



**CF Lindsell Train UK
Equity Fund**

Interim Report and Financial Statements
30 November 2008
(unaudited)

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INVESTMENT MANAGER'S REPORT FOR THE HALF YEAR ENDED 30 NOVEMBER 2008

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the CF Lindsell Train UK Equity Fund ('the Fund') is 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.

It is the Fund's policy not to invest in unlisted securities, other collective investment schemes, warrants, derivatives, immovables or gold.

INVESTMENT REVIEW

Our investment strategy has begun to recover some lost ground relative to the FT All-Share Index over the last six months, albeit in torrid conditions. There are two key contributors to the improvement. First, the Fund has no exposure to the Commodity and Mining sectors, which have experienced a spectacular reverse, after a long period of increasingly speculative gains. Next, a significant proportion of our favoured long term holdings are in companies perceived by other investors to be 'defensive'. In fact, we think of these businesses as 'steady growth companies', but whatever the appropriate classification, the likes of Diageo, Pearson and Unilever have proven resilient in very testing economic and capital market circumstances.

The Fund's investment strategy remains unchanged and easily stated – to invest for the long term in companies with strong brand names, like Cadbury and, at the other end of the market capitalization spectrum, Celtic or with business franchises which we believe are unique or hard to replicate, such as the London Stock Exchange or Sage.

Of course we are conscious of the serious challenges confronting equity markets and sensitive to the extraordinary bearishness today amongst market participants. However, it is important for fund holders to know that, rightly or not, we take a constructive view and remain convinced that the Fund's portfolio comprises a collection of outstanding brands and franchises, many of which are currently exceptionally undervalued. We see the bear market as an opportunity to access new portfolio holdings at exceptional prices, as well as to add to existing holdings. The Fund has 8.8% in cash, to take advantage of distressed offers of shares from the market.

We elaborate on these opportunities below.

FINANCIALS

The majority of our investments in this sector are to fund management companies, 15.2% – namely Hargreaves Lansdown, Rathbone and Schroders. We also retain an important holding in the London Stock Exchange. All these companies have strong brands and are conservatively financed. In addition, of course, they all offer participation in the fortunes of the financial markets. As a general proposition, we think it right to be broadly optimistic about markets, because, by and large, they have a tendency to go up and to go up most when investors least expect it – when the economic news is terrible. Today, with sentiment so poor and, critically, interest rates, both long and short, plummeting, we believe these shares in 'stock market proxies', on very low valuations, have particular appeal. In addition, we expect a prolonged and material upturn in the savings ratio in the UK, as consumers turn away from debt-financed consumption and look to rebuild their personal balance sheets. Any recovery in the UK's savings culture will be beneficial, we are sure, for strong financial brand names, like Hargreaves Lansdown and Schroders. It would also be beneficial for some of the High Street banks, offering trusted savings products, not least Lloyds' Scottish Widows.

The remainder of the Fund's financials exposure is to banks. Here we have two holdings in ordinary shares, HBOS and Lloyds at 0.2% and 3.7% respectively. On the likely completion of their merger the Fund will, therefore, have a single combined holding of 3.9%.

Getting to this position has been a painful experience for fund holders and very sobering for us. Candidly, we failed to recognize how compromised the funding of HBOS' business had become and how quickly the confidence of investors and depositors could be lost. Our response to the developing shambles was to switch the majority of the holding in HBOS ordinary into Lloyds, figuring that if the deal fell through HBOS shares would be vulnerable, while wishing to retain the Fund's exposure to the combination if the transaction completed. Although we acted to reduce risk to HBOS, to date this has not been a successful policy, because Lloyds' own shares have been dragged down, as investors worry that the scale of HBOS' problems will overwhelm the entity, even after the injection of public funds.

