



**CF Lindsell Train UK
Equity Fund**

Interim Report and Financial Statements
30 November 2007
(unaudited)

THE FUND
CF Lindsell Train UK Equity Fund

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INVESTMENT MANAGER'S REPORT

FOR THE HALF YEAR ENDED 30 NOVEMBER 2007

INVESTMENT OBJECTIVE

The investment objective of the CF Lindsell Train UK Equity Fund ("the Fund") is to invest in the securities of companies which are listed, quoted or dealt on any of the markets of the London Stock Exchange, including the Alternative Investment Market (AIM), with the objective of achieving capital and income growth and providing a total return in excess of that of the FTSE All-Share Index.

It is the Fund's policy to invest primarily in ordinary shares, preference shares and convertible bonds listed, quoted or dealt in or any of the markets of the London Stock Exchange, including AIM. It is the Fund's policy not to invest in unlisted securities, other collective investment schemes, warrants, derivatives, immovables or gold.

INVESTMENT REVIEW

Since the end of May 2007 there has been both an interruption to the bull market in UK equities and a drop-off in our absolute returns and those relative to the FT All-Share benchmark. Below we highlight the key issues we see for both the market and the investment strategy of your Fund.

First, however, we are conscious that this has been another period when our portfolio turnover is unusually low. Such inactivity is fine when performance is strong, but through a tough phase, as the last six months have turned out to be, we wonder if it may smack of complacency or just not caring about performance. We assure fund holders that we dislike underperforming very much. If we believed we could improve performance by more active trading, we would engage in it. It remains our conviction though, that our best chance of delivering strong absolute and relative returns is to create a portfolio of what we analyse to be unusually strong business franchises and to hold them tenaciously, over stock market and economic cycles. Simply stated, our investment strategy is to "Own great businesses for the long haul" and our investment practice since the launch of your Fund has been consistent with that stated strategy.

INFLATION WORRIES

We think the turbulence of recent months can be traced back to fears of rising inflation that began in the UK as long ago as early 2005. Since then UK and US investors have fretted about the inflationary implications of the commodity price boom. Central bankers have shared these concerns and repeatedly raised short term interest rates. Eventually, as is typical, the rising cost of money has found out excesses in the financial markets and the broader economy – pricking bubbles in the Anglo-Saxon housing markets and the aggressive financing of those markets.

Today, we expect that the combination of a fully-fledged housing recession in the US and the shock of Northern Rock on the lending policies of British banks – both events apparently "bad news" – will be sufficient to dampen inflation expectations.

If the inflation worries that have dogged markets do indeed abate, then we can look forward to a bond market rally and interest rates to fall. This would represent "good news". In particular, so far as your Fund is concerned, the shares of banks and financial service companies, such as the asset managers, should start to perform better.

BANKS

Here some comments are appropriate about the most unsettling event of the period – the implosion of Northern Rock. We have never owned shares in this business, because it is in many ways the antithesis of what we look for in a bank investment. Nonetheless, even as sceptics about Northern Rock's business model, we were taken aback by how swiftly its brand equity evaporated. There was collateral damage to your Fund from the episode, we regret, the most extreme being the fall in Bradford & Bingley's (B&B) share price, down 34% in calendar year 2007. B&B conducts its business very differently from Northern Rock, remains an "A"-rated financial institution (last confirmation, 24th October, from Fitch) and appears to be securely funded. However, it has been a sobering experience to witness a run on a British bank and it seems unrealistic to expect a quick return to investor confidence in the sector. Unfashionable though it may be, we still believe that investing in banks is attractive, particularly in those with a strong "retail" brand. We retain ordinary shares in B&B, HBOS and Lloyds, amounting to 10.3% of net portfolio value, plus preference shares issued by HBOS and Royal Bank of Scotland, for an additional 6.3% at the end of November 2007. HBOS' preference share dividends are covered 30 times by current ordinary dividends and those of RBS by 200 times. This suggests that the 8% or higher, yields on these instruments are safe in all but the most extreme circumstances and should become attractive again to other investors at some stage.

GLOBALISATION AND GLOBAL MERGERS

As markets rocked through Summer 2007, one reason for investor worry was that end of the recent takeover boom seemed nigh.

