

LINDSELL TRAIN INVESTMENT TRUST

June 2010

All data as at 30th June 2010

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)		Investment Allocation (% NAV)	
AG Barr	14.0	Bonds	8.4
LT Global Media (Dist)	12.3	Equities - Consumer Goods	1.0
Lindsell Train Limited (Unlisted)	9.0	Financial Services	13.5
LT Japan (Dist)	8.6	Food & Beverage	27.7
Nintendo	8.2	Internet	2.0
Diageo	6.3	Investment Funds	27.6
2½% Consolidated Loan Stock	4.8	Leisure & Tourism	2.6
Heineken Holdings	4.4	Media & Technology	15.1
Pearson	3.7	Preference Shares	0.0
Kraft	3.7	Cash & Equivalent	2.1
		Total	100

Fund Exposure %	Bonds	Prefs	Equity	Funds	Cash	Total
UK	8.4	-	46.2	3.1	(8.6)	49.1
USA	-	-	2.0	-	10.9	12.9
Europe (ex UK)	-	-	4.4	-	(0.4)	4.0
Japan	-	-	9.2	12.3	0.2	21.7
Global	-	-	-	12.3	-	12.3
Total	8.4	-	61.8	27.7	2.1	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 Performance (£)

12 months to 30 June (%)	2006	2007	2008	2009	2010
Lindsell Train Investment Trust NAV 12m Return	+7.3	+22.5	-3.2	-3.8	+35.6
Lindsell Train Investment Trust Price 12m Return	+1.6	+36.9	-21.1	-0.3	+58.7

Source: Bloomberg. Launch date 22 Jan 2001. TR=Total Return (with dividends reinvested). Return net of fees and expenses.

Calendar Year (£) Performance 2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2009
NAV TR%*	-6.6	-3.0	-0.1	+2.3	-1.9	0.0	+4.4	+5.0	+8.1	+0.6	+1.3	+2.4	+12.2
Price TR%*	1.4	-3.8	0.0	-2.1	+2.9	-7.1	+15.0	+1.4	+5.4	+6.7	+1.2	+1.8	+23.1
Since Launch NAV TR%*	+65.1	+60.1	+59.9	+63.6	+60.5	+60.5	+67.4	+75.9	+90.1	+91.2	+93.7	+98.4	
Since Launch Price TR%*	+58.2	+52.3	+52.3	+49.0	+53.4	+42.5	+63.8	+66.1	+74.9	+86.6	+88.8	+92.2	

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. Net of fees and expenses.

Calendar Year (£) Performance 2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2010
NAV TR%*	+0.1	+3.6	+7.6	+0.5	-0.7	-1.4							+9.7
Price TR%*	-1.2	+5.3	+3.5	-1.6	0.0	+11.1							+17.7
Since Launch NAV TR%*	+98.5	+105.5	+121.2	+122.4	+120.8	+117.6							
Since Launch Price TR%*	+89.9	+99.9	+106.9	+103.5	+103.6	+126.2							

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. Net of fees and expenses.

Market Capitalisation	£38.7mn
Net Asset Value	£193.71
Share Price	£200.00
Premium (Discount)	(3.2%)
Benchmark 2½% Consol (see definition below)	Annual +4.9% 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 - June Paid - July
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

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All data as at 30th June 2010

Not owning BP for your Company, or, indeed, any other Lindsell Train account, has been a big help, of course. We have no appetite, nor justification, for prolonged self-congratulation, but observe that we didn't own the stock because we worried about BP's need to assume ever greater risks to replace its reserves; although we were more concerned about geopolitical than operational ones. Shell too we've avoided because we see it disadvantaged by its history. Being, effectively, an arm of a First World super-power for most of the 20th Century afforded access to a lot of cheap hydrocarbons, but is a less compelling calling card in the New World Order. It's stating the obvious, I know, but BP can never be the same again. Ask yourself, which government is going to approve BP's next request for a drilling license? No electorate, perhaps few populaces, will stand for it.

We were prepared to add to our Cadbury holdings a few years back, when that company poisoned a handful of UK citizens with salmonella flavoured chocolate. Then we believed we could still value the business after the incident and that it would prove a short-lived, media-driven flurry. We had also learned, at an impressionable stage of our careers, about Buffett's coup with American Express and the poisoned olive oil – buying that great business when its price was temporarily depressed by a random event unconnected with its core activity. With BP, though, we find we just don't know and have no appetite to try and find the bottom.

A couple of months ago I wrote about the UK's economic competitive advantages, which I thought were being ignored through a cloud of political anxiety. Today I find that a mild

predilection for Sterling assets, inspired as much by contrarian spirit as analytical thought, is morphing into downright enthusiasm – as a result, I'm surprised to report, of the Coalition Budget.

On consideration it does appear that this Budget is exceptionally friendly for all Sterling assets – currency, gilts, equities and property. Its commitment to decisive action to preserve Britain's AAA debt rating is welcome. She has defaulted, actually or by currency debauch, far less frequently or ruinously than many of her trading partners (with the French and Germans particular offenders over the last few hundred years). This is important, because there is no doubt that global providers of capital are sensitive to the long run credit histories of the polities they lend to. The AAA rating permits this nation to finance its warranted public expenditure at relatively modest rates of interest. No one, of almost any political persuasion, can believe it to be a good thing to risk our access to cheap borrowings. The rally in Sterling and the gilt market since the Budget confirms that these asset classes can no longer be assumed to be a one-way bet on oblivion.

Moreover, the micro-economic announcements all appear very pro-business. Lower Corporation tax, with a stated ambition to get to the lowest rates in the developed world, a mitigation of the increase in national insurance and an extension of entrepreneurs relief from Capital gains tax – all read well. Could the UK enjoy a private sector led recovery, marked by higher retained earnings and investment? Such an outcome seems much more likely after Osborne's announcement.

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

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It would be a surprise for many investors. There remains a strong consensus, reflected in the very shape of the FT All Share, that the UK economy is going to the dogs and that Sterling is toast – as evidenced by the predominance in the Index of a couple score global giants. We have been adding to “domestic earners” in our UK accounts, hoping to benefit from an unraveling of this received wisdom. Barr, gilts, the LLOY pref and Marstons are all assets in your Company that could rerate further.

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.