

LINDSELL TRAIN INVESTMENT TRUST

August 2008

All data as at 29th Aug 2008

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.

Fund Breakdown

Top 10 Holdings (% NAV)

LT Global Media (Dist)	12.5
Nintendo	11.5
AG Barr	10.0
Diageo	7.4
HBOS 9.25% Non Cum Pref	7.2
LT Japan (Dist)	7.1
Cadbury	6.5
Lindsell Train Ltd	6.5
2½% Consolidated Loan Stock	5.8
US Treasury 2.5%	4.4

Investment Allocation (% NAV)

Bonds	12.3
Equities - Financial Services	6.5
Food & Beverage	29.3
Internet	1.3
Investment Funds	22.6
Leisure & Tourism	3.1
Media & Photography	18.9
Preference Shares	7.2
Cash & Equivalent	(1.2)
Total	100.0

Fund Exposure %	Bonds	Prefs	Equity	Funds	Cash	Total
UK	10.2	7.2	43.5	3.0	(13.5)	50.4
USA	2.1	-	1.3	-	11.4	14.8
Europe (ex UK)	-	-	2.8	-	-	2.8
Japan	-	-	11.5	7.1	0.9	19.5
Global	-	-	-	12.5	-	12.5
Total	12.3	7.2	59.1	22.6	(1.2)	100.0

Fund Performance

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.

Standardised Discrete Annual Performance (%)	Aug 2003	Aug 2004	Aug 2005	Aug 2006	Aug 2007
	Aug 2004	Aug 2005	Aug 2006	Aug 2007	Aug 2008
Lindsell Train Investment Trust NAV 12m Return	+9.8	+20.7	+8.7	+18.9	-1.1

Source: Bloomberg. Launch date 22 Jan 2001. TR=Total Return (with dividends reinvested)

Calendar Year Performance 2007	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2007
NAV TR%*	+2.7	+0.8	+2.0	+2.7	+4.7	-3.2	+2.6	-1.7	+0.6	+3.8	-0.1	+0.6	+16.5^T
Price TR%*	-1.4	+4.0	+3.2	+4.7	+2.1	+0.6	-4.1	+5.4	+0.3	+5.4	-8.0	-3.6	+8.0^T
Since Launch NAV TR%*	+60.1	+62.3	+65.5	+70.1	+78.1	+72.3	+76.9	+73.9	+75.1	+81.6	+81.5	+82.6	
Since Launch Price TR%*	+57.0	+63.4	+68.7	+76.6	+80.3	+81.4	+73.8	+83.3	+83.8	+93.8	+78.4	+72.0	

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. Net of fees and expenses. ^T Revised Figures

Calendar Year Performance 2008	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2008
NAV TR%*	-5.7	+0.4	-1.4	+1.1	+1.3	-4.5	-4.2	7.6					-5.8
Price TR%*	-8.4	+11.9	-4.5	-2.5	+2.6	-14.9	+2.6	0.0					-14.6
Since Launch NAV TR%*	+72.3	+72.9	+70.4	+72.4	+74.7	+66.8	+59.8	72.0					
Since Launch Price TR%*	+57.5	+76.2	+68.2	+64.0	+68.2	+43.1	+46.8	46.8					

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. Net of fees and expenses.

Market Capitalisation	£27.1mn
Net Asset Value	£159.32
Share Price	£135.50
Premium (Discount)	(15.0)%
Benchmark 2½% Consol	Annual +4.6%
(see definition below)	Monthly +0.4%

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

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:

<i>Annual Fee:</i>	0.65%
<i>Performance Fee:</i>	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
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ISIN: GB0031977944

Bloomberg: LTI LN

Listing: London Stock Exchange

Fund Manager's Comments

This is, for the while at least, a helpful time for the NAV. There are three, probably related, macro-economic changes running in our favour.

First, signs of an economic slowdown worldwide are ever more glaring. This boosts the value of our government bonds, up c4% in capital value since the end of July. It also helps the type of equity we favour – steady “growth”, with strong cash generation. Cazenove has just published a research report on UK consumer brand owners and one heartening conclusion arrived at is – “it appears that economic contraction and expansion have no impact on chocolate consumption”. Accordingly, Cadbury has been a resilient share of late.

Next, a cyclical slowdown also has, of course, a malign impact on the valuation of the commodity complex, with, for instance, RTZ down 35% from its 2008 peak and speculative issues much worse. We report this not out of any pride at our total lack of exposure. After all, that lack of exposure to mining companies means that we have missed out on the biggest bull market of the last five years. But we do believe that a waning in the growth rates of cyclical stocks may render the more modest, but still demonstrable, growth of some of our holdings more valuable to other investors, for example Pearson and Reed, the latter up 8% on the month.

Finally, the rally in the US Dollar is good news for the Trust. We have substantive exposure to the currency, some 30% and Sterling's rout, getting on for 12% in 2008, begins to matter. The holding in Dr Pepper Snapple gained 20% in August, currency enhanced – another consumer branded goods company, which had, by the by, impressed investors in August with its pricing and earnings power, revealed in a quarterly report.

We are not macro-traders, however and are just as encouraged by the corporate developments of the last month. Diageo gained 15%, as its final results impressed, with a promise of further growth into 2009 and beyond. Johnnie Walker's sales rose 12%, crossing the £1bn mark, first for any whisky brand, we think. JW's gross margins are very high, perhaps over 70% and any

future growth for the brand, which seems assured, is enormously accretive for Diageo shareholders. We still applaud the long-running buyback, which retires what we think is undervalued Diageo stock, increasing our proportional share of the earnings of JW and its other wonderful brands. An interesting observation from the CEO of Heineken, another Trust holding, was that the profitability of the Heineken brand, a global one, is double that of Heineken's other regional properties. This propensity for truly global brands to outperform explains why industrialists place such a high premium on their ownership – far higher still than stock market investors and reinforces the advantaged position of, for instance, Johnnie Walker.

More parochial, but still vital for the portfolio, A.G. Barr announced its biggest ever acquisition – of longstanding trading partner Rubicon, manufacturer of “exotic” juices. The deal is immediately earnings enhancing and accelerates Barr's long term growth rate. We wonder if the shares, which have held up well in 2008 are not getting cheap again.

LINSELL TRAIN INVESTMENT TRUST

All data as at 29th Aug 2008

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