No one can know how much of the bad news is already in the HBOS/Lloyds share prices today. We currently hold to the view that the merged bank will survive the downturn, while continuing to pay its preference dividends (the Fund retains a 0.7% holding in HBOS preferred stock). If we are correct, it will not be long before investors begin to look through the bad debt cycle and recognize that Lloyds has pulled off a 'once in a generation' coup in acquiring HBOS' brands on exceptionally attractive terms. In these circumstances, Lloyds Group, as it will be called, could be the cheapest asset held in the Fund. We will alert fund holders in our regular monthly updates if our thinking changes on this fraught issue.

MEDIA & TECHNOLOGY

The Fund retains significant investments in these sectors, 28.2%. We own them for two reasons. First, we believe that the companies in which we have invested have durable and profitable market positions or properties – for instance, the Daily Mail, Financial Times, Economist, Reed's Elsevier scientific publishing business, Thomson Reuters' leading online legal service, Westlaw and Fidessa's increasingly ubiquitous equity trading platform. Next, we note that the sectors are wallowing close to multi-year lows in terms of valuation, investment performance and investor favour. For instance, the European Media sector has underperformed the main market every year for the last seven, while Sage's shares, as one illustration, still stand at only a quarter of the peak they reached in 2000. This investor disenchantment is particularly relevant, because, in fact, on examination, it is apparent that these companies are still growing and growing in a way that is not dependent on the economic cycle. Pearson's education business is only distantly exposed to the US consumer, Reuters' dominant currency trading service is booming, whatever happens to UK house prices.

This combination of great franchises, currently deeply out of favour with other investors and non-cyclical growth adds up to a major investment opportunity, we think. It is notable that several of these holdings have begun to outperform the FT All-Share in the second half of the calendar year, if only by dint of not falling so far. We hope this is the beginning of a sustained phase of improved returns.

CONSUMER STAPLES

The biggest single allocation of capital within the Fund is to companies in the above category – booze, pubs, chocolate and soap. We have three 10% plus holdings here (to which, by regulation, we are not permitted to add any further shares) – Cadbury, Diageo and Unilever. We are not only attracted to the reliable and inflation-proofed cash generation of this type of company, but conscious that some of them offer exposure to what remains one of the strongest investment themes we have today.

CONSUMER STAPLES (continued)

That theme is consumption growth in Emerging Markets, where billions of new consumers offer a multi-decade opportunity. Our big three holdings are advantaged, in that they already own resonant global brands and have established distribution in those parts. Unilever is set to become the first major, global branded goods company deriving over half its revenues from the so-called Developing Economies.

This theme is relevant for our newest portfolio addition, Burberry, the fashion marque. Its shares have fallen nearly 75% from their recent peak, creating an opportunity to participate on very favourable terms, in the long term growth of this company's brand, particularly in Asia, where it is both iconic and aspirational. Of course, Burberry will be hit by the downturn; however the company has little debt and pays a well-covered dividend, offering an income return higher than available on a gilt.

CONCLUSION

UK equities have performed abysmally over the last twelve months and more and lag the returns delivered by both cash and gilts out over the last ten years. Today investors find it hard to conceive how equity returns could improve, given the apparent inevitability of recession and chronic weakness of many financial institutions.

We have no intention of stretching your credulity by predicting an imminent new bull market, but have two observations. First, the decline in long term government bond yields is very positive for the valuation of companies that prove resilient to the economic downturn – meaning that investors will be surprised by how high P/Es can go for true 'growth' companies. Next, we assume 'growth' companies will be found amongst businesses exposed to the two big global themes – Emerging Markets and the Internet, both of which remain relatively immature, in our opinion.

The Fund has ample exposure to each theme and we hope the NAV will benefit in due course.

LINSELL TRAIN LIMITED
Investment Manager
9 January 2009

COMPARATIVE TABLES

PRICE AND INCOME HISTORY

Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2006#	110.07	99.97	–
2007	122.79	105.45	3.2245
2008*	109.55	70.24	3.3855
2009	–	–	1.2704

Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2006#	111.38	99.97	–
2007	124.83	108.45	3.2931
2008*	114.01	74.69	3.5388
2009	–	–	1.3516

From 27 June 2006.