The 26% fall in Cadbury's share price between end May and late August was a direct consequence of this pessimism about the future completion of substantive takeover deals and as one of the largest holdings in the portfolio, Cadbury's rise, fall and recent recovery has a significant impact on investment performance.

However, the pessimists were wrong, because, if anything, bid activity has accelerated over the last few months, much of it global in nature. We expect even more in coming years.

Within the period there were two extraordinary, but related developments, relevant for this prediction, which illustrate the unexpected way the world is today and the direction it is fast heading. First was the joint offer by the China Development Bank and Temasek, the Singaporean state sovereign fund, to invest up to \$20 billion into the equity of Barclays Bank, to assist the latter with its bid for ABN AMRO. Next, the emergence in September of two Middle Eastern institutions as the largest shareholders in the London Stock Exchange (LSE), acquiring nearly 50% of its shares at a big premium to market.

What both demonstrate is the globalisation of financial markets and the financial services industry, with new pools of liquidity, arising in the East, looking to participate in the emergence of global champions. The implications are that UK investors need to keep thinking bigger about possible deals and the resultant combinations and to expect further consolidation across many industries, not only Financials.

Your portfolio benefited from the 33% uplift in the value of its longstanding and major holding in LSE. We intend to hold on to this position, as the jockeying for control approaches denouement. In addition, we will be disappointed if Cadbury does not continue its recent price recovery, as news emerges of renewed Private Equity interest in its beverage unit.

VALUE VERSUS GROWTH

"Value" and "Growth" are two investment styles that tend to move in opposition to each other – when one is in favour, the other lags. We believe there is a transition underway today between the two, which could surprise investors and benefit your Fund.

"Value" outperformed "Growth" in the UK between the top of the Tech Bubble, in March 2000 and sometime in mid 2006. Now there is evidence that the trend has reversed and the pendulum is swinging back to "growth", perhaps for many quarters.

This matters for your portfolio, because we have sought to pre-empt the shift, by building exposure in the portfolio to out-of-favour "growth" companies, often, we think, at attractively depressed prices. In our opinion, the holdings in Media, Software, Asset Managers, LSE and Emerging Market-facing Consumer Branded Goods (amounting to 76% of net assets) meet this description, including sizeable positions in companies such as Cadbury, Diageo, Euromoney, Fidessa, Pearson, Rathbone, Reed, Reuters, Sage, Schroders and Unilever. We believe this is the portion of the strategy with the greatest potential for gain over the next 12 months.

DIVIDENDS

In the long run, though, what will matter most for the Fund are not periods of macro-economic angst, like today, nor shifts in stock market fashion. Instead, the key driver will be the dividend growth and share buy-backs of all the portfolio constituents.

Here, we were very heartened by the corporate, as opposed to economic, developments of the period, in particular the interim results season, because recent dividend growth exceeded our expectations, sometimes by a wide margin. Reviewing these recent announcements, we observe that 12 out of the 19 ordinary equity investments in the portfolio increased their dividends by 10.0% or more – including key holdings such as Cadbury, +21.0%, HBOS, +22.0%, LSE, +33.0%, Reuters, +21.0% and Schroders, +20.0%. Fidessa, the old Royalblue, increased its interim by 40.0%, while pride of place went to Sage, with a 95.0% annual hike. Marstons, up +20.0%, Rathbone, +18.0% and Reed Elsevier, +10.0% are also important.

Meanwhile, 5 companies increased between 5.0-9.0%, including Diageo, where the 5.0% increase must be seen in the context of its continuing share buyback, which effectively amounts to a further 5% return of cash, on top of the 3% dividend yield. Unilever's interim was up 9.0%, after a run of lower increases. Most gratifyingly, Lloyds Bank was up 5.0%, for the first increase since 2001. Lloyds yields 7% on this increased dividend, much more than twice the current rate of UK inflation, with a dividend increase also double the rate of inflation. In calmer equity market conditions, Lloyds could be rated much more highly, we expect. Between them, this collection of 17 strong dividend growers represents 90% of net portfolio value. (The two equities unaccounted for, Bradford & Bingley and Celtic, amount to 1.4% of the total, with the balance made up of the preference shares).

