



LINDSELL TRAIN JAPANESE EQUITY FUND

All data as at 26th February 2010

NOTE: Lindsell Train took over as Investment Manager of the Lindsell Train Japanese Equity Fund, previously the Close Investments Japanese Equity Fund, on 2nd November 2009.

Investment Objective

To increase the real value of client capital over the longer term from a focused portfolio of equities (and if considered appropriate, convertible securities), primarily quoted on stock markets in Japan. Investment performance is measured against the TOPIX Tokyo Stock Exchange (first section) ("TOPIX") Index in Yen terms.

Portfolio Characteristics

The portfolio is concentrated, with the number of stocks ranging from 20-35, has a higher dividend yield than the market average and has low turnover.

Top 10 Holdings (% NAV)

Nintendo	9.4%
Canon	8.3%
Kao	8.0%
Astellas Pharmaceutical	7.8%
Meiko Network	5.7%
Ito En Ltd (preference shares)	4.8%
Kirin Holdings	4.5%
Osaka Securities Exchange	4.5%
OBIC Business Consultants	4.4%
Takeda Pharmaceutical	4.3%

Industry Breakdown (% NAV)

Consumer Franchises	23.8%
Media incl. Software	16.9%
Pharmaceuticals incl. Healthcare	20.5%
Retail Financial Services	3.5%
Other	32.9%
Cash	2.4%
Total	100%

Number of Holdings

25

Estimated Portfolio Yield

2.8% (Gross)

Investment Performance

Standardised Discrete Performance (Yen)

12 months to 26th February	2010	2009	2008	2007	2006
LT Japanese Equity Fund (A Shares) (%)	+21.5	-43.4	-12.4	+13.0	+24.8
TOPIX Index (%)	+18.3	-42.8	-24.4	+5.6	+41.0

Additional Past Performance (Yen) Periods to 26 February 2010

	1 month	3 months	YTD	3 Years	5 Years	Since Appt Jan 2004
LT Japanese Equity Fund (A Shares) (%)	-0.5	+5.4	-0.1	-39.8	-15.1	+5.1
TOPIX Index %	-0.7	+6.6	-1.4	-48.9	-24.0	-14.6

Calendar Year Performance (Yen)

Year to 31 December	2009	2008	2007	2006	2005
LT Japanese Equity Fund (A Shares) (%)	-0.7	-35.8	-4.3	+15.0	+24.2
TOPIX Index %	+5.7	-41.8	-12.2	+1.9	+43.5

Fund Size ¥1,029.2m

Share Price A ¥162.9468

B ¥68.3927

B Distributing ¥65.1951

Dividend:

B Distributing ¥0.3193

Source: Lindsell Train & Capita Financial

Portfolio Manager: Michael Lindsell

Fund Type: Dublin OEIC

Type of Scheme: UCITS

Available Classes: A, B and B Distributing

Launch date: 30 Oct 1998

Base Currency: Yen (¥)

Dealing & Valuation: 12 noon on each Dublin Business Day

Min Investment 'A' ¥200,000

Subsequent ¥20,000

Min Investment 'B' ¥10,000,000

Subsequent ¥200,000

Sales Charge: (at the discretion of the Distributor)

A Class 4.5%

B & B Distributor Class 4.0%

Management Fees:

A Class 1.15% p.a.

B & B Distributing 0.65% p.a.

Year End: 31 Dec

Dividend: XD dates: Oct/Apr

Benchmark: TOPIX

A Class ISIN / SEDOL :
IE0004384180 / 0438418

B Class (Distributor) ISIN / SEDOL:
IE00B11DWS60 / B11DWS6

B Class (Institutional) ISIN / SEDOL:
IE00B11DWM09 / B11DWM0

Source: Lindsell Train and Bloomberg as at 26 February 2010. Fund performance is based on total return of A Class shares and is net of fees. The TOPIX performance has been changed to total return with effect from 2/11/2009 as calculated in the Prospectus. Prior to that it was based on capital return. Past performance is not a guide to future performance.

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Fund Manager's Comments

A month of little change in value for the portfolio and the market (-0.5% v. -0.8% respectively).

One frustration this month was the decision by Kirin and Suntory to abandon their merger. We had looked at this deal as a nascent sign of the consolidation that is needed in almost all Japan's industrial sectors. Kirin's price fell 11% during the month, a rational reaction in our view. Kirin's soft drinks business desperately needs more scale to compete profitably. We believe that Kirin led the merger agenda and will now look for alternatives. Over the past five years Kirin has transformed the scale and character of the company, adding significant businesses outside Japan. In addition to continuing this quest for scale the company needs to raise profitability from what it has already acquired, which we think is the priority over the next two years. We expect some progress with this aim over the current year. We have taken advantage of this month's weak price to add marginally to our holdings.

Another frustration has been Namco Bandai whose third quarter results showed no improvement in the video games business and, worse, revealed one-off writedowns to investments, deferred tax assets and games under development. We are frustrated by the management's inability to get a grip of the business but have received renewed commitments for them to do just that, this time from the President himself. We will see. It seems to us that the company has suffered from the popularity of the Nintendo consoles with new demographic groups such as older people and girls. Namco Bandai's titles and characters appeal less to these groups and thus the company has been unable to capitalise from Nintendo's large installed base. Most of Bandai's games appeal to young boys and Namco's to teenagers. The company needs to work out how best to reach these audiences as video game platforms change, distribution evolves and matures. Until it does the company valuation is likely to remain cheap.

Currently the shares trade, and seem well supported, at an enterprise value 40% of sales, less than book value and at a 3% dividend yield.

There were good results and forecasts from Mabuchi Motor and Earth Chemical. Mabuchi is in the process of reconfiguring its Asian production, transferring manufacturing facilities to Vietnam away from relatively expensive China. Profits forecasts this year look conservative if sales are met. Unlike others the company has been keen to reward shareholders. Since 2000 25% of total shares have been repurchased and since 1996 dividends have risen by 10% annualised. Now the company is cancelling its treasury shares. Rising profits could quickly feed into tangible gains for shareholders. Earth Chemical was only listed in 2005. The company has top market shares in household use insecticides and in addition distributes some important household brands and has grown its sales nicely (5% per annum) in difficult markets. Perhaps the best signification of its success has been the 14% annual growth in dividends. Since the share price is approximately the same price as when we bought it the shares have rarely looked cheaper - at 40% of enterprise value and with a 3.2% dividend yield.

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Lindsell Train is authorised and regulated by the Financial Services Authority.

Reports can be found on our website www.LindsellTrain.com

Risk Warning

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