

# LINDSELL TRAIN INVESTMENT TRUST

September 2007

All data as at 30th Sep 2007

## 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)

Nintendo	12.8
Lindsell Train Global Media (Dist)	11.3
Barr AG	9.9
HBOS 9.25% Non Cum Pref	9.8
Cadbury Schweppes	8.5
Diageo	7.6
Lindsell Train Ltd	7.2
Lindsell Train Japan (Dist)	5.6
2½% Consolidated Loan Stock	5.4
Marston's	5.2

### Industry Breakdown (% NAV)

Bonds	14.0
Preference Shares	9.8
Equity - Media	26.0
Equity - Banks & Investment Co.	7.2
Equity - Leisure & Entertainment	5.2
Equity - Food & Beverage	29.0
Equity - Consumer Goods	1.7
Equity - Internet	1.7
Investment Funds	20.8
Cash & Equivalent	(15.4)
<b>Total</b>	<b>100.0</b>

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	9.6	9.8	49.9	3.9	(15.9)	57.3
USA %	4.4	-	3.3	-	4.8	12.5
Europe (ex UK) %	-	-	4.8	-	(2.4)	2.4
Japan %	-	-	12.8	5.6	(1.9)	16.5
Global %	-	-	-	11.3	-	11.3
<b>Total %</b>	<b>14.0</b>	<b>9.8</b>	<b>70.8</b>	<b>20.8</b>	<b>(15.4)</b>	<b>100.0</b>

Market Capitalisation	£35.0mn
Net Asset Value	£164.33
Share Price	£175.00
Premium (Discount)	6.5%
Benchmark 2½% Consol	Annual +4.8%
(see definition below)	Monthly +0.4%

Source: NAV - Lindsell Train Ltd ; Price & Discount - Bloomberg. Share Price quoted is closing mid price.

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

### Management Fees:

Annual Fee:	0.65%
Performance Fee:	10% of annual increase in the share price above the gross annual yield of the 2½% Consolidated Loan Stock.

<b>The Board:</b>	Rhody Swire Donald Adamson Dominic Caldecott Michael Mackenzie Michael Lindsell
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<b>Secretary:</b>	Phoenix Administration Services Limited
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<b>ISIN:</b>	GB0031977944
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<b>Bloomberg:</b>	LTI LN
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<b>Listing:</b>	London Stock Exchange
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## 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)	2002	2003	2004	2005	2006	YTD 2007
LT Investment Trust NAV TR%	-9.6	+3.1	+23.7	+16.5	+13.7	+12.6
LT Investment Trust Price TR%	-19.8	-8.7	+20.6	+27.5	+20.1	+18.7
MSCI World Index GBP TR%	-28.6	+17.6	+5.2	+20.3	+3.5	+5.6

Source: LTL & Bloomberg unless otherwise indicated. TR=Total Return. Launch date 22 Jan 2001.

2006	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2006
NAV TR%*	+0.9	+1.9	+1.2	-1.8	-2.0	+1.8	+1.7	+2.1	+3.2	+0.5	+0.2	+2.8	+13.7
Price TR%*	-3.0	+7.5	+1.5	-1.4	-1.5	-2.6	+3.2	+4.1	+5.7	+3.0	+3.6	-1.6	+20.1
Since Launch NAV TR%	+39.5	+42.1	+43.3	+41.0	+36.4	+39.4	+41.8	+44.9	+49.6	+50.4	+52.1	+56.4	
Since Launch Price TR%	+28.4	+38.3	+40.4	+38.3	+36.2	+31.3	+35.6	+41.1	+49.1	+53.6	+59.1	+59.1	

2007	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2007
NAV TR%*	+2.0	+0.8	+1.9	+2.6	+4.5	-3.1	+2.5	-1.6	+0.6				+12.6
Price TR%*	-1.3	+4.0	+3.1	+4.5	+2.0	+0.6	-2.4	+5.2	+0.3				+18.7
Since Launch NAV TR%	+60.0	+60.0	+65.6	+67.4	+76.3	+73.6	+76.2	+73.8	+75.1				
Since Launch Price TR%	+57.0	+63.3	+68.6	+73.1	+80.2	+81.3	+76.8	+86.4	+87.0				

Source: LTL & Bloomberg unless otherwise indicated. Launch date 22 Jan 2001. TR=Total Return (adjusted for dividends). Listed securities in the portfolio are valued at the closing bid price.

\* Source: LTL.

## Fund Manager's Comments

The Company's net asset value eked out a small gain in September thanks to continued strong performance from Nintendo and a 14% rise in the price of eBay. The important year-end selling season approaches for Nintendo and investors are quite rightly (in our view) expecting bumper sales of its products. It is encouraging to see new launches of iconic titles such as 'Super Mario Galaxy' and 'Super Smash Bros Brawl', which should appeal to Nintendo fans, as well as new titles such as 'Wii Fit' and 'Wii Big Brain Academy' which - if the reviews are anything to go by - will appeal to non-traditional gamers that might even include readers of this monthly review. Good software (i.e. game titles) sell systems and we expect the installed base of both the Nintendo DS and the Wii to climb markedly at the end of this year.

eBay's performance is notable as it is not attributable to any positive announcement or change in expectations. It is representative of a recent outperformance of the technology-laden NASDAQ index versus the S&P and Dow Jones indices in the USA, and perhaps indicative of the greater premium investors place on secular growth relative to cyclical growth. Such a trend is yet tentative but makes sense given the possibility of an extended recession in US housing which will have boosted the prospects of many cyclical businesses in the recent past. If this were to be the case, other holdings in the portfolio may begin to exhibit better performance as well, notably Reed Elsevier and Pearson that, like eBay, have obtained material benefit from the low cost and the broad scope of the distribution capabilities of the internet. Perhaps the holding most exposed to such a trend is the Lindsell Train Global Media Fund, which rose in value by 5.9% during September. So far this year the Fund is up 25.4% which, following on from the 25.6% performance in 2006, firmly banishes those years of vilification for the sector in the aftermath of the 2000 tech mania. The new bull market in media assets is in full swing, with corporate activity at its core as the recent acquisitions of Dow Jones and Reuters illustrate.

A disappointment has been performance of the HBOS preference shares whose value versus gilts has increased notably over the course of the year. At the end of 2006 the gross yield of the preference shares was 3.1% more than the equivalent undated gilt. Today, following a particularly poor September when the capital value of the preference shares fell 4%, the yield premium is 4%. In the wake of a credit crisis and a run on a British mortgage bank such performance is perhaps understandable. However, in the fullness of time we expect other investors to differentiate and value more highly a perpetual stream of gross income, currently yielding almost 9%, from one of the UK's highest quality creditors.

## LINDSELL TRAIN INVESTMENT TRUST

*All data as at 30th Sep 2007*

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## Risk Warning

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