We are by temperament bullish about equity markets and for the strategy and remain so today. It is these dividend increases that help us stay optimistic through periodic phases of share price volatility.

LINSELL TRAIN LIMITED
Investment Manager
19 December 2007

NET ASSET VALUE PER SHARE AND COMPARATIVE TABLE

PRICE AND INCOME HISTORY

Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2006	110.07	99.97	–
2007*	122.79	105.45	3.1992
2008#	–	–	1.2803

Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2006	111.38	99.97	–
2007*	124.83	108.45	2.6576
2008#	–	–	1.3223

*To 30 November 2007.

#To 31 January 2008.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.05.07	Income	42,827,114	35,530,065	120.54
	Accumulation	25,793,710	20,811,121	123.94
30.11.07	Income	33,423,714	30,737,024	108.74
	Accumulation	44,643,366	39,445,737	113.18

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

PRICES PER SHARE (EX-DISTRIBUTION)

Date	Share Class	Price P	Yield %	Total Expense Ratio %
03.12.07	Income Accumulation	108.39	2.97	0.75
		112.81	2.92	0.75

FUND PERFORMANCE

Over the period 1 June 2007 to 30 November 2007 the net asset value fell by 9.79% (ex-distribution) per Income share and 8.68% per Accumulation share.

Details of the distributions per share for the half year are shown in the Distribution Table on page 26.

AUTHORISED STATUS

The Company is an investment company with variable capital incorporated under the OEIC Regulations. It is a 'Non-UCITS Retail Scheme' as defined in the Collective Investment Scheme Sourcebook (COLL) and also an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with registered number IC000459. The Company was authorised by Financial Services Authority with effect from 27 June 2006. The shareholders are not liable for the debts of the Company.

CERTIFICATION OF ACCOUNTS
BY DIRECTORS OF THE ACD

This report is signed in accordance with the requirements of the COLL Sourcebook.

K.J. MIDL

J. MILLAN

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Lindsell Train UK Equity Fund
21 April 2008

STATEMENT OF TOTAL RETURN
FOR THE HALF YEAR ENDED 30 NOVEMBER 2007

	Notes	£	30.11.07 £
Net losses on investments during the half year	2		(7,606,556)
Income	3	1,178,439	
Expenses	4	(398,800)	
Finance costs: Interest	6	—	
Net income before taxation		779,639	
Taxation	5	—	
Net income after taxation		779,639	
Total return before distributions			(6,826,917)
Finance costs: Distributions	6		(972,863)
Change in net assets attributable to shareholders'			(7,799,780)

STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS
FOR THE HALF YEAR ENDED 30 NOVEMBER 2007

	Notes	£	30.11.07 £
Net assets at the start of the half year			68,620,824
<i>Movement due to sales/repurchases of shares:</i>			
Amounts receivable on issue of shares		35,678,434	
Less: Amounts payable on cancellation of shares		(18,903,121)	
			16,775,313
Stamp duty reserve tax	1(f)		(50,868)
Change in net assets attributable to shareholders' (see Statement of Total Return above)			(7,799,780)
Retained distribution on Accumulation shares			521,591
Net assets at the end of the half year			78,067,080

PORTFOLIO STATEMENT

AS AT 30 NOVEMBER 2007

Holding	Portfolio of Investments	Value £	Total Net Assets	
			30.11.07 %	31.05.07 %
58,752	DEBT SECURITIES Celtic 6% convertible	41,126	0.05	
	TOTAL DEBT SECURITIES	41,126	0.05	0.03
	OIL & GAS	–	–	0.30
	INDUSTRIALS	–	–	0.37
	CONSUMER GOODS			
	<i>BEVERAGES</i>			
86,154	Barr (A.G.)	1,008,002	1.29	
643,722	Diageo	7,035,882	9.01	
		8,043,884	10.30	9.41
	<i>FOOD PRODUCERS</i>			
1,225,932	Cadbury Schweppes	7,631,427	9.78	
476,868	Unilever	8,502,557	10.89	
		16,133,984	20.67	17.74
	TOTAL CONSUMER GOODS	24,177,868	30.97	27.15
	CONSUMER SERVICES			
	<i>MEDIA</i>			
148,195	Daily Mail & General Trust	823,964	1.06	
532,715	Euromoney Institutional Investor	2,148,173	2.75	
694,801	Pearson	5,186,689	6.64	
862,066	Reed Elsevier	5,275,844	6.76	
855,214	Reuters Group	5,092,799	6.52	
		18,527,469	23.73	25.00
	<i>TRAVEL & LEISURE</i>			
654,772	Celtic	405,959	0.52	
4,200	Celtic 4% preference	4,620	0.01	
436,624	Marston's	1,467,057	1.88	
		1,877,636	2.41	2.31
	TOTAL CONSUMER SERVICES	20,405,105	26.14	27.31

