

LINDSELL TRAIN INVESTMENT TRUST

January 2008

All data as at 31st Jan 2008

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)		Industry Breakdown (% NAV)	
LT Global Media (Dist)	12.6	Bonds	15.0
Nintendo	11.5	Preference Shares	9.4
AG Barr	9.7	Leisure & Tourism	4.2
HBOS 9.25% Non Cum Pref	9.4	Food & Beverage	28.2
Cadbury Schweppes	8.3	Consumer Goods	1.7
Lindsell Train Ltd	7.5	Intenet	1.2
Diageo	7.2	Investment Funds	22.3
Morgan Stanley USD	6.7	Financial Services	7.5
LT Japan (Dist)	6.4	Cash & Equivalent	(12.0)
2½% Consolidated Loan Stock	5.7	Media & Photography	22.5
		Total	100.0

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	10.1	9.4	48.1	3.3	(15.8)	55.1
USA %	4.9	-	1.2	-	6.8	12.9
Europe (ex UK) %	-	-	4.5	-	(2.7)	1.8
Japan %	-	-	11.5	6.4	(0.3)	17.6
Global %	-	-	-	12.6	-	12.6
Total %	15.0	9.4	65.3	22.3	(12.0)	100.0

Fund Performance

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.

Standardised Discrete Annual Performance (%)	Jan 2003	Jan 2004	Jan 2005	Jan 2006	Jan 2007
	Jan 2004	Jan 2005	Jan 2006	Jan 2007	Jan 2008
Lindsell Train Investment Trust NAV 12m Return	+9.1	+22.3	+15.3	+15.0	+6.8

Source: Bloomberg. Launch date 22 Jan 2001. TR=Total Return (with dividends reinvested)

Calendar Year Performance 2007	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2007
NAV TR%*	+2.0	+0.8	+1.9	+2.6	+4.5	-3.1	+2.5	-1.6	+0.6	+3.6	-0.1	+0.6	+17.7
Price TR%*	-1.3	+4.0	+3.1	+4.5	+2.0	+0.6	-2.4	+5.2	+0.3	+5.2	-10.1	-2.0	+8.1
Since Launch NAV TR%	+60.0	+60.0	+65.6	+67.4	+76.3	+73.6	+76.2	+73.8	+75.1	+80.5	+81.5	+82.6	
Since Launch Price TR%	+57.0	+63.3	+68.6	+73.1	+80.2	+81.3	+76.8	+86.4	+87.0	+97.7	+78.4	+72.0	

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. Net of fees and expenses.

Calendar Year Performance 2008	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2008
NAV TR%*	-5.4												-5.4
Price TR%*	-8.4												-8.4
Since Launch NAV TR%	+72.3												
Since Launch Price TR%	+57.6												

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. Net of fees and expenses.

Market Capitalisation	£29.5mn
Net Asset Value	£161.69
Share Price	£147.50
Premium (Discount)	(8.78%)
Benchmark 2½% Consol	Annual +4.5%
(see definition below)	Monthly +0.4%

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

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:	
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.
The Board:	Rhody Swire Donald Adamson Dominic Caldecott Michael Mackenzie Michael Lindsell
Secretary:	Phoenix Administration Services Limited
ISIN:	GB0031977944
Bloomberg:	LTI LN
Listing:	London Stock Exchange

Fund Manager's Comments

Whilst the net asset value ('NAV') of the Trust succumbed by 1.9% to the weakness of stock markets, its decline was offset by positive performance from our fixed interest holdings and a further decline in the value of Sterling against not only the US dollar but also the Euro and the Yen. It was encouraging to note that the price of the HBOS preference shares seems to have stabilised. During the month they were up 3.2%, compared to a fall in the price of the ordinary (which we do not own) of 5.5%, suggesting that the end of January gross yield of 7.1% is at last providing some support to the price.

