CF LINDSELL TRAIN UK EQUITY FUND

October 2007

All data as at 31st Oct 2007

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 FTSE All Share Index.

Fund Size	£81.0 mn
Accumulator Price	£1.1867
Income Price	£ 1.1537

Source: Lindsell Train Limited and Capita Financial Administrators Limited.

Fund Breakdown

Top 10 Holdings (% NAV)	
Cadbury Schweppes	9.7
Unilever	9.6
Diageo	8.7
Reuters Group	6.9
Pearson	6.8
Reed Elsevier	6.6
HBOS	5.2
Schroders	4.9
RBS Natwest 9% Pref Stock	4.9
Sage	4.8

Industry Breakdown (% NAV)	
Equity - Media	24.4
Equity - Banks & Financials	31.0
Equity - Leisure & Entertainment	2.3
Equity - Food & Beverage	29.4
Equity - Consumer Goods	4.8
Preference Shares	6.3
Cash & Equivalent	1.8
Total	**100.0**

Fund Exposure	***Bonds***	***Prefs***	***Equity***	***Funds***	***Cash***	***Total***
UK %	-	6.3	91.9	-	1.8	**100.0**
Total %	**-**	**6.3**	**91.9**	**-**	**1.8**	**100.0**

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:	XD dates: 30 Nov; 31 May Paydates: 31 Jan; 30 Sep
Benchmark:	FT All Share
Initial Charge:	(subject to ACD discretion 0%-2%)
Management Fees:	Annual Fee 0.65%
Authorised Corporate Director: (ACD)	Capita Financial Administrators Limited
Administrator:	Capita Financial Administrators Limited
ISIN:	Acc: GB00B18B9X76 Inc: GB00B18B9V52
Bloomberg:	Acc: LTUKEQI LN Inc: LTUKEQI LN
Lipper:	65022060

The former name of the Fund was ACDS Lindsell Train UK Equity Fund. This has been replaced with CF Lindsell Train UK Equity Fund from 1st April 2007.

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 as093 up. Investors may not get back what they invested.

Standardised Discrete Annual Performance (%)	***Nov 2006 Jan 2007***	***Feb 2007 Apr 2007***	***May 2007 July 2007***	***Aug 2007 Oct 2007***
CF LT UK Equity Acc TR% 12m Return	+5.0	+6.7	-3.4	+3.2
CF LT UK Equity Inc TR% 12m Return	+5.0	+6.6	-3.4	+3.1

Source: Bloomberg . Fund was launched on 10th July 2006. TR=Total Return (with dividends reinvested)

Calendar Year Performance 2006	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***YE 2006***
CF LT UK Equity Acc TR%							+2.2	+2.0	+2.7	-0.7	+0.8	+3.6	**+11.0**
CF LT UK Equity Inc TR%							+2.2	+2.0	+2.7	-0.7	+0.8	+3.4	**+10.8**
Since Launch Acc TR%							+2.2	+4.2	+7.0	+6.3	+7.2	+11.0	
Since Launch Inc TR%							+2.2	+4.2	+7.0	+6.3	+7.2	+11.0	

Calendar Year Performance 2007	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***YTD 2007***
CF LT UK Equity Acc TR%	+0.5	-0.6	+5.0	+2.2	+4.4	-5.6	-2.0	-1.3	+1.7	+2.7			**+6.9**
CF LT UK Equity Inc TR%	+0.5	-0.6	+5.0	+2.2	+4.4	-7.1	-1.9	-1.3	+1.7	+2.3			**+6.8**
Since Launch Acc TR%	+11.6	+10.9	+16.5	+19.1	+24.3	+17.3	+15.1	+13.6	+15.5	+18.7			
Since Launch Inc TR%	+11.6	+10.9	+16.5	+19.0	+26.7	+17.7	+15.4	+14.0	+15.9	18.6			

Source: Bloomberg and Lindsell Train. Fund was launched on 10th July 2006. TR=Total Return (with dividends reinvested)

CF LINDSELL TRAIN UK EQUITY FUND

All data as at 31st Oct 2007

Fund Manager's Comments

Four major portfolio positions rose by more than 10% in the month of October. We think their identity and the drivers behind the moves are significant – in that they tell us something about changing investor preferences in the stock market and, we hope, something about the potential for our strategy. The shares, in descending order of gain, were Fidessa (20%), Rathbone (13%), Cadbury (12%) and Schroders (11%). The common denominator, we believe, is that each is a "growth" business. By this we mean that each has a significant, multi-year opportunity to grow earnings – an opportunity that is not directly dependent on the rude health of any particular economy. In other words, the general economy could suffer a slowdown and growth for these businesses would not necessarily be impaired.

