CAPITA
FINANCIAL GROUP

CF Lindsell Train UK Equity Fund
ACD's Interim Short Report
for the half year ended 30 November 2008

Investment Objective and Policy
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 not to invest in unlisted securities, other collective investment schemes, warrants, derivatives, immovables or gold.

Risk Profile
The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The ACD reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised above.

Accounting and Distribution Dates

	Accounting	Distribution
Interim	30 November	31 January
Final	31 May	30 September

Total Expense Ratio

Expense Type	30.11.08 %	31.05.08 %
ACD's periodic charge	0.65	0.65
Other expenses	0.28	0.28
Total expense ratio	0.93	0.93

Distributions

Share Class	Interim 30.11.08 pence per share
Income	1.2704
Accumulation	1.3516

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	3.2245
2008*	109.55	70.24	3.3855
2009	–	–	1.2704

Accumulation shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2006#	111.38	99.97	–
2007	124.83	108.45	3.2931
2008*	114.01	74.69	3.5388
2009	–	–	1.3516

From 27 June 2006.
* To 30 November 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
31.05.08	Income	24,951,105	26,091,866	95.63
	Accumulation	114,845,219	112,931,903	101.69
30.11.08	Income	19,344,062	25,892,636	74.71
	Accumulation	95,207,870	117,843,376	80.79

Fund Performance to 30 November 2008 (%)

	6 months	1 year	Since launch*
CF Lindsell Train UK Equity Fund	-20.55	-28.62	-19.21
FTSE All-Share Index (TR)	-29.12	-31.92	-21.00

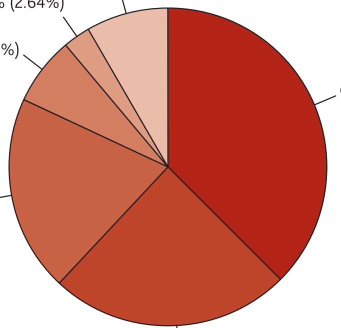
* Launch date 27 June 2006.

The performance of the Fund is based on the net asset value per Accumulation share which includes income reinvested.

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment and the income from it can fall as well as rise and may be affected by exchange rate variations.

Sector Spread of Investments



The figures in brackets show allocations at 31 May 2008.

Major Holdings

The top ten holdings at the end of each period are shown below.

Holding	% of Fund as at 30.11.08	Holding	% of Fund as at 31.05.08
Unilever	11.61	Unilever	9.88
Diageo	11.33	Diageo	9.82
Cadbury	10.34	Cadbury Schweppes	8.97
Pearson	7.60	Pearson	6.40
Reed Elsevier	6.50	Reed Elsevier	6.14
Schroders	5.25	Schroders	5.15
Sage Group (The)	4.09	Sage Group (The)	4.55
Rathbone Brothers	3.83	Lloyds TSB Group	4.41
Lloyds TSB Group	3.72	Rathbone Brothers	4.10
Thomson Reuters	3.69	London Stock Exchange Group	3.90

INVESTMENT MANAGER'S REPORT

Investment Review

Our investment strategy has begun to recover some lost ground relative to the FT All-Share Index over the last six months, albeit in torrid conditions. There are two key contributors to the improvement. First, the Fund has no exposure to the Commodity and Mining sectors, which have experienced a spectacular reverse, after a long period of increasingly speculative gains. Next, a significant proportion of our favoured long term holdings are in companies perceived by other investors to be 'defensive'. In fact, we think of these businesses as 'steady growth companies', but whatever the appropriate classification, the likes of Diageo, Pearson and Unilever have proven resilient in very testing economic and capital market circumstances.

The Fund's investment strategy remains unchanged and easily stated – to invest for the long term in companies with strong brand names, like Cadbury and, at the other end of the market capitalization spectrum, Celtic or with business franchises which we believe are unique or hard to replicate, such as the London Stock Exchange or Sage.

Of course we are conscious of the serious challenges confronting equity markets and sensitive to the extraordinary bearishness today amongst market participants. However, it is important for fund holders to know that, rightly or not, we take a constructive view and remain convinced that the Fund's portfolio comprises a collection of outstanding brands and franchises, many of which are currently exceptionally undervalued. We see the bear market as an opportunity to access new portfolio holdings at exceptional prices, as well as to add to existing holdings. The Fund has 8.8% in cash, to take advantage of distressed offers of shares from the market.

We elaborate on these opportunities below.

Financials

The majority of our investments in this sector are to fund management companies, 15.2% – namely Hargreaves Lansdown, Rathbone and Schroders. We also retain an important holding in the London Stock Exchange. All these companies have strong brands and are conservatively financed. In addition, of course, they all offer participation in the fortunes of the financial markets. As a general proposition, we think it right to be broadly optimistic about markets, because, by and large, they have a tendency to go up and to go up most when investors least expect it – when the economic news is terrible. Today, with sentiment so poor and, critically, interest rates, both long and short, plummeting, we believe these shares in 'stock market proxies', on very low valuations, have particular appeal. In addition, we expect a prolonged and material upturn in the savings ratio in the UK, as consumers turn away from debt-financed consumption and look to rebuild their personal balance sheets. Any recovery in the UK's savings culture will be beneficial, we are sure, for strong financial brand names, like Hargeaves Lansdown and Schroders. It would also be beneficial for some of the High Street banks, offering trusted savings products, not least Lloyds' Scottish Widows.