Holding	Portfolio of Investments	Value £	Total Net Assets	
			30.11.07 %	31.05.07 %
	FINANCIALS			
	<i>BANKS</i>			
341,712	Bradford & Bingley	1,027,699	1.32	
482,378	HBOS	3,849,376	4.93	
776,546	HBOS 9.25% <i>ncip</i>	978,448	1.25	
66,722	HBOS 9.75% <i>ncnrp</i>	89,407	0.11	
661,912	Lloyds TSB Group	3,276,464	4.20	
2,969,462	National Westminster Bank	3,800,911	4.87	
		13,022,305	16.68	20.86
	<i>GENERAL FINANCIAL</i>			
225,944	London Stock Exchange Group	4,017,284	5.15	
354,457	Rathbone Brothers	3,909,661	5.01	
260,019	Schroders	3,476,454	4.45	
		11,403,399	14.61	13.53
	TOTAL FINANCIALS	24,425,704	31.29	34.39
	TECHNOLOGY			
	<i>SOFTWARE & COMPUTER SERVICES</i>			
331,482	Fidessa Group	3,172,283	4.06	
1,601,307	Sage Group (The)	3,450,817	4.42	
		6,623,100	8.48	9.11
	TOTAL TECHNOLOGY	6,623,100	8.48	9.11
	Portfolio of investments	75,672,903	96.93	98.66
	Net other assets	2,394,177	3.07	1.34
	Net assets	78,067,080	100.00	100.00

The investments have been valued in accordance with note 1(h) and are ordinary shares unless stated otherwise.

Definitions

ncnrp – non cumulative and non redeemable preference

ncip – non cumulative irredeemable preference

BALANCE SHEET
AS AT 30 NOVEMBER 2007

Notes	30.11.07		31.05.07	
	£	£	£	£
ASSETS				
Portfolio of Investments		75,672,903		67,701,179
Other assets				
Debtors	8	171,951		937,403
Bank balances		2,873,196		886,798
Total other assets		3,045,147		1,824,201
Total assets		<u>78,718,050</u>		<u>69,525,380</u>
LIABILITIES				
Other liabilities				
Creditors	9	(257,444)		(67,796)
Distribution payable on Income shares		(393,526)		(690,775)
Bank overdrafts		–		(145,985)
Total other liabilities		(650,970)		(904,556)
Total liabilities		<u>(650,970)</u>		<u>(904,556)</u>
Net assets attributable to shareholders		<u>78,067,080</u>		<u>68,620,824</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE HALF YEAR ENDED 30 NOVEMBER 2007

Total purchases for the half year (note 14)		£25,619,990
Total purchases		Cost £
Unilever		3,089,740
Cadbury Schweppes		2,507,799
Diageo		2,283,076
Pearson		2,217,370
Reuters Group		1,727,092
Reed Elsevier		1,643,281
HBOS		1,460,937
Rathbone Brothers		1,392,554
Schroders		1,225,168
Lloyds TSB Group		1,141,762
Daily Mail & General Trust		1,116,937
Sage Group (The)		1,100,274
London Stock Exchange Group		998,416
National Westminster Bank		907,425
Marston's		843,202
Euromoney Institutional Investor		706,582
Fidessa Group		645,624
Celtic		290,884
Bradford & Bingley		108,334
Barr (A.G.)		108,041

Total sales for the half year (note 14) **£10,041,708**

Major sales	Proceeds £
Reuters Group	994,606
London Stock Exchange	948,604
Unilever	939,680
HBOS	878,707
Cadbury Schweppes	862,100
Diageo	791,850
Pearson	700,968
Reed Elsevier	697,904
Schroders	695,418
Lloyds TSB Group	643,755
Sage Group (The)	597,266
Marston's	265,817
Halma	232,560
Royal Dutch Shell 'B'	221,902
Daily Mail & General Trust	200,486
Bradford & Bingley	200,049
Greene King	125,050
Hargreaves Lansdown	44,986

The portfolio changes represent the 20 largest purchases and all of the sales during the half year.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 NOVEMBER 2007

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association in December 2005.