Fidessa's revenues are driven by the increasing role of technology in the processing of financial transactions and the increasing complexity of compliance, to such directives as MIFID. The Fidessa suite is now used by 85% of tier-one global equity brokers and its network of 16,000 users carries 50 million messages per month. This is already an important position in the world's financial system for a company with an enterprise value of less than £400 million.

Rathbone and Schroders should see continued growth in their funds under management, as the savings ratio in the UK rises and, for Schroders, as it builds on its important presence in Asia Pacific. Broker analysis of the UK savings industry highlights the fact that household financial assets grew 7% over the past 12 months to £3.8 trillion, of which the private wealth managers, like Rathbone, are responsible for £345 billion, or less than 10% - making for a big opportunity. Meanwhile, Schroders is estimated to have written 14% of all UK retail fund flows in 2007 to date – delivering improved profit margins for the group.

Cadbury has a meaningful opportunity in Developing Economies, while its traditional business is fairly recession-proof. People eat more chocolate when they are depressed!

The UK stock market has enjoyed a period when its returns have been driven by cyclical growth companies – metals and basic industries. It seems possible that a recession in the US housing industry and a global squeeze on bank balance sheets could cause something of a slowdown for these industries. The copper price has stalled in recent weeks, down 10% from its peak and investors should watch this sensitive indicator of global economic activity closely. In these circumstances, we expect companies such as the four we have discussed above, with secular, as opposed to cyclical, growth stories, to take up the stock market running. In addition, we own many other "growth" stocks – in the media, software and consumer branded goods sectors and have hopes for returns from such names as Pearson, Reed, Sage and Unilever – all of which have been dull performers until very recently and appear undervalued, on our analysis. Pearson rose 5% in October, on a reassuring trading update. Its education business is a classic example of one that can carry on expanding through a slowdown. We note that 1.3 million US students registered for Pearson online learning programmes at the start of this academic year, up 44% on last. Media companies that can exploit the Internet to enhance sales growth and profitability are attractive investments currently, we think, and a big theme in your portfolio.

Definitions of "growth" are notoriously opaque or subjective. But on our terms, nearly 80% of the fund is invested in growth companies.

Of the balance of the portfolio, just over 10% of NAV is invested in the shares of three banks – Bradford & Bingley (1.2%), HBOS (4.8%) and Lloyds (4.2%). An additional 6.4% is committed to bank preference shares, RBS (5%) and HBOS (1.4%). For reference, the bank sector within the FT All-Share Index makes up just less than 15% of the whole. The bank ordinary shares have all proven a poor allocation of fundholders' capital, of course, with HBOS now down 25% on our average book cost. The best that can be said about the preference shares is that they have fallen by less, the RBS issue down 14%. What comfort can we offer?

Bradford & Bingley (B&B) and HBOS both continue to buy back shares in themselves for cancellation. At the very least, this means that neither has an imminent, share price sensitive announcement to make. At best, it means that the funding position for both institutions remains satisfactory. The UK regulator will be watching UK-quoted deposit takers closely and there is no way that it would permit these share buybacks if it believed capital were scarce. B&B has very recently had its credit rating reaffirmed a straight "A" by Fitch, while Lloyds commented of itself in mid-September – "As you would expect from a "Triple A" rated bank, we are well able to cope with any changes in the market."

Registered Address:
CF Lindsell Train UK Equity Fund
The Registry, 34 Beckenham Road
Beckenham, KENT BR3 4TU

Fund Administrator:
Capita Financial Administrators Ltd
+44 113 224 6000

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

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

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

As to the preference shares, they have stopped falling recently, as the gilt market has rallied. The preference dividends of HBOS and RBS are tiny in comparison to the current profitability of each bank and it would take a catastrophe, we think, for these to be cut. Now yielding nearly 8% gross, these preference shares represent an attractive return, particularly if interest rates fall in 2008.

Retention of these holdings is based on two propositions. First, retail banks are an attractive place to invest. HBOS and Lloyds have millions of small depositors and loan customers and this diversity brings two things. First, above average returns on equity, compared to the stock market in general and, next, greater predictability and stability of earnings, in comparison to commercial banks, with significant capital market trading activities. This is why we do not own Barclays, HSBC or RBS ordinary shares. The second reason to hold firm with bank shares today is because any further deterioration in the credit markets is likely to precipitate sharp cuts in interest rates. Shares in sound banks will fly.

Risk Warning

Issued by Lindsell Train Limited. Authorised and regulated by the Financial Services Authority. 15 November 2007 LTL 000-053-5