CAPITA
FINANCIAL GROUP

CF Lindsell Train UK Equity Fund

ACD's Annual Short Report

for the year ended 31 May 2009

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	31.05.09 %	31.05.08 %
ACD's periodic charge	0.65	0.65
Other expenses	0.29	0.33
Total expense ratio	0.94	0.98

Distributions

Share Class	Interim 30.11.08 pence per share	Final 31.05.09 pence per share
Income	1.2704	1.5686
Accumulation	1.3516	1.6948

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	109.55	70.24	3.3855
2009*	86.65	68.49	2.8421

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	114.01	74.69	3.5388
2009*	93.70	74.07	3.0497

From 27 June 2006.
* To 31 May 2009.

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
31.05.09	Income	16,689,196	20,537,537	81.26
	Accumulation	107,063,949	119,525,917	89.57

Fund Performance to 31 May 2009 (%)

	1 year	Since launch*
CF Lindsell Train UK Equity Fund	-11.91	-10.43

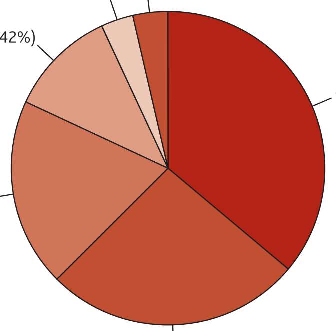
* Launch date 27 June 2006.

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 31.05.09	Holding	% of Fund as at 31.05.08
Unilever	10.56	Unilever	9.88
Cadbury	9.63	Diageo	9.82
Diageo	9.50	Cadbury Schweppes	8.97
Pearson	7.88	Pearson	6.40
Reed Elsevier	6.22	Reed Elsevier	6.14
Fidessa Group	6.22	Schroders	5.15
Schroders	5.19	Sage Group (The)	4.55
Sage Group (The)	5.09	Lloyds TSB Group	4.41
Thomson Reuters	4.67	Rathbone Brothers	4.10
Hargreaves Lansdown	4.22	London Stock Exchange Group	3.90

INVESTMENT MANAGER'S REPORT

Market Commentary and Strategy

Macro-economics are pulling the UK equity market every which way. One week investors fear a deflationary recession, the next they are prepared to bet on a 'V-shaped' recovery in demand and commodity prices, probably accompanied by rampant inflation. Each camp has its wild-eyed adherents, brandishing charts that point to apocalyptic, but divergent, outcomes. Each camp too can argue reasonably that the economic data, which fluctuates from day to day, supports their theory and theirs alone.

We honestly don't know what to make of it all. And our uncertainty makes us keen to hedge our bets – to build your portfolio around companies that should be able, at the worst, to muddle through whatever storms are to come. In other words, we are looking for businesses that can survive both a Japanese-style freeze-out or a reprise of Britain's turn as 'the sick man of Europe' in the inflationary 1970s.

In this hunt we are inspired by this telling advice from the late lamented Sir John Templeton - 'The best time to buy sound common stocks is when economic conditions are most uncertain'. This is so important, on two levels. Of course, buying Equity as an asset class when times are tough makes sense, because that's when individual equities are most likely to be bargains. But it is also the case that in such times Equity can be far more 'defensive' and reliable as a store of value than you'd think. By contrast, holders of traditionally safe assets, such as cash and fixed interest, particularly long dated government fixed interest, are taking at least as much risk as Equity holders today, we think – default risk or risk of ruinous loss of purchasing power.

However, Templeton's qualifier – that 'sound' – is absolutely essential. You need the company you invest in to be a survivor. This requirement for durability is one reason the portfolio is full of what we analyse to be cash-generative companies with strong market positions that have, typically, survived challenging economic periods in their history. In particular we look for evidence that their products have pricing power – that can protect their owners against insidious future inflation.

Perhaps the most perfect two-way bet (against either recession or inflation) available on the London stock market is consumer branded goods companies. Their brands offer protection against inflation, while their cash flows, if not immune to recession, are far more reliable than most. We own a collection of such companies – including newer holdings in Burberry Group and Young & Co's Brewery – but the biggest portfolio positions are, in descending size Unilever, Cadbury and Diageo. The essence of why we treasure these investments (and this is not too strong a description of our feelings for them) can be captured in the most recent dividend announcements from the trio +18%, +6% and +5% respectively. This at a time, remember, when dividends are being cut all across the UK market. We are occasionally told that such holdings are 'boring', but surely after the excitements of the last 18 months this implied criticism misses the point?

Specifically, we are somewhat nonplussed about the share price performance of this group into 2009 – they've drifted sideways to down. Meanwhile, shares in cyclical, capital intensive companies, with weak balance sheets, many of them loss-making have soared. We are not quibbling that the shares of the latter may have got 'oversold' and deserve a bounce. But what we do submit today and earnestly too, is that exiting sound 'Equity' in the search for exciting, but unreliable equities is a risky ploy.

Conclusion

As this report is written, in late June, each of the portfolio constituents has reported results during calendar 2009. Amongst them all there has only been one dividend cut – admittedly a material one, from Lloyds Banking Group (although Lloyds' preference shares have paid their dividends). Meanwhile, 27% of the portfolio by value has maintained its most recent dividend, compared to the comparable distribution 12 months ago and 67% has increased. We are conscious that the outlook for corporate profits and dividends remains uncertain. We also know that at least two portfolio holdings are likely to cut their next dividends, because of pre-announced changes to their payout ratios – the pair being Euromoney Institutional Investor and Marston's. Nonetheless, we are comforted by the resilience of the portfolio's dividend flows to date and believe that other investors could come to value the steadiness of our companies more highly.

Lindsell Train Limited
Investment Manager
29 June 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 the CF Lindsell Train UK Equity Fund for the year ended 31 May 2009. 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 year it covers and the results of those activities at the end of the year.

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