(b) Recognition of income

Dividends receivable from quoted equity and non-equity shares are credited to income when the security is quoted ex-distribution. Interest and other income is recognised on an accruals basis.

(c) Treatment of stock and special dividends

Any stock received in lieu of cash dividends is credited to Capital in the first instance, followed by a transfer to Income of the cash equivalent being offered and this forms part of the distributable income.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as Income or Capital. Amounts recognised as Income will form part of the distribution.

(d) Treatment of expenses

For accounting purposes, all expenses (other than Stamp Duty Reserve Tax (SDRT) and costs relating to the purchase and sale of investments) are charged against income for the year on an accruals basis.

(e) Allocation of income and expenses to multiple share classes

All charges and expenses will be allocated between classes in accordance with the terms of issue of those shares of those classes. Any charges and expenses not attributable to any one class will be allocated by the ACD to all classes pro rata to the net asset values of the classes, although the ACD has discretion to allocate such charges and expenses in a different manner which is considered fair to shareholders generally.

(f) Taxation**30.11.07****£**

- i. Corporation tax is provided at 20% on income, other than UK dividends, after deduction of expenses.
- ii. Where overseas tax has been deducted from overseas income that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.
- iii. The charge for deferred tax is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset. Deferred tax liabilities are not discounted.
- iv. SDRT suffered on surrender of shares is deducted from Capital.

(g) Distribution policy

For the purpose of calculating the distributable amount 50% of all charges, costs and expenses (excluding transaction charges, SDRT and the costs of establishing the Company which will be allocated wholly to the capital) will be allocated to the capital of the Company.

Income arising from investments accumulates during each accounting period.

Surplus income is allocated to shareholders in accordance with the OEIC Regulations.

In order to conduct a controlled dividend flow to shareholders interim distributions may be made at the ACD's discretion, up to a maximum of the distributable income available for the period to date. All remaining net income at the period end is distributed in accordance with the OEIC Regulations.

(h) Basis of valuation of investments

Listed investments are valued at closing bid prices, excluding any accrued interest in the case of fixed interest investments, on the last business day of the accounting period.

(i) Set up costs

Initial set up costs are written off as they are incurred.

2. NET LOSSES ON INVESTMENTS

The net losses on investments during the half year comprise:

Non derivative securities	<u>(7,606,556)</u>
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3. INCOME

UK franked dividends	1,080,363
Bank interest	98,076
Total income	<u>1,178,439</u>

4. EXPENSES

Payable to the ACD, associates of the ACD and agents of either of them:

ACD's periodic charge	262,290
Accounting fee	98,794
Printing costs	500
Registration fees	4,657
Tax fees	734
	<u>366,975</u>

Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary's fees	22,145
Transaction charges	7,350
Safe custody and other bank charges	7,881
	<u>37,376</u>

Other expenses:

Audit fees	8,578
Legal fees	(14,129)
	<u>(5,551)</u>
Total expenses	<u>398,800</u>

	30.11.07
	£
5. TAXATION	
a) Analysis of charge for the half year	
Corporation tax at 20%	—
Total current tax charge (note 5b)	—
Deferred tax – origination and reversal of timing differences (note 5c)	—
Total taxation	—
b) Factors affecting current tax charge for the half year	
The tax assessed for the half year is lower to the standard rate of corporation tax in the UK for an authorised fund (20%). The differences are explained below.	
	30.11.07
	£
Net income before taxation	779,639
Corporation tax at 20%	155,928
Effects of:	
UK franked dividends	(216,073)
Expenses not deductible for tax purposes	1,470
Unrelieved excess management expenses	58,675
Current tax charge for the half year (note 5a)	—

c) Deferred tax

At 30 November 2007 the Fund had surplus management expenses of £562,607 on which there is an unprovided deferred tax asset of £112,521. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