* To 30 November 2008.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.05.07	Income	42,827,114	35,530,065	120.54
	Accumulation	25,793,710	20,811,121	123.94
31.05.08	Income	24,951,105	26,091,866	95.63
	Accumulation	114,845,219	112,931,903	101.69
30.11.08	Income	19,344,062	25,892,636	74.71
	Accumulation	95,207,870	117,843,376	80.79

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

AUTHORISED STATUS

The Fund is an investment company with variable capital incorporated under the OEIC Regulations. It is a 'Non-UCITS Retail Scheme' as defined in the Collective Investment Scheme Sourcebook ('COLL'). The Fund is incorporated in England and Wales with registered number IC000459. The Fund was authorised by Financial Services Authority with effect from 27 June 2006. The shareholders are not liable for the debts of the Fund.

PRICE PER SHARE (EX-DISTRIBUTION)

Date	Share Class	Price P	Yield %
01.12.08	Income	74.05	4.56
	Accumulation	80.08	4.56

TOTAL EXPENSE RATIO

Expense Type	30.11.08 %	31.05.08 %
ACD's periodic charge	0.65	0.65
Other expenses	0.28	0.28
Total expense ratio	0.93	0.93

The Total Expense Ratio represents the total expenses of the Fund, excluding transaction costs, interest payable and expenses of a capital nature, expressed as a percentage of the average net assets during the accounting period.

Other expenses include fees payable to the Depositary and Auditors, printing costs, registration fees and safe custody and other related bank charges.

FUND PERFORMANCE TO 30 NOVEMBER 2008 (%)

	6 months	1 year	Since launch*
CF Lindsell Train UK Equity Fund	-20.55	-28.62	-19.21
FTSE All-Share Index (TR)	-29.12	-31.92	-21.00

* Launch date 27 June 2006.

The performance of the Fund is based on the net asset value per Accumulation share which includes income reinvested.

Details of the distributions per share for the half year are shown in the Distribution Table on page 24.

CERTIFICATION OF ACCOUNTS BY DIRECTORS OF THE ACD

This report is signed in accordance with the requirements of the COLL Sourcebook.

K.J. MIDL

J. MILLAN

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Lindsell Train UK Equity Fund
21 January 2009

STATEMENT OF TOTAL RETURN FOR THE HALF YEAR ENDED 30 NOVEMBER 2008

	Notes	30.11.08		30.11.07	
		£	£	£	£
Net losses on investments during the half year	2		(30,560,205)		(7,606,556)
Income	3	2,230,558		1,178,439	
Expenses	4	(600,814)		(398,800)	
Finance costs: Interest	6	—		—	
Net income before taxation		1,629,744		779,639	
Taxation	5	—		—	
Net income after taxation		1,629,744		779,639	
Total return before distributions			(28,930,461)		(6,826,917)
Finance costs: Distributions	6		(1,930,152)		(972,863)
Change in net assets attributable to shareholders			<u>(30,860,613)</u>		<u>(7,799,780)</u>

STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS FOR THE HALF YEAR ENDED 30 NOVEMBER 2008

	Notes	30.11.08		30.11.07	
		£	£	£	£
Net assets at the start of the half year			139,796,324		68,620,824
<i>Movement due to sales/repurchases of shares</i>					
Amounts receivable on issue of shares		7,738,964		35,678,434	
Less: Amounts payable on cancellation of shares		(3,755,998)		(18,903,121)	
			3,982,966		16,775,313
Dilution levy charged	1(j)		49,664		—
Stamp duty reserve tax	1(f)		(9,180)		(50,868)
Change in net assets attributable to shareholders (see Statement of Total Return above)			(30,860,613)		(7,799,780)
Retained distribution on Accumulation shares			1,592,771		521,591
Net assets at the end of the half year			<u>114,551,932</u>		<u>78,067,080</u>

