

LINDSELL TRAIN INVESTMENT TRUST

March 2005

All data as at 31st Mar 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)

Barr AG	10.4
US Gov Treasury 6.25%	10.3
Lindsell Train Global Media (Dist)	10.0
HBOS 9.25% Non Cum	9.4
Lindsell Train Japan (Dist)	8.1
Cadbury Schweppes	7.6
2½% Consolidated Loan Stock	7.5
Wolverhampton & Dudley Brew	6.0
Diageo	5.7
UK Treasury 2.5%	5.6

Industry Breakdown (% NAV)

Bonds	23.4
Preference Shares	13.8
Equity - Media	9.1
Equity - Banks & Investment Co.	3.8
Equity - Leisure & Entertainment	9.8
Equity - Food & Beverage	23.7
Investment Funds	22.2
Cash & Equivalent	(5.8)
Total	100.0

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	13.1	13.8	41.1	4.1	(5.9)	66.2
USA %	10.3	-	1.5	-	3.3	15.1
Europe (ex UK) %	-	-	-	-	-	0.0
Japan %	-	-	3.8	8.1	(3.2)	8.7
Global %	-	-	-	10.0	-	10.0
Total %	23.4	13.8	46.4	22.2	(5.8)	100.0

Market Capitalisation	£ 22.1mn
Net Asset Value	£ 119.43
Share Price	£ 110.50
Premium (Discount)	(7.5%)
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
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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	+3.1	+23.7	+3.3
LT Investment Trust Price %	+18.5	-19.8	-8.7	+20.6	+9.1
MSCI World Index GBP	-18.0	-28.6	+17.6	+5.2	+0.0

Source: S&P Micropal unless otherwise indicated. Based in GBP with dividends reinvested, unadjusted. 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	+0.8	+1.1										+3.3
Price %	+8.9	+3.6	-3.5										+9.1
Since Launch NAV %	+20.3	+21.3	+22.6										
Since Launch Price %	+13.9	+18.0	+13.9										

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

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Fund Manager's Comments

The Trust's NAV has made steady progress through 2005 to date, standing at a record high, as this report is written (8/4/05), of £120.37 per share. At this level the NAV has risen over 4.0% since December 31st 2004. By contrast, the MSCI World Equity Index is unchanged since the start of the year in Sterling terms, reflecting an actual decline in the US stock market and modest gains in other geographies, including the UK, where the FT All-Share Index is up roughly the same 4.0% as your company.

After the 21.0% rise in NAV during calendar 2004, which significantly outpaced gains from both the global and local equity indices, we are pleased that competitive returns continue to be earned from the portfolio mix. Shareholders may not need reminding that net quoted equity exposure in the Trust, on a look-through basis (adjusting for the net long/short positions in the two Lindsell Train funds) is approximately 57.0%, but this fact is significant. What it means is that the Trust has been able, certainly over the past 15 months, to generate "equity market-type" returns, while taking significantly less equity risk than an equity benchmark (which, of course, would have 100.0% exposure to equities). Moreover, since the launch of your company, back in January 2001, the FT All-Share Index remains decidedly down in capital terms, nearly 17.0%, from the 3000 index level to today's c2500 (and the fate of the World Index in Sterling is even worse, still 28.0% shy of its January 2001 index level).

What it seems reasonable to conclude from this analysis is that your company's NAV has fared better than mainstream equity benchmarks over its history for a variety of reasons. First, because it has held significantly fewer equities than those benchmarks over the period. Next, because the assets we have invested in as an alternative to equity (predominantly government bonds and our own hedge Funds) have delivered more or less satisfactory absolute total returns and last, because we have been able to find individual equity opportunities that, latterly, have performed a lot better than the equity benchmarks.

We have made too many errors of both omission and commission over the last 4 years to want to crow about the above history. Instead, we look at the shape of the returns we have earned to date and wonder hard what we should be doing next. What is the right mix of assets to earn returns that will satisfy shareholders (including ourselves), while keeping risk at a level that lets us sleep at night? The obvious answer, in our view, is

to own fewer bonds and more equities, as, indeed, has been the gradual trend over the past two years. Today, though, we see no compelling reason to discard our government bonds in any aggressive fashion, nor do we find sufficient additional individual equity ideas to justify any radical change in the shape of the strategy. We will be sure to alert shareholders when we do.

All data as at 31st Mar 2005

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