6. FINANCE COSTS

Distributions

The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares, and comprise:

	30.11.07
	£
Interim	915,117
Add: Income deducted on cancellation of shares	182,975
Deduct: Income received on issue of shares	(125,229)
Net distribution for the half year	972,863
Interest	—
Total finance costs	972,863
Distribution represented by:	
Net income after taxation	779,639
Expenses charged to Capital	193,208
Balance of Income brought forward	34
Balance of Income carried forward	(18)
Net distribution for the half year	972,863

Details of the distribution per share are set out in the table on page 26.

7. DILUTION LEVY

The actual cost of purchasing, selling or switching assets and investments in a sub-fund may deviate from the mid-market value used in calculating its share price, due to dealing charges, taxes, and any spread between buying and selling prices of the sub-fund's underlying investments. These costs could have an adverse effect on the value of a sub-fund, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to make a dilution levy on the purchase, sale or switch of shares in a sub-fund. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the sub-fund.

7. DILUTION LEVY (continued)

The need to charge a dilution levy will depend on the volume of sale and redemptions. The ACD may require a dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a sub-fund experiencing large levels of net sales relative to its size; on "large deals" (which for these purposes is defined as £15,000); in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy. It is not possible to predict accurately whether dilution would occur at any point in time. If a dilution levy is required then, based on future projections the estimated rate or amount of such a levy would be 0.5%. The ACD has no plans at present to introduce a dilution levy on the purchase, sale or switch of shares.

The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

	30.11.07 £	31.05.07 £
8. DEBTORS		
Amounts receivable for issue of shares	6,003	743,192
Accrued income:		
UK franked dividends	165,948	193,641
Bank interest	—	570
	165,948	194,211
Total debtors	<u>171,951</u>	<u>937,403</u>

	30.11.07 £	31.05.07 £
9. CREDITORS		
Amounts payable for cancellation of shares	90,043	—
Purchases awaiting settlement	81,280	—
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	—	51,372
Registration fees	1,726	3,137
Printing costs	1,500	1,000
Accounting fee	28,461	—
Administration fee	9,235	—
	40,922	55,509
Amounts payable to the Despositary, associates of the Despositary and agents of either of them:		
Despositary's fees	—	2,920
Safe custody and other bank charges	2,400	849
Transaction charges	570	1,310
	2,970	5,079
Other expenses	6,943	7,012
Taxation payable:		
Stamp duty reserve tax	35,286	196
Total creditors	<u>257,444</u>	<u>67,796</u>

10. RELATED PARTY TRANSACTIONS

Management fees payable to Capita Financial Managers Limited (the ACD) and registration fees payable to Capita Financial Administrators Limited (an associate of the ACD) are disclosed in note 4 and amounts outstanding at the half year end in note 9.

The aggregate monies received and paid by the ACD through the issue and cancellation of units are disclosed in the Statement of Change in Shareholders' Net Assets on page 9 and amounts outstanding at the half year end in note 8 and 9.

All other amounts paid to, or received from, the related parties, together with the outstanding balances are disclosed in the financial statements.

11. CONTINGENT LIABILITIES

There were no contingent liabilities or outstanding commitments (31.05.07 : none).

12. SHAREHOLDER FUNDS

The Fund has two share classes: Income and Accumulation. The annual management charge on those shares is:

	%
Income	0.65
Accumulation	0.65

The net asset value, the net asset value per share and the number of shares in issue are given in the Net Asset Value per Share and Comparative Tables.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations.

Political and economic events in the major economies of the world, such as the United States, Japan and the European Union, will influence stock and securities markets worldwide.

The main risks from the Fund's holding of financial instruments with the ACD's policy for managing these risks are set out below:

i. Credit risk

The Fund may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of income receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

By a careful assessment of economic and other relevant factors, the Investment Manager will seek to invest in those companies most likely to benefit, or be shielded, from anticipated changes in interest rates.

