Lindsell Train Investment Trust

June 2009

All data as at 30th June 2009

Market Capitalisation	£29.7mn
Net Asset Value	£148.66
Share Price	£131.50
Premium (Discount)	(11.5%)

Benchmark 2½% Consol

Annual Average Yield	+4.7%
Monthly	+0.4%

(see definition below)

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:

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 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)	12.2
AG Barr	11.3
LT Japan (Dist)	9.0
Nintendo	7.9
Diageo	6.8
Lindsell Train Ltd (unlisted)	6.3
2½% Consolidated Loan Stock	6.1
Cadbury	5.8
UK Treasury 2½% (Loan Stock)	4.7
Heineken Holdings	4.5

Investment Allocation (% NAV)		
Bonds		11.6
Equities -	Consumer Goods	1.0
	Financial Services	13.1
	Food & Beverage	31.9
	Internet	2.1
	Investment Funds	23.9
	Leisure & Tourism	2.0
	Media & Photography	14.4
Preference Shares		0.0
Cash & Equivalent		0.0
Total		**100.0**

Fund Exposure %	***Bonds***	***Prefs***	***Equity***	***Funds***	***Cash***	***Total***
UK	10.8	-	49.1	2.6	(13.0)	**49.6**
USA	0.8	-	2.1	-	13.6	**16.5**
Europe (ex UK)	-	-	4.5	-	(0.9)	**3.6**
Japan	-	-	8.9	9.0	0.3	**18.2**
Global	-	-	-	12.2	-	**12.2**
Total	**11.6**	**-**	**64.6**	**23.8**	**0.0**	**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 (%)	***June 2004 June 2005***	***June 2005 June 2006***	***June 2006 June 2007***	***June 2007 June 2008***	***June 2008 June 2009***
Lindsell Train Investment Trust NAV 12m Return	+23.5	+7.3	+22.5	-3.2	-3.8

Source: Bloomberg . Launch date 22 Jan 2001. TR=Total Return (with dividends reinvested). Return net of fees and expenses.

Calendar Year Performance 2008	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***YE 2008***
NAV TR%⋆	-5.7	+0.4	-1.4	+1.1	+1.3	-4.5	-4.2	+7.6	-6.3	-0.8	+0.9	+9.7	**-3.1**
Price TR%⋆	-8.4	+11.9	-4.5	-2.5	+2.6	-14.9	+2.6	+0.0	+3.3	-1.8	+4.4	+0.3	**-9.3**
Since Launch NAV TR%⋆	+72.3	+72.9	+70.4	+72.4	+74.7	+66.8	+59.8	+72.0	+61.1	+59.9	+61.3	+76.9	
Since Launch Price TR%⋆	+57.5	+76.2	+68.2	+64.0	+68.2	+43.1	+46.8	+46.8	+51.7	+49.0	+55.5	+56.0	

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 2009	***Jan^***	***Feb^***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***YTD 2009***
NAV TR%⋆	-6.6	-3.0	-0.1	+2.3	-1.9	0.0							**-9.2**
Price TR%⋆	1.4	-3.8	0.0	-2.1	+2.9	-7.1							**-8.7**
Since Launch NAV TR%⋆	+65.1	+60.1	+59.9	+63.6	+60.5	+60.5							
Since Launch Price TR%⋆	+58.4	+52.4	+52.4	+49.1	+53.5	42.5							

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. ^ Restated figures

Interim Management Statement

The fall and subsequent recovery in equity markets during the first half of 2009 illustrates the ebb and flow of investors' confidence in the resilience of global economies: but by the end of the period the portents remain mixed. Meanwhile, commodity prices have risen somewhat, as have long-dated government bond yields – both suggesting that whatever the pace of recovery, investors expect an eventual decline in the purchasing power of paper assets.

We too suspect that the multi-decade outperformance of equity by government bonds is coming to an end and are committed to building our exposure to real assets at the expense of nominal, as price opportunities present. We continue to favour the equity of companies that have demonstrated long term pricing power for their products or services – notably consumer brands.

A number of factors have conspired to hold back the NAV performance of the company in 2009, including a rally in Sterling and in the shares of cyclical companies (to which we have little exposure). On a holding by holding basis however, we are content with the structure of the portfolio and look forward to a resumption of NAV gains.

Rhoddy Swire, Chairman

Please see previous reports :

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Fund Manager's Comments

I bought a few more shares in the Trust for my pension plan this month. There was no immediate trigger, save for the opening of a wider discount to NAV than for some time. Frankly we understand why the discount has widened – the NAV performance in 2009 has been uninspiring – as a number of factors have worked against it: a recovery in the Pound, weakish government bond prices and an equity rally increasingly dominated by commodity and cyclical companies, to which the portfolio offers minimal exposure.

From my point of view, though, any of these headwinds could reverse, pretty much at any time. Then, to boot, one is just so conscious of the inadequate return offered by cash, particularly that sitting in a pension pot. LTIT's portfolio at least offers exposure to Equity, as an asset class, provided by a collection of pretty decent business franchises.

And Equity does look so darn cheap, at least strategically - having underperformed virtually every other for so long. We came across two statistics confirming Equity's long struggle that rather shook us this month. First, we now have US financial data drawn from 4 centuries – the tail-end of the 18th, the whole of the 19th and 20th and, now, the first 9 years of the 21st. Through that span there have only been two years when US equities declined by more than 40% - 1931 and 2008. Last year was a true outlier. Then, closer to home, we were sobered to learn the return history for the UK's AIM index, from its establishment in 1995 to end 2008. This collection of the most dynamic and entrepreneurially-oriented UK smaller companies would have turned a £1 investment in 1995 into 40p by last January. Enough to make anyone question the merit of taking Equity risk.

By contrast, Cash and Gilts have enjoyed long bull markets, with no sign yet that they are over. But we look at Finsbury Growth & Income Trust's portfolio, for instance, and note that c70% of it by value offers a dividend yield higher than a gilt, while to date in calendar 2009, 80% of it by value has actually increased its dividends. Surely this proposition – a starting yield higher than a government bond, with the distributions growing, albeit modestly – is an indication that Equity is resting, rather than deceased?

Mind you, we were disappointed last month at the necessity the Marston board felt to sanction an exceptionally dilutive issuance of new equity and to preannounce a reduction in future dividends. This 11 for 10 rights takes the NAV, for example, from c£2.15 to £1.40.

This sort of dilution – and there is plenty of it across the London market – is an important reason that the Equity has gotten cheap.

On balance, recognizing where Marston is, rather than where one would prefer it to be, we support its rights issue. The new capital does at least allow the company to take some advantage of declining pub values and to resume its "growth" capex. There are a lot of new shares in issue, but growth in long run earnings per share is probably enhanced by the capital raising. Without it the company, while in no immediate financial distress, would have turned into an annuity/shrinking fund.

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