

LINDSELL TRAIN INVESTMENT TRUST

January 2005

All data as at 31st Jan 2005

Fund Objective

To maximise long-term total returns subject to the avoidance of loss of absolute value and with a minimum objective to maintain the real purchasing power of Sterling capital, as measured by the annual average yield on the 2.5% Consolidated Loan Stock.

Fund Breakdown

Top 10 Holdings (% NAV)

US Gov Treasury 6.25%	10.8
Lindsell Train Global Media (Dist)	10.0
Barr AG	9.8
HBOS 9.25% Non Cum	9.7
Lindsell Train Japan (Dist)	8.6
2½% Consolidated Loan Stock	7.8
Cadbury Schweppes	6.4
Wolverhampton & Dudley Brew	5.8
UK Treasury 2.5%	5.8
HBOS 6.125% Non Cum	4.6

Industry Breakdown (% NAV)

Bonds	24.3
Preference Shares	14.3
Equity - Media	8.2
Equity - Banks & Investment Co.	3.9
Equity - Leisure & Entertainment	9.8
Equity - Food & Beverage	20.6
Investment Funds	22.8
Cash & Equivalent	(3.9)
Total	100.0

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	13.5	14.3	36.9	4.2	(3.9)	65.0
USA %	10.8	-	1.6	-	3.4	15.8
Europe (ex UK) %	-	-	-	-	-	0.0
Japan %	-	-	4.0	8.6	(3.4)	9.2
Global %	-	-	-	10.0	-	10.0
Total %	24.3	14.3	42.5	22.8	(3.9)	100.0

Market Capitalisation	£ 20.3mn
Net Asset Value	£ 117.01
Share Price	£ 110.50
Premium (Discount)	(5.6%)
Benchmark 2½% Consol	Annual +4.8% Monthly +0.4%

Source: NAV - LTIT; Price & Discount - Bloomberg. Share Price quoted is closing mid price. See Benchmark Definition

Fund Manager:	Nick Train
Launch Date:	22 Jan 2001
Base Currency:	Sterling
Year End:	31st March
Dividend:	Ex-date - Jun Paid - Jul
Benchmark:	The annual Average yield on the 2½% Consolidated Loan Stock.

Management Fees:

<i>Annual Fee:</i>	0.65%
<i>Performance Fee:</i>	10% of annual increase in the share price, plus dividend, above the gross annual yield of the 2½% Consolidated Loan Stock.

The Board:	Rhoddy Swire Michael Mackenzie Donald Adamson Michael Lindsell
-------------------	---

ISIN: GB0031977944

Bloomberg: LTI LN

Listing: London Stock Exchange

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 (Jan-Dec)	2001	2002	2003	2004	YTD 2005
LT Investment Trust NAV %	+3.2	-9.6	+3.5	+22.9	+1.7
LT Investment Trust Price %	+18.5	-19.8	-8.4	+20.1	+8.9

Source: S&P Micropal. Based in GBP with dividends reinvested. Launch date 22 Jan 2001.

2004	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2004
NAV %	+1.8	+3.3	+0.3	+2.3	-0.1	+2.1	-2.0	+4.8	+3.8	+1.4*	+0.0*	+3.7	+23.7
Price %	-2.3	+6.0	-0.6	+0.6	+2.3	+2.7	+0.5	+0.5	+8.6	+3.0	-1.9	+0.0	+20.6
Since Launch NAV %	-2.1	+1.2	+1.5	+3.8	+3.7	+6.0	+3.8	+8.8	+12.9	+14.5*	+14.5	+18.7	
Since Launch Price %	-15.3	-10.3	-10.8	-10.3	-8.2	-5.7	-5.2	-4.7	+3.6	+6.7	+4.6	+4.6	

2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2005
NAV %	+1.4												+1.7
Price %	+8.9												+8.9
Since Launch NAV %	+20.3												
Since Launch Price %	+13.9												

Source: S&P Micropal unless otherwise indicated. Based in GBP with dividends reinvested. Launch date 22 Jan 2001. * Source: Lindsell Train Ltd.

Fund Manager's Comments

The year has got off to an intriguing start, with capital markets behaving quite differently from expected. In particular, both the US Dollar and the Anglo-Saxon bond markets have confounded pundits by going up. As this note is written, the long-dated US Treasury owned in the Trust has gained over 5.0% in capital terms - more than the US stock market, which is down year-to-date, the Japanese equity market, which has eked out a sub 1.0% rise and even the FT All-Share, which is up an otherwise healthy 4.8%. Our gilts, too, are better by 2.0% in capital terms, even after their double-digit returns in 2004. Meanwhile, the US Dollar has reclaimed 2.5% of its Sterling value since year-end, enhancing the return on the US bond and indeed the other US assets within the Company.