The table below shows the interest rate risk profile:

	30.11.07	31.05.07
	£	£
Floating rate assets:		
Pounds sterling	2,873,196	886,798
Floating rate liabilities:		
Pounds sterling	–	(145,985)
Assets on which interest is not paid:		
Pounds sterling	75,844,854	68,638,583
Liabilities on which interest is not paid:		
Pounds sterling	(650,970)	(758,571)
Net assets	<u>78,067,080</u>	<u>68,620,824</u>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the UK base rate.

There are no material amounts of non-interest bearing financial assets and liabilities, other than equities, which do not have maturity dates.

iii. Foreign currency risk

The financial position and financial performance of the Fund is unlikely to be significantly affected by currency fluctuations as the Trust's assets are denominated primarily in sterling. No hedging of any currency exposure is undertaken. Revenue received in currencies other than sterling is converted into sterling at the date of receipt. At the period end the Fund held no investments denominated in currencies other than sterling.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

30.11.07

£

iv. *Liquidity risk*

The main liability of the Fund is the cancellation of any shares that investors want to sell. Securities may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation. Smaller companies by their nature, tend to have relatively modest traded share capital, and the market in such shares can, at times, prove illiquid. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of readily realisable securities.

v. *Market price risk*

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. For an equity portfolio the risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of UK stocks can mitigate market risk.

vi. *Counterparty risk*

Transactions in securities entered into by the Fund give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties.

vii. *Fair value of financial assets and financial liabilities*

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

14. PORTFOLIO TRANSACTION COSTS

Analysis of Total Purchases Cost

Purchases in period before transaction costs	25,451,616
Commissions	51,918
PTM Levy	371
Stamp Duty and other charges	116,085
	168,374
Total purchase cost	<u>25,619,990</u>

Analysis of Total Sales Cost

Sales in period before transaction costs	10,052,718
Commissions	(10,992)
PTM Levy	(18)
	(11,010)
Total sales cost	<u>10,041,708</u>

DISTRIBUTION TABLE

FOR THE HALF YEAR ENDED 30 NOVEMBER 2007 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 June 2007

Group 2 – Shares purchased on or after 1 June 2007 and on or before 30 November 2007

Income Shares	Net Income	Equalisation	Payable 31.01.08
Group 1	1.2803	–	1.2803
Group 2	0.8004	0.4799	1.2803

Accumulation Shares	Net Income	Equalisation	Allocation 31.01.08
Group 1	1.3223	–	1.3223
Group 2	0.8514	0.4709	1.3223

EQUALISATION

Equalisation applies only to Shares purchased during the distribution period (Group 2 Shares). It represents the accrued income included in the purchase price of the Shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the Shares for Capital Gains Tax purposes.

GENERAL INFORMATION

Head Office: Beaufort House, 15 St Botolph Street, London EC3A 7HH

Address for Service: The Head Office is the address in the United Kingdom for service on the Fund of notices or other documents required or authorised to be served on it.

Base Currency: The base currency of the Fund is pounds sterling.

Share Capital: The minimum share capital of the Fund is £1 and the maximum is £100,000,000,000. Shares in the Fund have no par value.

CLASSES OF SHARES

Under the Company's Instrument of Incorporation, the Company is permitted to issue income and accumulation shares in relation to the shares of the Company.

Where income shares are in existence, each income share is deemed to represent one undivided unit of entitlement in the property of a Company. Where both income and accumulation shares are in existence, the number of undivided units of entitlement in the property of the Company represented by each accumulation share increases as income is accumulated.

VALUATION POINT

The valuation point for the Company is 10 am on each dealing day. Valuations may be made at other times under the terms contained within the Prospectus.

BUYING AND SELLING OF SHARES

The ACD will accept orders to deal in the shares on normal business days between 9.00am and 5.30pm. Instructions to buy or sell shares may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0845 922 0044. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

PRICES

The most recent buying and selling prices of shares are posted in www.fundlisting.co.uk and www.lindselltrain.com. The associated cancellation price is available on request from the ACD. The prices are also available on the website of the Investment Management Association at www.investmentuk.org under the heading Capita Financial Managers or by calling 0845 922 0044 during the ACD's normal business hours.

OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Simplified Prospectus and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office of the Fund and copies may be obtained upon application.

Shareholders who have any complaints about the operation of the Fund should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

DATA PROTECTION

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.

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