Dear Investor,

We hope that our long term strategy of focussing our portfolios on strong companies is going to see us through this crisis. Remember many of our companies have net cash on their balance sheets:

AG Barr, Burberry (though admittedly some lease obligations here), Celtic FC, Daily Mail, Euromoney, Fevertree, Hargreaves Lansdown, Rathbones, Schroders – all have net cash.

Our asset management companies are not only financially secure, but their business model means revenues are highly predictable – even if the quantum of those revenues is lower, temporarily. And remember they are not only invested in equities – bond and multi-asset portfolios will be providing protection.

Diageo, Heineken, LSE, Mondelez, RELX, Sage and Fullers/Youngs are all very strong businesses and/or lowly geared. Sage has just commenced a share buyback because it believes it is too lowly geared.

Remy and Manchester United are both more exposed to an economic downturn and both have some, but not excessive debt. Manchester United has just announced a share buyback – signalling confidence in its balance sheet. But we must hold on to and even add to companies that will do well once we get through to the far side of this. Pearson is holding up well as a share price, because investors see the possibility of an acceleration in online learning (and student registrations, that tend to go up during a recession). PZ Cussons has just announced a new CEO, ex P&G and sales of Carex, at least, will be going gangbusters.

I have been buying FGT shares in recent days and weeks, not because I believe I will find the bottom – I have already missed it several times! But because 9 times out of 10 this is the right thing to do – however painful.

Nick Train, Lindsell Train Limited
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