Clearly investors are being forced to reconsider their negative views on both bonds and the Dollar. The trigger is the Federal Reserve's policy of raising short-term US interest rates. These increases are helping long bonds, by reducing the risk that what is already very low US inflation will get out of hand. In addition, a rising income return on Dollar assets makes bears of the currency think hard about their commitment to Yen, where it is zero and the Euro bloc, including even Sterling, where the chances are good that the next move in short-term interest rates will be down.

Our position on bonds and the Dollar remains unchanged. We expect long-term interest rates to decline further, in response to low inflation and institutional demand. However, we are not buyers of bonds today and expect to reduce our positions into strength. On the Dollar, we remain long-term bulls of the world's most productive and dynamic capitalist economy and hence its currency. However, we will not increase nor decrease our exposure to investment assets on currency considerations alone.

One attraction of US capital assets is the fact that, par excellence, the US remains the place where things happen - where new industries emerge and where old ones consolidate. Bears of the US deny themselves the chance of investing in, for instance, Google, up nearly 10.0% already in 2005, which we do not own, or eBay, down 31.0% year-to-date, which we do own, via the Media Fund (eBay doubled in value for the Fund last year and we expect it to recover after this share price indigestion). The Internet is dominated by US corporations. Avoiding these incredible growing companies on the strength of nothing more substantive than a guess about something as unpredictable as currency rates seems

irrational to us (avoiding them because they may or may not be grossly overvalued is another matter).

More relevant to your Trust, the US is leading the way in industry consolidation. Most notably P&G's offer for Gillette is a significant event both for the global consumer branded goods industry and, therefore, for the Lindsell Train Investment Trust. P&G has made two marks. First, it has indicated it believes the industry is on the verge of a sustained period of consolidation, as branded goods owners look to reclaim value lost to retailers and to claim economies of scale from increasingly global operations. Second it has put an exceptionally high price on what is, doubtless, an exceptionally fine asset. Gillette is valued on circa 5.0x its annual revenues by the merger terms. Here is our interest in the transaction. We own substantial positions in a number of other fine consumer branded goods companies, that may or not be implicated in future transactions, but which definitely are valued far more cheaply by stock market investors. Diageo and Cadbury spring immediately to mind, trading on 2.9x and 2.2x sales respectively. Cadbury, 7.0% of your company's assets, is up 3.0% today on probably specious gossip of a bid from Kraft, but would go up very considerably more if consolidation does continue.

Another branded goods business, A.G. Barr, is certainly too small to appear on investment bankers' radar as a likely merger candidate, however that has not prevented its share price from making further progress. Up 33.0% in 2004, the shares have put on 8.0% in 2005. At current levels the shares offer a dividend yield little higher than the market average. Here they offer decent value, with dividends likely to grow in excess of the average, but, regrettably, we can no longer regard them as an absolute bargain, as they have been for much of the life of your Trust.

Both Lindsell and Train have been busy through January, seeking, with some success, to exploit 2004's good investment performance and raise new capital for the management company, of which the Trust owns 25.0%. Shareholders should hope that both the investment performance and the raising of new funds under management can be sustained, because the combination should drive the share price of the Trust higher.

All data as at 31st Jan 2005

Registered Address:

Lindsell Train Investment Trust plc
77a High Street
Brentwood
ESSEX CM14 4RR

Lindsell Train Limited 35 Thurloe Street London SW7 2LQ

Phone: +44 20 7225 6400

Fax: +44 20 7225 6499

Email: 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

Risk Warning

This document is intended for use by persons who are authorised by the UK Financial Services Authority ("FSA") and those who are permitted to receive such information in the UK. The information contained in this document does not constitute an offer or invitation to buy or sell any investments. Nothing in this document constitutes investment, legal, tax or other advice. Lindsell Train and/or persons connected with it may have an interest in this investment.

The value of any investment in securities or funds and the income generated from them may go down as well as up and are not guaranteed. Past performance cannot be used as a guide or guarantee of future performance. You may not get back the original amount you have invested. Changes in foreign exchange rates may cause the value of your investment to go up or down. Some funds with higher gearing may be subject to higher volatility and the investment value may change substantially. The net asset value (NAV) performance of an investment trust is not the same as its market share price performance.

Issued by Lindsell Train Limited. Authorised and regulated by the Financial Services Authority. 30 March 2005 LTL 000-023-6