The remainder of the Fund's financials exposure is to banks. Here we have two holdings in ordinary shares, HBOS and Lloyds at 0.2% and 3.7% respectively. On the likely completion of their merger the Fund will, therefore, have a single combined holding of 3.9%.

Financials *(continued)*

Getting to this position has been a painful experience for fund holders and very sobering for us. Candidly, we failed to recognize how compromised the funding of HBOS' business had become and how quickly the confidence of investors and depositors could be lost. Our response to the developing shambles was to switch the majority of the holding in HBOS ordinary into Lloyds, figuring that if the deal fell through HBOS shares would be vulnerable, while wishing to retain the Fund's exposure to the combination if the transaction completed. Although we acted to reduce risk to HBOS, to date this has not been a successful policy, because Lloyd's own shares have been dragged down, as investors worry that the scale of HBOS' problems will overwhelm the entity, even after the injection of public funds.

No one can know how much of the bad news is already in the HBOS/Lloyds share prices today. We currently hold to the view that the merged bank will survive the downturn, while continuing to pay its preference dividends (the Fund retains a 0.7% holding in HBOS preferred stock). If we are correct, it will not be long before investors begin to look through the bad debt cycle and recognize that Lloyds has pulled off a 'once in a generation' coup in acquiring HBOS' brands on exceptionally attractive terms. In these circumstances, Lloyds Group, as it will be called, could be the cheapest asset held in the Fund. We will alert fund holders in our regular monthly updates if our thinking changes on this fraught issue.

Media & Technology

The Fund retains significant investments in these sectors, 28.2%. We own them for two reasons. First, we believe that the companies in which we have invested have durable and profitable market positions or properties – for instance, the Daily Mail, Financial Times, Economist, Reed's Elsevier scientific publishing business, Thomson Reuters' leading online legal service, Westlaw and Fidessa's increasingly ubiquitous equity trading platform. Next, we note that the sectors are wallowing close to multi-year lows in terms of valuation, investment performance and investor favour. For instance, the European Media sector has underperformed the main market every year for the last seven, while Sage's shares, as one illustration, still stand at only a quarter of the peak they reached in 2000. This investor disenchantment is particularly relevant, because, in fact, on examination, it is apparent that these companies are still growing and growing in a way that is not dependent on the economic cycle. Pearson's education business is only distantly exposed to the US consumer, Reuters' dominant currency trading service is booming, whatever happens to UK house prices.

This combination of great franchises, currently deeply out of favour with other investors and non-cyclical growth adds up to a major investment opportunity, we think. It is notable that several of these holdings have begun to outperform the FT All-Share in the second half of the calendar year, if only by dint of not falling so far. We hope this is the beginning of a sustained phase of improved returns.

Consumer Staples

The biggest single allocation of capital within the Fund is to companies in the above category – booze, pubs, chocolate and soap. We have three 10% plus holdings here (to which, by regulation, we are not permitted to add any further shares) – Cadbury, Diageo and Unilever. We are not only attracted to the reliable and inflation-proofed cash generation of this type of company, but conscious that some of them offer exposure to what remains one of the strongest investment themes we have today.

That theme is consumption growth in Emerging Markets, where billions of new consumers offer a multi-decade opportunity. Our big three holdings are advantaged, in that they already own resonant global brands and have established distribution in those parts. Unilever is set to become the first major, global branded goods company deriving over half its revenues from the so-called Developing Economies.

This theme is relevant for our newest portfolio addition, Burberry, the fashion marque. Its shares have fallen nearly 75% from their recent peak, creating an opportunity to participate on very favourable terms, in the long term growth of this company's brand, particularly in Asia, where it is both iconic and aspirational. Of course, Burberry will be hit by the downturn; however the company has little debt and pays a well-covered dividend, offering an income return higher than available on a gilt.

Conclusion

UK equities have performed abysmally over the last twelve months and more and lag the returns delivered by both cash and gilts out over the last ten years. Today investors find it hard to conceive how equity returns could improve, given the apparent inevitability of recession and chronic weakness of many financial institutions.

We have no intention of stretching your credulity by predicting an imminent new bull market, but have two observations. First, the decline in long term government bond yields is very positive for the valuation of companies that prove resilient to the economic downturn – meaning that investors will be surprised by how high P/Es can go for true 'growth' companies. Next, we assume 'growth' companies will be found amongst businesses exposed to the two big global themes – Emerging Markets and the Internet, both of which remain relatively immature, in our opinion.

The Fund has ample exposure to each theme and we hope the NAV will benefit in due course.

Lindsell Train Limited
Investment Manager
9 January 2009

Buying and Selling 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.

Reports and Accounts
This document is a short report of CF Lindsell Train UK Equity Fund for the half year ended 30 November 2008. The full Report and Accounts for the Fund is available free of charge upon written request to: Capita Financial Managers Limited, Ibex House, 42 – 47 Minories, London EC3N 1DX.

Other Information
The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the half year.

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