PORTFOLIO STATEMENT

AS AT 30 NOVEMBER 2008

Holding	Portfolio of Investments	Value £	Total Net Assets	
			30.11.08 %	31.05.08 %
	EQUITIES			
	UNITED KINGDOM			
	CONSUMER GOODS			
	BEVERAGES			
259,589	Barr (A.G.)	2,855,479	2.49	
1,432,001	Diageo	12,981,089	11.33	
		<u>15,836,568</u>	<u>13.82</u>	<u>11.97</u>
	FOOD PRODUCERS			
2,148,760	Cadbury	11,839,668	10.34	
891,279	Unilever	13,297,883	11.61	
		<u>25,137,551</u>	<u>21.95</u>	<u>18.85</u>
	PERSONAL GOODS			
917,345	Burberry Group	1,880,557	1.64	-
	TOTAL CONSUMER GOODS	<u>42,854,676</u>	<u>37.41</u>	<u>30.82</u>
	CONSUMER SERVICES			
	MEDIA			
866,476	Daily Mail & General Trust	2,556,104	2.23	
601,449	Euromoney Institutional Investor	1,467,536	1.28	
1,406,593	Pearson	8,706,811	7.60	
1,389,517	Reed Elsevier	7,440,864	6.50	
325,075	Thomson Reuters	4,222,724	3.69	
		<u>24,394,039</u>	<u>21.30</u>	<u>19.76</u>
	TRAVEL & LEISURE			
2,622,837	Celtic	996,678	0.87	
363,752	Celtic 6% convertible	236,439	0.21	
1,835,049	Marston's	1,945,152	1.70	
142,738	Young & Co's Brewery	471,035	0.41	
		<u>3,649,304</u>	<u>3.19</u>	<u>3.05</u>
	TOTAL CONSUMER SERVICES	<u>28,043,343</u>	<u>24.49</u>	<u>22.81</u>

Holding	Portfolio of Investments	Value £	Total Net Assets	
			30.11.08 %	31.05.08 %
	FINANCIALS			
	BANKS			
275,911	HBOS	251,079	0.22	
776,546	HBOS 9.25% ncip*	671,712	0.59	
66,722	HBOS 9.75% ncip*	61,384	0.05	
2,555,712	Lloyds TSB Group	4,255,260	3.72	
417,662	National Westminster Bank 9% Pref Stk	348,748	0.30	
		<u>5,588,183</u>	<u>4.88</u>	<u>9.87</u>
	FINANCIAL SERVICES			
2,304,865	Hargreaves Lansdown	3,607,114	3.15	
557,704	London Stock Exchange Group	3,396,417	2.96	
593,139	Rathbone Brothers	4,389,229	3.83	
709,750	Schroders	6,011,582	5.25	
		<u>17,404,342</u>	<u>15.19</u>	<u>15.65</u>
	TOTAL FINANCIALS	<u>22,992,525</u>	<u>20.07</u>	<u>25.52</u>
	TECHNOLOGY			
	SOFTWARE & COMPUTER SERVICES			
648,176	Fidessa Group	3,240,880	2.83	
2,825,049	Sage Group (The)	4,689,581	4.09	
		<u>7,930,461</u>	<u>6.92</u>	<u>8.42</u>
	TOTAL UNITED KINGDOM	<u>101,821,005</u>	<u>88.89</u>	<u>87.57</u>
	UNITED STATES			
290,204	Dr Pepper Snapple Group	3,028,630	2.64	2.64
	Portfolio of investments	104,849,635	91.53	90.21
	Net other assets	9,702,297	8.47	9.79
	Net assets	<u>114,551,932</u>	<u>100.00</u>	<u>100.00</u>

The investments have been valued in accordance with note 1(h) and are ordinary shares unless stated otherwise.

ncip = non cumulative irredeemable preference.

