

# CF LINDSELL TRAIN UK EQUITY FUND

September 2009

All data at 30th September 2009

## 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.

<b>Fund Size</b>	£170.5mn
<b>Accumulation Share Price</b>	£1.0981
<b>Income Share Price</b>	£0.9964

Source: Lindsell Train Limited and Capita Financial Administrators Limited.

## Fund Breakdown

<b>Top 10 Holdings (% NAV)</b>		<b>Industry Breakdown (% NAV)</b>	
Cadbury	12.0	Equity	Banks & Financials 25.9
Unilever	9.9		Consumer Goods 5.2
Diageo	9.0		Food & Beverage 37.4
Pearson	7.5		Leisure & Entertainment 3.1
Hargreaves Lansdown	5.4		Media 20.7
Schroders	5.3		Retail 3.9
Sage	5.2		Preference Shares 0.2
Reed Elsevier	5.2		Cash & Equivalent 3.6
Fidessa	4.9	<b>Total</b>	<b>100.0</b>
Thomson Reuters	4.4		

<b>Fund Exposure</b>	<b>Bonds</b>	<b>Prefs</b>	<b>Equity</b>	<b>Funds</b>	<b>Cash</b>	<b>Total</b>
UK %	-	0.2	96.2	-	3.6	100.0
<b>Total %</b>	<b>-</b>	<b>0.2</b>	<b>96.2</b>	<b>-</b>	<b>3.6</b>	<b>100.0</b>

<b>Portfolio Manager:</b>	Nick Train
<b>Fund Type:</b>	FSA Authorised Collective Investment Scheme
<b>Type of Scheme:</b>	Non UCITS Retail
<b>Class:</b>	Accumulation & Income Units
<b>Launch Date:</b>	10 Jul 2006
<b>Base Currency:</b>	Sterling
<b>Min Investment:</b>	£500,000 Subsequent: £1,000
<b>Year End:</b>	31 May
<b>Dividend:</b>	XD dates: 30 Nov; 31 May (Income class) Paydates: 31 Jan; 30 Sep
<b>Benchmark:</b>	FT All Share
<b>Initial Charge:</b>	0%-2%, subject to ACD's discretion
<b>Management Fees:</b>	Annual Fee 0.65% p.a.
<b>Authorised Corporate Director (ACD):</b>	Capita Financial Managers Limited (Authorised & regulated by the Financial Services Authority)
<b>Administrator:</b>	Capita Financial Administrators Limited
<b>ISIN:</b>	Acc: GB00B18B9X76 Inc: GB00B18B9V52
<b>Depository:</b>	BNY Mellon Trust & Depository (UK) Ltd (Authorised & regulated by the Financial Services Authority)
<b>Bloomberg:</b>	Acc: LTIUKEQALN Inc: LTIUKEQA LN
<b>Sedol:</b>	Acc: B18B9X7 Inc: B18B9V5
<b>Lipper:</b>	65022060

## Fund Performance

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

- CF LT UK Equity Fund comprises the Accumulation & Income Classes.
- The CF LT UK Equity Fund performance is based on total returns (dividends reinvested), net of management fees. The CF LT UK Equity Fund price and performance is based on 10 a.m. valuation point

<b>Standardised Discrete Five Year History (%)</b>	<b>Sep 2004 Sep 2005</b>	<b>Sep 2005 Sep 2006</b>	<b>Sep 2006 Sep 2007</b>	<b>Sep 2007 Sep 2008</b>	<b>Sep 2008 Sep 2009</b>
CF LT UK Equity Fund	NA	NA	+7.9	-23.8	+24.8
FTSE All Share Index	NA	NA	+12.2	-22.2	+11.8

Source: Bloomberg and Lindsell Train

<b>Standardised Discrete Quarterly Performance (%)</b>	<b>Oct 2008 Dec 2008</b>	<b>Jan 2008 Mar 2009</b>	<b>Apr 2008 Jun 2009</b>	<b>July 2009 Sep 2009</b>
CF LT UK Equity Fund	-4.2	-6.0	+10.3	+25.7
FTSE All Share Index	-9.4	-9.1	+10.9	+22.4

Source: Bloomberg and Lindsell Train.

<b>Calendar Year 2008 Monthly Performance</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YE 2008</b>
CF LT UK Equity Fund	-9.3	+0.7	-3.8	+1.3	+1.4	-11.9	-0.5	+6.8	-8.3	-8.5	-0.6	+5.3	-25.8
FTSE All Share Index	-8.7	+0.7	-2.1	+6.3	-0.2	-7.1	-3.6	+5.0	-13.2	-11.9	-1.6	+3.7	-29.9

<b>Calendar Year 2009 Monthly Performance</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD 2009</b>
CF LT UK Equity Fund	-2.6	-4.7	+1.2	+11.5	+2.4	-3.2	+8.3	+6.3	+9.2				+30.3
FTSE All Share Index	-5.8	-6.5	+3.2	+9.9	+4.2	-3.2	+8.5	+7.7	+4.7				+23.4

Source: Lindsell Train.

## Fund Manager's Comments

Kraft's bid approach to Cadbury was the stand-out event for the month – indeed, for the last year or more. Cadbury was and remains a major holding and its 55% gain over the last quarter, for instance, most in response to the bid interest, made a meaningful contribution to the outperformance for that period. We hope Kraft is unsuccessful in its efforts to acquire Cadbury – certainly at anything remotely like the current price – because we regard it as one of the very few owners of outstanding global brands available to a UK investor. During September Interbrand, a consultant, published its annual survey of the 100 most valuable global brands. It came as an unwelcome surprise to us that the UK has only four representatives on the list – of which two, HSBC and BP, are only doubtfully true brands, in our opinion. The other pair, Smirnoff and Burberry, we do own for your portfolio.

Cadbury shares had outperformed the FT All-Share Index over 1, 3, 10 and 20 years before any benefit from the Kraft approach. Looking even further into the past, we note that £1,000 invested into Cadbury in 1964 would be worth £290,000 today, a return we estimate to be 5x better than that of the benchmark. This long term return is indicative of the value that can be accrued from owning a collection of cash-generative brands, with significant inflation-proofing. We think it worth asking the rhetorical question – how many British manufacturing or textile companies, quoted in 1964 have generated such wealth over the last 45 years? We hazard none.

Our approach to the investment challenge involves an attempt to ignore as much of the short term economic and market volatility as we can and instead to focus on constructing a portfolio of companies which have the potential, on our analysis, to do as well as Cadbury over the long run. Today

the portfolio is home to a collection of other great brands or franchises – Burberry, Celtic, Daily Mail, Financial Times, IRN-BRU, Johnnie Walker, London Stock Exchange, Marmite, Pedigree, Schroders, Walls ice cream and, never forgetting, my beloved Young's Bitter. We believe other investors tend to undervalue brands and franchises of this caliber, as evidenced by the surge in Cadbury stock.

After the 21% gain in the All-Share for the quarter it appears investor appetite for trading increasingly speculative shares is rising again. This can be seen in the stratospheric gains in loss-making second and third-line mining shares. The sight of the FT All Share Index filling up with Kazakhstani copper mines, whose profits are dependent on the marginal price of a commodity over which they have no control, while, as noted above, only four of the world's great, durable cash generative brands can be accessed by UK investors is bothersome and can be expected to end in tears, in due course.

## CF LINDSELL TRAIN UK EQUITY FUND

*All data at 30th September 2009*

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**authorised and regulated by the**  
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Reports can be found on our  
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