Lindsell Train Investment Trust

April 2007

All data as at 30th Apr 2007

Fund Objective

To maximise long-term total returns subject to the avoidance of loss of absolute value and with a minimum objective to maintain the real purchasing power of Sterling capital, as measured by the annual average yield on the 2.5% Consolidated Loan Stock.

Market Capitalisation	£33.4mn
Net Asset Value	£161.33
Share Price	£167.00
Premium (Discount)	3.51%
Benchmark 2½ % Consol (see definition below)	Annual +4.7% Monthly +0.4%

Source: NAV - Lindsell Train Ltd ; Price & Discount - Bloomberg. Share Price quoted is closing mid price.

Fund Breakdown

Top 10 Holdings (% NAV)	
Barr AG	11.7
HBOS 9.25% Non Cum Pref	11.2
Lindsell Train Global Media (Dist)	10.2
Cadbury Schweppes	9.6
Nintendo	8.1
Diageo	7.6
Marston's	6.8
Lindsell Train Ltd	6.5
2½% Consolidated Loan Stock	5.6
Lindsell Train Japan (Dist)	5.0

Industry Breakdown (% NAV)	
Bonds	14.4
Preference Shares	11.2
Equity - Media	12.0
Equity - Banks & Investment Co.	6.5
Equity - Leisure & Entertainment	14.8
Equity - Food & Beverage	31.6
Equity - Consumer Goods	1.8
Equity - Internet	1.5
Investment Funds	19.6
Cash & Equivalent	(13.4)
Total	**100.0**

Fund Exposure	***Bonds***	***Prefs***	***Equity***	***Funds***	***Cash***	***Total***
UK %	9.8	11.2	53.0	4.4	(13.9)	**64.5**
USA %	4.6	-	2.6	-	4.8	**12.0**
Europe (ex UK) %	-	-	4.5	-	(2.3)	**2.2**
Japan %	-	-	8.1	5.0	(2.0)	**11.1**
Global %	-	-	-	10.2	-	**10.2**
Total %	**14.4**	**11.2**	**68.2**	**19.6**	**(13.4)**	**100.0**

Fund Manager:	Nick Train
Launch Date:	22 Jan 2001
Base Currency:	Sterling
Year End:	31st March
Dividend:	Ex-date - Jun Paid - Jul
Benchmark:	The annual average yield on the 2½% Consolidated Loan Stock.
Management Fees:	
Annual Fee:	0.65%
Performance Fee:	10% of annual increase in the share price above the gross annual yield of the 2½% Consolidated Loan Stock.
The Board:	Rhoddy Swire Donald Adamson Dominic Caldecott Michael Mackenzie Michael Lindsell
Secretary:	Phoenix Administration Services Limited
ISIN:	GB0031977944
Bloomberg:	LTI LN
Listing:	London Stock Exchange

Fund Performance (Fixed Calendar Year)

Past performance is not a guide to future performance. The price of units and the income from them may go down as well as up. Investors may not get back what they invested.

5 Year History (Jan-Dec)	***2002***	***2003***	***2004***	***2005***	***2006***	***YTD 2007***
LT Investment Trust NAV TR%	-9.6	+3.1	+23.7	+16.5	+13.7	+7.4
LT Investment Trust Price TR%	-19.8	-8.7	+20.6	+27.5	+20.1	+9.3
MSCI World Index GBP TR%	-28.6	+17.6	+5.2	+20.3	+3.5	+4.0

Source: LTL & Bloomberg unless otherwise indicated. TR=Total Return. Launch date 22 Jan 2001.

2006	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***YE 2006***
NAV TR%★	+0.9	+1.9	+1.2	-1.8	-2.0	+1.8	+1.7	+2.1	+3.2	+0.5	+0.2	+2.8	**+13.7**
Price TR%★	-3.0	+7.5	+1.5	-1.4	-1.5	-2.6	+3.2	+4.1	+5.7	+3.0	+3.6	-1.6	**+20.1**
Since Launch NAV TR%	+39.5	+42.1	+43.3	+41.0	+36.4	+39.4	+41.8	+44.9	+49.6	+50.4	+52.1	+56.4	
Since Launch Price TR%	+28.4	+38.3	+40.4	+38.3	+36.2	+31.3	+35.6	+41.1	+49.1	+53.6	+59.1	+59.1	