BALANCE SHEET
AS AT 30 NOVEMBER 2008

	Notes	30.11.08		31.05.08	
		£	£	£	£
ASSETS					
Portfolio of investments		104,849,635		126,109,141	
Other assets					
Debtors	7	491,515		759,522	
Bank balances		<u>9,816,099</u>		<u>13,677,203</u>	
Total other assets		10,307,614		14,436,725	
Total assets		<u>115,157,249</u>		<u>140,545,866</u>	
LIABILITIES					
Other liabilities					
Creditors	8	(276,377)		(200,256)	
Distribution payable on Income shares		<u>(328,940)</u>		<u>(549,286)</u>	
Total other liabilities		(605,317)		(749,542)	
Total liabilities		<u>(605,317)</u>		<u>(749,542)</u>	
Net assets attributable to shareholders		<u>114,551,932</u>		<u>139,796,324</u>	

SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE HALF YEAR ENDED 30 NOVEMBER 2008

Total purchases for the half year (note 13)		£12,679,884
Purchases		Cost £
Lloyds TSB Group		2,832,846
Burberry Group		2,567,773
Cadbury		1,712,602
Unilever		942,523
Celtic		794,864
Pearson		595,933
Marston's		477,970
Hargreaves Lansdown		409,447
Thomson Reuters		368,583
Diageo		348,697
Daily Mail & General Trust		225,243
Fidessa Group		220,289
Reed Elsevier		210,355
Barr (A.G.)		195,816
Schroders		192,627
Celtic 6% convertible		190,203
London Stock Exchange Group		186,604
Euromoney Institutional Investor		122,792
Rathbone Brothers		84,717

Total sales for the half year (note 13)	£3,379,182
Sales	Proceeds
	£
National Westminster Bank 9% Pref Stk	2,708,754
HBOS	670,428

The portfolio changes represent all of the purchases and sales during the half year.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 NOVEMBER 2008

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Management Association in December 2005.

(b) Recognition of income

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Interest on bank and other cash deposits is recognised on an accruals basis.

All income is recognised as a gross amount that includes any withholding taxes but excludes any other taxes such as attributable tax credits.

(c) Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to income of the cash equivalent being offered and this forms part of the distributable income.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as income or capital. Amounts recognised as income will form part of the distributable income. The tax accounting treatment follows the treatment of the principal amount.

(d) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged against income.

(e) Allocation of income and expenses to multiple share classes

Any income or expense not directly attributable to a particular share class will normally be allocated pro-rata to the net assets of the relevant share classes.

(f) Taxation

Corporation tax is provided at 20% on income, other than UK franked dividends, after deduction of expenses.

Where overseas tax has been deducted from overseas income that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

1. ACCOUNTING POLICIES (continued)

(g) Distribution policy

For the purpose of calculating the distributable amount 50% of all charges, costs and expenses (excluding transaction charges, SDRT and the costs of establishing the Company which will be allocated wholly to capital) will be allocated to the capital of the Company.

Surplus income, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any income deficit is deducted from capital.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the Regulations.

(h) Basis of valuation of investments

Listed investments are valued at closing bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting period.

(i) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

(j) Dilution levy

The ACD may require a dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; where the Fund is experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy.

	30.11.08 £	30.11.07 £
2. NET LOSSES ON INVESTMENTS		
Non-derivative securities	(30,560,205)	(7,606,556)
3. INCOME		
UK franked dividends	1,948,228	1,080,363
Bank interest	282,330	98,076
Total income	<u>2,230,558</u>	<u>1,178,439</u>

30.11.08
£

30.11.07
£

4. EXPENSES

Payable to the ACD, associates of the ACD and agents of either of them:

ACD's periodic charge	421,365	262,290
Accounting fee	129,038	98,794
Printing costs	1,504	500
Registration fees	5,329	4,657
Tax fees	736	734
	<u>557,972</u>	<u>366,975</u>

Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary's fees	31,456	22,145
Safe custody and other bank charges	6,299	7,881
Transaction charges	1,892	7,350
	<u>39,647</u>	<u>37,376</u>

Other expenses:

Audit fee	4,713	8,578
FSA fees	348	–
Legal and professional fees	(1,866)	(14,129)
	<u>3,195</u>	<u>(5,551)</u>

Total expenses	<u>600,814</u>	<u>398,800</u>
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5. TAXATION

a) Analysis of charge for the half year

Corporation tax at 20%	–	–
Current tax charge (note 5b)	–	–

Deferred tax – origination and reversal of timing differences (note 5c)

	–	–
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Total taxation	<u>–</u>	<u>–</u>
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5. TAXATION (continued)

b) Factors affecting tax charge for the half year

The tax assessed for the half year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.11.07 : 20%) for the reasons explained below.

