

# CF LINDSELL TRAIN UK EQUITY FUND

March 2010

All data at 31st March 2010

## Fund Objective

To primarily 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 object 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>	£195.5mn
<b>Accumulation Share Price</b>	£1.2606
<b>Income Share Price</b>	£1.1315

Source: Lindsell Train Limited and Capita Financial Administrators Limited.

<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 Paydates: 31 Jan; 30 Sep
<b>Benchmark:</b>	FTSE 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: LTIUQEALN Inc: LTIUQEALN
<b>Sedol:</b>	Acc: B18B9X7 Inc: B18B9V5
<b>Lipper:</b>	65022060

## Fund Breakdown

### Top 10 Holdings (% NAV)

Diageo	9.4
Unilever	9.3
Pearson	8.7
Schroders	5.9
Hargreave	5.5
Reed Elsevier	5.3
Fidessa	5.0
Kraft Foods (US)	4.9
Sage	4.9
Burberry Group	4.8

### Industry Breakdown (% NAV)

Equity	Banks & Financials	25.9
	Consumer Goods	4.9
	Food & Beverage	31.5
	Leisure & Entertainment	2.7
	Media	22.2
	Retail	4.8
	Preference Shares	0.1
	Cash & Equivalent	7.9
<b>Total</b>		<b>100.0</b>

## 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 fees and expenses. 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>Mar 2005 Mar 2006</b>	<b>Mar 2006 Mar 2007</b>	<b>Mar 2007 Mar 2008</b>	<b>Mar 2008 Mar 2009</b>	<b>Mar 2009 Mar 2010</b>
CF LT UK Equity Fund	NA	NA	-14.3	-20.6	+59.2
FTSE All Share Index	NA	NA	-7.7	-29.4	+52.3

Source: Bloomberg and Lindsell Train

<b>Standardised Discrete Quarterly Performance (%)</b>	<b>Apr 2009 Jun 2009</b>	<b>Jul 2009 Sep 2009</b>	<b>Oct 2009 Dec 2009</b>	<b>Jan 2010 Mar 2010</b>
CF LT UK Equity Fund	+10.3	+25.7	+3.5	+10.9
FTSE All Share Index	+10.9	+22.4	+5.5	+6.4

Source: Bloomberg and Lindsell Train.

<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>YE 2009</b>
CF LT UK Equity Fund	-2.6	-4.7	+1.2	+11.5	+2.4	-3.3	+8.3	+6.3	+9.2	-0.2	-1.1	+4.8	+34.9
FTSE All Share Index	-5.8	-6.5	+3.2	+9.9	+4.2	-3.2	+8.5	+7.7	+4.7	-1.8	+3.0	+4.3	+30.1

<b>Calendar Year 2010 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 2010</b>
CF LT UK Equity Fund	-0.3	+3.0	+7.9										+10.9
FTSE All Share Index	-3.6	+3.4	+6.8										+6.4

Source: Bloomberg and Lindsell Train.

## Fund Manager's Comments

A big month for the market, with gains across the portfolio. The continued relatively dull showing from Diageo and Unilever tells us, by contrast, that investor appetite for "recovery" and cyclical companies remains strong, with Lloyds and Daily Mail being perhaps our closest examples of such, posting double digit moves – including the Lloyd's prefs, up 16%. But so-called "defensives" are still capable of decent gains on good news, as gains from Barr, Dr Pepper and Pearson after better than expected results demonstrate.

As a general proposition and not signalling any conviction about recovery or double-dip – because we have none - we are still more attracted to the steady and secular growth offered by, say, Pearson rather than the steeper gradient of recovery earnings from, in the same sector, a Trinity Mirror. With interest rates where they are, the rewards from ownership of steadily compounding growth companies should be exceptional, while the risk of near permanent loss of capital in a challenged business if times get tougher again is material. In short, we submit investors are still mispricing predictability.

Why, for instance, does Xstrata have a higher Enterprise Value than Diageo, at £46bn against £36bn? All right, DGE trades at 3.8x EV/Revenues, compared to XTA 3.1x, implying investors regard each £1 of DGE's sales as 22% more valuable than the latter's. But to us it's freakish that a bit player in the world's notoriously cyclical coal

and copper industry could be worth more than the world's biggest spirits company. The volatility of future profit margins at each company will determine whether our scepticism is well-founded, or that we just don't get it.

We remain happy to participate in the key investment themes built into the portfolio - Emerging Markets, Internet and Beneficiaries of a Steep Yield Curve - and the companies that represent them. However, we are also interested in the possibility that Sterling and the UK economy may be steadying. This would be a surprise for investors, we believe, and would likely benefit mid and small cap shares, generally more UK-centric. We have been adding to our admittedly modest holdings in regional brewers - Marstons and Youngs - thinking their shares are already undervalued in most circumstances, but likely very cheap if the UK proves more resilient than feared.

## CF LINDSELL TRAIN UK EQUITY FUND

*All data at 31st March 2010*

*Registered Office:*  
CF Lindsell Train UK Equity Fund  
Ibex House, 42-47 Minories,  
London EC3N 1DX

*Fund Administrator/Registrar:*  
Capita Financial  
Administrators Limited  
Customer Service Centre  
2 The Boulevard  
City West One Office Park  
Gelderd Road  
Leeds  
LS12 6NT  
Phone: +44 113 224 6000

*Investment Manager:*  
**Lindsell Train Limited**  
2 Queen Anne's Gate Buildings  
Dartmouth Street  
London SW1H 9BP

**Limited Company Registered in  
England No. 3941727**  
Registered Office as above

**Phone: +44 20 7227 8200**  
**Fax: +44 20 7227 8299**  
**Enquiry@LindsellTrain.com**

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Financial Services Authority.**

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website at [www.LindsellTrain.com](http://www.LindsellTrain.com)

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