolio Manager

Michael Lindsell

### Investment Manager & Distributor

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66 Buckingham Gate,  
London,  
SW1E 6AU

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info@lindselltrain.com

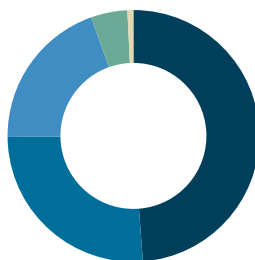
### Manager

KBA Consulting Management Limited  
Regulated by the Central Bank of Ireland

### Top 10 Holdings (%NAV)

Nintendo	9.29
Kao Corp	8.92
OBIC Business Consultants	7.73
Astellas Pharma	6.89
Shiseido	6.78
Calbee	4.77
Takeda Pharmaceutical	4.74
Yakult	4.69
Milbon Co	4.68
Japan Exchange Group	4.68

### Sector Allocation (%NAV)



Allocation and holdings subject to change

● Consumer Franchise/Brands	48.8
● Media	26.1
● Healthcare Incl. Pharmaceuticals	19.7
● Financials	4.7
● Cash	0.8
<b>Total</b>	<b>100.0</b>

Lindsell Train sector definitions

### Share Class Information

	Minimum Investment	Management Fees	Ongoing Charges Figure (OCF)*	ISIN	Sedol
A Yen	¥200,000	1.10% p.a.	1.27% p.a.	IE0004384180	438318
B Yen	¥10,000,000	0.60% p.a.	0.77% p.a.	IE00B11DWM09	B11DWM0
B Yen Dist	¥10,000,000	0.60% p.a.	0.77% p.a.	IE00B11DWS60	B11DWS6
B (£) Hedged – Dist	£100,000	0.60% p.a.	0.77% p.a.	IE00B3MSSB95	B3MSSB9
B (£) Quoted – Dist	£100,000	0.60% p.a.	0.77% p.a.	IE00B7FGDC41	B7FGDC4
C US Dollar	\$250,000	0.60% p.a.	0.77% p.a.	IE00BK4Z4T73	BK4Z4T7

\*The OCF is a measure of the Fund's total operating expenses over 12 months, including management fee, as a percentage of the Fund's net assets. The OCF is based on expenses and average assets for 12 months to the 31st December 2022. It is calculated by the Fund Administrator and published in the KIID dated 17/02/23. It is an indication of the likely level of costs and will fluctuate as the Fund's expenses and net assets change. The OCF excludes any portfolio transaction costs. A copy of the latest prospectus and the Key Investor Information Document for each class is available from [www.lindselltrain.com](http://www.lindselltrain.com)

#### Company/Fund Registered Office

Lindsell Train Global Funds plc,  
33 Sir John Rogerson's Quay,  
Dublin, Ireland

#### Depository & Custodian

The Bank of New York  
Mellon SA/NV

Regulated by the  
Central Bank of Ireland

#### Fund Administrator, Dealing & Registration

Link Fund Administrators  
(Ireland) Limited

Tel: +353 1 400 5300

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Email: [dublinTA@linkgroup.ie](mailto:dublinTA@linkgroup.ie)

Regulated by the  
Central Bank of Ireland

#### Board of Directors

Alex Hammond-Chambers  
David Dillon  
Gerald Moloney  
Lesley Williams  
Keith Wilson

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

## Portfolio Manager's Comments

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Having experienced the excesses of the Japanese property market in the late 1980s, it is tempting to draw parallels to what seems to be happening in China now. I am no economic expert nor do I have any deep insight or knowledge of China, except to reflect that the extent of vacancy, affordability and long-term demographic trends all seem to be considerably worse than what I remember afflicting Japan in those days. More comparable is the excessive use of leverage undertaken by Chinese developers, which is putting them under comparable financial pressures as those faced by similar companies in Japan many years ago.

There is a risk that consumer confidence will be hit by these concerns. Indeed, investors are particularly wary of any corporate announcement that could corroborate this expectation. Companies selling luxury and premium products are under the spotlight as this type of discretionary spending could be temporarily impacted by declining confidence. There is precious little evidence of sales being affected yet. As an example, Shiseido's recent Chinese sales were just fine, growing steadily. Nevertheless, the concern was reflected in its share price, with it falling 5% during August. Perhaps such a precautionary response is understandable given the importance of the Chinese market for the company, which now generates 30% of sales directly (in the first half of the current financial year). And this figure does not factor in the important contribution of travel retail (15% sales), which is dominated by Chinese consumers.

Pigeon's shares were also down 12% last month. Half year sales in China were up 11% but not as much as some had hoped given the comparison to a Covid-affected period a year ago. Like Shiseido, Pigeon's Chinese business contributes a lot to the company. China is 38% of sales and 81% of operating profits, generates a 30% operating profit margin, and is a template for the kind of business that management would like to create as the company grows into other jurisdictions with higher birth rates. 73% of sales are online which underpins the profitability. It strikes us that baby products such as bottles, teats and skincare are essential items and should be prioritised in any consumer downturn over discretionary items. That said, a fall in the share price is again perhaps not surprising when so much of profits depend on Chinese sales.

Yakult's share price was down 13% in July and by a further 3% in August, after having risen by 23% over the previous two years. Domestic sales growth has been exceptionally strong thanks to the success of the premium Yakult 1000, whilst overseas sales, dominated by Asia ex Japan (and especially China), have stagnated. Initially this was perceived to be a result of Covid restrictions, but the recently reported Q1 2023 sales showed a further decline in China as volumes were hit by competitive pressures as other similar products undercut Yakult's pricing. It may take some time for Yakult's quality and brand strength to show through before sales recover.

Kao has 20% of its sales exposed to Asia ex Japan, of which it is presumed the bulk is to China, with important brand positions in nappies, feminine care and cosmetics. The company also sells specialist chemical products for industrial use. Asian sales declined 9% across all categories, which was again linked to weakness in China.

Our other companies are less exposed to China (less than 5% of sales), although all want to increase their presence there, especially those with resonant consumer brands. Calbee, Mandom, Milbon and Ito en all see futures for their brands in the hands of Chinese consumers. Both of our pharmaceutical companies, Astellas and Takeda, also expect growing demand for their products from the Chinese as the population ages and healthcare costs increase, and are actively seeking the approvals necessary to market their existing and prospective products. All this leads us to expect our companies' exposure to rise whatever the impact China's property malaise has on consumption in the short term.

### *Michael Lindsell, 8<sup>th</sup> September 2023*

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

**Source Data:** Lindsell Train Ltd, Morningstar & Bloomberg; As of 31<sup>st</sup> August 2023

The top three absolute contributors to the Fund's performance in August were Astellas Pharma, Kao Corp and OBIC Business Consultants and the top three absolute detractors were Square Enix, Milbon and Pigeon.

## Important Information

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

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