	30.11.08 £	30.11.07 £
Net income before taxation	1,629,744	779,639
Corporation tax at 20%	325,949	155,928
Effects of:		
UK franked dividends	(389,646)	(216,073)
Expenses not deductible for tax purposes	379	1,470
Unrelieved excess management expenses	63,318	58,675
Corporation tax charge	–	–
Current tax charge (note 5a)	–	–

c) Deferred tax

At 30 November 2008 the Fund had surplus management expenses of £1,054,748 (30.11.07 : £562,607) on which there is an unprovided deferred tax asset of £210,950 (30.11.07 : £112,521). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses, and, therefore, no deferred tax asset has been recognised in the current or prior period.

	30.11.08 £	30.11.07 £
6. FINANCE COSTS		
Distributions		
Interim	1,921,711	915,117
Add: Income deducted on cancellation of shares	27,514	182,975
Deduct: Income received on issue of shares	(19,073)	(125,229)
Net distributions for the half year	1,930,152	972,863
Interest	–	–
Total finance costs	1,930,152	972,863

30.11.08
£30.11.07
£

6. FINANCE COSTS (continued)

Distributions represented by:

Net income after taxation	1,629,744	779,639
Expenses charged to capital	300,420	193,208
Balance brought forward	22	34
Balance carried forward	(34)	(18)
Net distributions for the half year	1,930,152	972,863

Details of the distribution per share are set out in the table on page 24.

30.11.08
£31.05.08
£

7. DEBTORS

Amounts receivable for issue of shares	27,736	–
Accrued income:		
UK franked dividends	463,765	755,968
Bank interest	–	3,554
	463,765	759,522
Prepaid expenses	14	–
Total debtors	491,515	759,522

8. CREDITORS

Amounts payable for cancellation of shares	39,397	32,073
Purchases awaiting settlement	84,717	–
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	61,976	40,876
Accounting fee	64,744	89,456
Printing costs	5,504	4,000
Registration fees	2,876	6,057
Tax fees	2,205	2,938
	137,305	143,327

	30.11.08	31.05.08
	£	£
8. CREDITORS (continued)		
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	4,717	3,440
Safe custody and other bank charges	2,340	2,400
Transaction charges	540	530
	7,597	6,370
Other expenses	7,063	9,400
Taxation payable:		
Stamp duty reserve tax	298	9,086
Total creditors	<u>276,377</u>	<u>200,256</u>

9. RELATED PARTY TRANSACTIONS

Management fees payable to Capita Financial Managers Limited (the ACD) and registration fees payable to Capita Financial Administrators Limited (an associate of the ACD) are disclosed in note 4 and amounts outstanding at the half year end in note 8.

The aggregate monies received and paid by the ACD through the issue and cancellation of shares are disclosed in the Statement of Change in Shareholders Net Assets on page 8 and amounts outstanding at the half year end are shown in note 8.

All other amounts paid to, or received from, the related parties, together with the outstanding balances are disclosed in the financial statements.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments (31.05.08 : none).

11. SHAREHOLDER FUNDS

The Fund has two share classes: Income and Accumulation. The annual management charge on those shares is:

	%
Income	0.65
Accumulation	0.65

The net asset value, the net asset value per share and the number of shares in issue are given in the Comparative Tables.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

i. Credit risk

The Fund may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit credit risk.

ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of income receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The table below shows the interest rate risk profile:

	30.11.08	31.05.08
	£	£
Floating rate assets:		
Pounds sterling	9,816,099	13,677,203
Assets on which interest is not paid:		
US dollars	3,028,630	3,687,727
Pounds sterling	102,312,520	123,180,936
	105,341,150	126,868,663
Liabilities on which interest is not paid:		
Pounds sterling	(605,317)	(749,542)
Net assets	<u>114,551,932</u>	<u>139,796,324</u>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the UK base rate.

There are no material amounts of non-interest bearing financial assets and liabilities other than equities, which do not have maturity dates.

iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Changes in the sterling exchange rate can affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms and the prices of imports sold in the UK. Investment in overseas securities will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

30.11.08

The table below shows the foreign currency risk profile:

	30.11.08 £	31.05.08 £
Currency:		
US dollars	3,028,630	3,687,727
	<u>3,028,630</u>	<u>3,687,727</u>
Pounds sterling	111,523,302	136,108,597
	<u>111,523,302</u>	<u>136,108,597</u>
Net assets	<u>114,551,932</u>	<u>139,796,324</u>

iv. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Securities may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of readily realisable securities.

v. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. For an equity portfolio the risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

vi. Counterparty risk

Transactions in securities entered into by the Fund give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties.

vii. Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

viii. Sensitivity analysis

The Fund held no derivatives during the half year.

13. PORTFOLIO TRANSACTION COSTS

Analysis of purchases

Purchases before transaction costs 12,587,773

Transaction costs:

Commissions 28,440

Stamp duty and other charges 63,671

92,111

Total purchase cost

12,679,884

Analysis of sales

Sales before transaction costs 3,380,873

Transaction costs:

Commissions (1,682)

Other charges (9)

(1,691)

Total sales proceeds

3,379,182

DISTRIBUTION TABLE

FOR THE HALF YEAR ENDED 30 NOVEMBER 2008 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 June 2008

Group 2 – Shares purchased on or after 1 June 2008 and on or before 30 November 2008

Income Shares	Net Income	Equalisation	Payable 31.01.09	Paid 31.01.08
Group 1	1.2704	–	1.2704	1.2803
Group 2	0.4236	0.8468	1.2704	1.2803

Accumulation Shares	Net Income	Equalisation	Allocation 31.01.09	Allocated 31.01.08
Group 1	1.3516	–	1.3516	1.3223
Group 2	1.2988	0.0528	1.3516	1.3223

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued income included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

GENERAL INFORMATION

Head Office: Ibex House, 42 – 47 Minorities, London EC3N 1DX.

Address for Service: The Head Office is the address in the United Kingdom for service on the Fund of notices or other documents required or authorised to be served on it.

Base Currency: The base currency of the Fund is pounds sterling.

Share Capital: The minimum share capital of the Fund is £1 and the maximum is £100,000,000,000. Shares in the Fund have no par value.

CLASSES OF SHARES

Different classes of shares can be issued in respect of the Fund.

Holder of Income shares are entitled to be paid the income attributable to such shares, in respect of each annual or interim accounting period.

Holder of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

VALUATION POINT

The valuation point of the Fund is 10.00am on each dealing day. Valuations may be made at other times under the terms contained within the Prospectus.

BUYING AND SELLING SHARES

The ACD will accept orders to buy or sell shares on normal business days between 9.00am and 5.30pm and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0845 922 0044. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

PRICES

The most recent buying and selling prices of shares are posted in www.fundlisting.co.uk and www.lindselltrain.com. The prices are also available on the website of the Investment Management Association at www.investmentuk.org under the heading Capita Financial Managers or by calling 0845 922 0044 during the ACD's normal business hours.

OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Simplified Prospectus and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office of the Fund and copies may be obtained upon application.

Shareholders who have any complaints about the operation of the Fund should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

DATA PROTECTION ACT

Shareholders' names will be added to a mailing list which may be used by the Manager, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the Manager requesting their removal from any such mailing list.