Despite the relatively strong performance of bonds, we detect that there are many investors who still fear an inflationary outcome to the current spate of monetary easing rather than a disinflationary one that we think is more likely. Rising input costs of many commodities has emboldened companies across a number of regions to raise prices of products and services for the first time in many years, Inflation believers think that this is another sign of inflation creeping into the system, the next being a demand for higher wages to compensate for the loss of consumer purchasing power. This is probably where we differ from the 'inflationists', for we believe the current margin squeeze together with a consumption slowdown (induced by the lack of availability of credit and the negative influence falling house prices may have on consumer confidence) is likely to induce a sharp corporate profits recession. As companies react to falling profits with hiring freezes and redundancies, workers will be more concerned about preserving jobs than making demands for higher pay. Without the threat of rising wages, inflation would be unlikely to take hold and indeed may subside if industrial commodity prices moderate in response to slower demand.

Such an environment could lead to strong performance from government bonds, especially if the current credit problems endure as this gives government debt an extra premium rating over corporate debt. If this scenario plays out, we feel it would be an appropriate time to reduce our holding in government bonds.

Whether we manage to sell government bonds at the same time as adding to existing, or accessing new, equity positions is debatable but it is certainly an ambition. The prices of some of our smaller positions, such as e-Bay, Clarins, Pearson and Heineken, have been falling back, which interests us. If optimal bond and equity prices do not transpire at the same time, drawing down on more debt may be an option and one which we are more comfortable about today with the prospect of sharply falling short rates in the UK over the course of the next year. However, as with our position in HBOS preference shares, we would like to hypothecate any net borrowing with the purchase of an asset yielding more than our cost of borrowing. Currently out of the list above Pearson is the only likely candidate.

It is worth noting, especially as it is our largest holding at 12% of NAV, that Nintendo delivered some stellar third quarter results after a strong Christmas and New Year selling season. Sales of all products exceeded expectations. The Wii console continues to sell faster than any other previous console and beckons final total sales of more than 100 million units (versus just 22 million units for 'Gamecube', the last Nintendo console). Moreover, the handheld DS is apparently now selling as well in Europe and the US as it did in Japan two years ago, when its sales reach increased from 10% to 15% of the Japanese population. As these

LINSELL TRAIN INVESTMENT TRUST

All data as at 31st Jan 2008

Registered Address:

Lindsell Train Investment Trust plc
Springfield Lodge
Colchester Road
Chelmsford
ESSEX CM2 5PW

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

Phone: +44 20 7227 8200
Fax: +44 20 7227 8299
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

continents have more than double the population of Japan, the significance of such a trend for the company's future sales and profits cannot be understated. Also, operating margins rose above 30% in the quarter for the first time since 1992 and may even rise further from here while hardware and software prices remain stable. Near-term forecasts look conservative as do expectations for 2009 and 2010. We are comfortable holders of the stock especially as it has fallen back with the market decline and now yields a healthy 3% to March 2008.

Risk Warning

This factsheet is intended for use by shareholders of the Lindsell Train Investment Trust ("LTIT") and/or persons who are authorised by the UK Financial Services Authority or those who are permitted to receive such information in the UK. Any opinion expressed whether in general or both on the performance of individual securities and in a wider economic context represents Lindsell Train's views at the time of preparation. They are subject to change without notice and should not be construed as investment advice or investment recommendation. Past performance is not a guide to future performance and may not be repeated. The value of investments and income from them can go down as well as up and you may not get back the amount originally invested. Lindsell Train Investment Trust plc is an investment trust company listed on the London Stock Exchange. Investment trusts have the ability to borrow to invest which is commonly referred to as gearing. Companies with higher gearing are subject to higher risks and therefore the investment value may change substantially. The net asset value ("NAV") per share and its performance of an investment trust may not be the same as its market share price per share and performance.

Issued by Lindsell Train Limited. Authorised and regulated by the Financial Services Authority. 21 February 2008 LTL 000-059-0