2007	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***YTD 2007***
NAV TR%★	+2.0	+0.8❶	+1.9	+2.6									**+7.4**
Price TR%★	-1.3	+4.0	+3.1	+4.5									**+9.3**
Since Launch NAV TR%	+60.0	+60.0❶	+65.6	+67.4									
Since Launch Price TR%	+57.0	+63.3	+68.6	+73.1									

Source: LTL & Bloomberg unless otherwise indicated. Launch date 22 Jan 2001. TR=Total Return (adjusted for dividends). Listed securities in the portfolio are valued at the closing bid price.
❶ Source: LTL.

Fund Manager's Comments

LINDSELL TRAIN INVESTMENT TRUST

All data as at 30th Apr 2007

It is our practice to write these reports strictly retrospectively – in other words never to discuss the events of May in a note dedicated to April. On this occasion, however, we break with practice, because events in early May 2007 are so significant for the Trust's investment portfolio that they supersede what was, in truth, a somewhat nondescript April.

Those events were Rupert Murdoch's public approach to acquire Dow Jones, followed a day or so after by Thomson's agreed offer for Reuters. The ramifications are several.

First, Dow Jones and Reuters are not just direct holdings in your portfolio, but also important positions within the Lindsell Train Global Media Fund (and Reuters within Finsbury Growth & Income Trust), which is, in turn, one of the biggest investments in the Trust. Adding these weights together, the current "look through" exposure for LTIT to Dow Jones and Reuters combined amounts to c8.5% - admittedly after the 48.0% and 26.0% gains in each stock since the news broke. Both could make further progress, we believe, because both trade at meaningful discounts to the existing offers for each company and, for Dow Jones in particular, there is a chance that the bidding process will escalate.

Next, although the contemporaneity of the bids was accidental, we have no doubt that this bouleversement of the global media industry has meaning and represents a beginning, not an end-game. What has happened here is that industrialists operating at that nexus where Internet, Media and Software meet, have looked into the 21st century and concluded that there is growth and value to be earned by translating "old economy" media franchises onto digital platforms. Crucially, those industrialists recognise that investors in public markets underestimate and undervalue this opportunity and they have moved to corral for themselves two wonderful properties – the Wall Street Journal and Reuters – before portfolio investors catch on. Dow Jones has been a miserable performer in capital terms in recent years, while investors persist in analysing it as a newspaper company, exhibiting all the by now well-known structural problems of other purveyors of news via "dead trees". Murdoch, however, sees beyond the inky broadsheet and covets the intangible, but so valuable, mastheads. "Wall Street Journal", "Barrons" and "Dow Jones" can draw audiences to PCs, TVs and mobile phones. Analyst, Ken Doctor, of Burlinghame (an institution we are not familiar with) puts it well – "Dow Jones isn't Google, but for Murdoch it offers a means to become the #1 worldwide in business news and business news has become one of the most lucrative magnets for advertisers."

Finally, therefore, these deals have implications for the valuation of other owners of, admittedly rare, outstanding professional publishing franchises and have opened the door for other such transactions. We still expect to see fixed-line telephone companies around the world moving to acquire similar assets, in an attempt to retain subscribers to their networks. LTIT holdings Pearson and Reed Elsevier have each been galvanised by events, as well as other stocks within the Media Fund, such as McGraw Hill and Wolters Kluwer. In entertainment, we cherish our investment in Nintendo, up 10.0% in April, which also offers access to the meeting point of "content" and "on-line".

Elsewhere, in April Nestle announced the acquisition of Gerber Foods (US baby foods). The EV/Revenue terms for the deal were 2.8x. If Cadbury were valued similarly, its shares would trade at £9.70, rather than today's £6.60. We think Cadbury's brands are, in fact, even more desirable.

Registered Address:

Lindsell Train Investment Trust plc
Springfield Lodge
Colchester Road
Chelmsford
ESSEX CM2 5PW

Lindsell Train Limited
2 Queen Anne's Gate Buildings
Dartmouth Street
London SW1H 9BP

Phone: +44 20 7227 8200
Fax: +44 20 7227 8299
Enquiry@LindsellTrain.com

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