

ACDS LINDSELL TRAIN UK EQUITY FUND

September 2006

All data as at 30th Sep 2006

Fund Objective

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 FT All Share Index.

Fund Breakdown

Top 10 Holdings (% NAV)

HBOS (Ord and Pref)	9.2
Diageo	7.1
Unilever	6.4
Pearson	6.1
Cadbury Schweppes	5.9
RBS Natwest Pref 9%	5.7
Reed Elsevier	5.3
Lloyds TSB	5.1
Reuters	4.6
Sage Group	4.4

Industry Breakdown (% NAV)

Preference Shares	8.6
Equity - Media	19.6
Equity - Banks & Investment Co.	28.3
Equity - Leisure & Entertainment	2.7
Equity - Food & Beverage	19.7
Equity - Consumer Goods	5.9
Cash & Equivalent	15.2
Total	100.0

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	-	8.6	76.2	-	15.2	100.0
Total %	-	8.6	76.2	-	15.2	100.0

Fund Size	£ 9.1mn
Mid Price	£ 1.0699

Source: Lindsell Train and Capita Financial Administrators.

Investment Advisor: Nick Train

Fund Type: FSA Authorised Collective Investment Scheme

Type of Scheme: Non UCITS Retail

Class: Accumulator & Income Units

Launch Date: 10 Jul 2006

Base Currency: Sterling

Min Investment: £500,000
Subsequent: £1,000

Year End: 31 May

Dividend: Not yet available

Benchmark: FT All Share

Management Fees: Annual Fee 0.65%

Authorised Corporate

Director: ACD Services Ltd.

Administrator: Capita Financial Administrators

ISIN: GB00B18B9X76

Bloomberg: LTUKEQI LN

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

ACDS LT UK Equity TR% Not available

FT All Share TR%

Current regulations do not permit us to publish historical performance data in the first year of the fund's life.
TR=Total Return (with dividends reinvested)

2006	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2006
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ACDS LT UK Equity TR% Not available

FT All Share TR%

Since Launch Price TR%

Since Launch Index TR%

Current regulations do not permit us to publish historical performance data in the first year of the fund's life.
TR=Total Return (with dividends reinvested)

Fund Manager's Comments

September was the second full month in the life of your Fund, which launched on 10th July. It has since participated in the London stock market's late Summer rally and the month-end NAV is 106.99p. As this note is written, the fund size is £31mn, with a further £10mn of committed institutional capital due before the end of October.

The Fund is currently c85.0% invested, with 15%, still in cash. There are two reasons for this liquidity. First, there are a number of smaller company shares we wish to accumulate. We have set limits and placed orders for these shares and expect the positions to be built gradually – rather than us bidding aggressively for stock and pushing prices away from us. Second, we decided to invest the bulk of your capital at once, but now hope to finesse the commitment of the balance, by taking advantage of down days in dull weeks. We will be most surprised, indeed concerned, though, if the Fund is not fully invested within the next two months.

We have already established a number of major holdings for the Fund, of circa 5.0% of portfolio value - namely Cadbury Schweppes, Diageo, HBOS, Lloyd's Bank, Pearson, Reed Elsevier, Unilever and the Nat West 9.0% preference shares. These have been chosen because they offer exposure to three important economic and investment themes and are each, on our analysis, more or less materially undervalued. The themes are: Emerging Markets, Internet and Need for Safe, High Dividend Yield.

The global consumer branded goods companies offer tremendous potential for investment gain, in our view, as the market for their products expands from a few hundred millions in the developed economies, to billions worldwide in the Emerging Markets. We expect Dairy Milk, Johnnie Walker and Dove soap to deliver decades more profitable growth for their owners, as a result.

The UK and, indeed, global Media and Technology sectors have been terrible places to invest, since the bursting of the TMT bubble, back in 2000/1. However, the companies have not been idle over the last half decade. Increasingly, well-endowed Media and Software companies are working out how to utilise the Internet to enhance their existing business, or to create brand new streams of revenue. Examples are Pearson and Reed but other already significant holdings for the Fund - Reuters, Royalblue and Sage, all offer us decent growth, at reasonable valuations, at a time

when investor sentiment toward this part of the market remains poor.

Finally, in the UK and across the developed world, populations are on average ageing, meaning that income from savings and investment is of increasing importance in maintaining living standards. We are keen to invest in companies that provide investment income to UK savers, both as part of their business objective, but also from their own shares, if possible. The consumer-facing banks are well-placed, in our view, to grow the value of their investment business, with Insight and Scottish Widows (the savings franchises of HBOS and Lloyds respectively) particularly formidable asset gatherers. The high dividend yields on their shares, with Lloyds still above 6.0%, make them even more attractive for the Fund, we think. The Nat West preference shares also yield nearly 6.0% net and, in our view, should form part of every dividend yield-hungry investment strategy. The high income return on these preference shares allows us to access other companies, in related areas of asset management and capital markets, where starting dividend yields are lower, such as London Stock Exchange, Rathbone and Schroders, but where prospects for dividend growth are excellent.

These notes will now appear monthly, their commencement having been delayed by Lindsell Train Ltd's recent office move. Please note LTL's new address and contact details alongside.

ACDS LINDSELL TRAIN UK EQUITY FUND

All data as at 30th Sep 2006

Registered Address:

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Capita Financial Administrator
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Lindsell Train is authorised and regulated by the Financial Services Authority.

Reports can be found on our website at www.LindsellTrain.com

Risk Warning

The ACDS Lindsell Train UK Equity Fund (the "Fund") is an open ended investment company (OEIC) authorised by the Financial Services Authority under Regulation 14 of the OEIC Regulations 2001. This factsheet is intended for use by shareholders of the Fund or UK authorised persons or those who are permitted to receive such information. Nothing in this factsheet should be construed as giving investment advice or any offer, invitation or recommendation to subscribe the Fund. Any decision to subscribe should be based on the Fund's current Scheme Particulars or its Key Features document. Past performance is not a guide or guarantee to future performance. The value of investments and income from them may go up as well as down and you may not get back the amount originally invested.

Opinion expressed whether in general or both on the performance of individual securities and in a wider economic context represents the view of Lindsell Train Ltd at the time of preparation. They are subject to change and should not be interpreted as investment advice. The information provided in this document was captured on the date issued below and therefore is not current. Current prices or details of fund holdings can be obtained from the fund administrator.