

CF LINDSELL TRAIN UK EQUITY FUND

July 2007

All data as at 31st July 2007

Fund Objective

To invest in the securities of companies which are listed, quoted or dealt on any of the markets of the London Stock Exchange, including the Alternative Investment Market (AIM), with the objective of achieving capital and income growth and providing a total return in excess of that of the FTSE All Share Index.

Fund Breakdown

Top 10 Holdings (% NAV)

Unilever	8.7
Cadbury Schweppes	8.6
Diageo	7.8
Reuters Group	7.2
Pearson	6.8
Reed Elsevier	6.6
HBOS	6.2
Rathbone Brothers	5.1
RBS Natwest 9% Pref	5.0
Sage	4.8

Industry Breakdown (% NAV)

Equity - Media	24.8
Equity - Banks & Investment Co.	30.3
Equity - Leisure & Entertainment	2.2
Equity - Food & Beverage	26.5
Equity - Consumer Goods	5.4
Preference Shares	6.5
Cash & Equivalent	4.3
Total	100.0

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	-	6.5	89.2	-	4.3	100.0
Total %	-	6.5	89.2	-	4.3	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.

5 Year History (Fixed Calendar Year)	2006	YTD 2007
CF LT UK Equity Acc TR%	+11.0	+3.6
CF LT UK Equity Inc TR%	+10.8	+1.9
FTSE All Share Index TR%	+9.0	+4.0

Source: Bloomberg and Lindsell Train. Fund was launched on 10th July 2006. TR=Total Return (with dividends reinvested)

Standardised Discrete Performance Information	31 Jul 06 to 31 Jul 07
CF LT UK Equity Acc TR% 12m Return	+12.6
CF LT UK Equity Inc TR% 12m Return	+12.9
FTSE All Share Index TR% 12m Return	+12.9

Source: Bloomberg. Fund was launched on 10th July 2006. TR=Total Return (with dividends reinvested)

2006	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2006
CF LT UK Equity Acc TR%							+2.2	+2.0	+2.7	-0.7	+0.8	+3.6	+11.0
CF LT UK Equity Inc TR%							+2.2	+2.0	+2.7	-0.7	+0.8	+2.4	+10.8
Since Launch Acc TR%							+2.2	+4.2	+7.0	+6.3	+7.2	+11.0	
Since Launch Inc TR%							+2.2	+4.2	+7.0	+6.3	+7.2	+10.8	

2007	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2007
CF LT UK Equity Acc TR%	+0.5	-0.6	+5.0	+2.2	+4.4	-5.6	-2.0						+3.6
CF LT UK Equity Inc TR%	+0.5	-0.6	+5.0	+2.2	+4.4	-7.1	-1.9						+1.9
Since Launch Acc TR%	+11.6	+10.9	+16.5	+19.1	+24.3	+17.3	+15.1						
Since Launch Inc TR%	+11.3	+10.7	+16.2	+18.8	+24.0	+15.2	+12.9						

Source: Bloomberg and Lindsell Train. Fund was launched on 10th July 2006. TR=Total Return (with dividends reinvested)

Fund Size	£ 85.1mn
Accumulator Price	£ 1.1505
Income Price	£ 1.1186

Source: Lindsell Train Limited and Capita Financial Administrators Limited.

Investment Advisor: Nick Train

Fund Type: FSA Authorised Collective Investment Scheme

Type of Scheme: Non UCITS Retail

Class: Accumulator & Income Units

Launch Date: 10 Jul 2006

Base Currency: Sterling

Min Investment: £500,000
Subsequent: £1,000

Year End: 31 May

Dividend: xd dates: 30 Nov; 31 May
Paydates: 31 Jan; 30 Sep

Benchmark: FT All Share

Initial Charge: (subject to ACD discretion 0%-2%)

Management Fees: Annual Fee 0.65%

Authorised Corporate Director: Capita Financial Administrators Limited

Administrator: Capita Financial Administrators Limited

ISIN: Acc: GB00B18B9X76
Inc: GB00B18B9V52

Bloomberg: Acc: LDUKEQI LN
Inc: LDUKEQI LN

Lipper: 65022060

The former name of the Fund was ACDS Lindsell Train UK Equity Fund. This has been replaced with CF Lindsell Train UK Equity Fund from 1st April 2007.

Fund Manager's Comments

July was another down month for the strategy, although this time it outperformed the benchmark, reclaiming some of the ground lost in June. Performance is performance and the statistics do not lie, but we hope that fund holders will not extrapolate too much from these volatile Summer months, either about the trend in the London markets or the relative fortunes of this particular strategy. Big up and down days are swinging all capital market participants from "hero to zero" and back again, before they can blink.

For instance, we think about the divergent pressures on Cadbury's share price. The stock lost 8.0% in July, understandably so, we suppose, as investors fret that Private Equity will be unable to raise the financing necessary to buy its beverage unit. Yet in those same few weeks of June/July, Danone has sold a division (its biscuits, to Kraft) and bought another entire company (Numico). Both were major transactions at prices that amazed the financial community and way in excess of the value accorded to Cadbury in the market today. Investors are keen to get tactical calls correct – Cadbury shares are going down now! But they risk missing the strategic reality – that corporates are consolidating and ambitious to acquire terrific brands.

In general, we think that the chances of a prolonged bear market for UK equities are remote. (We could be wrong, but it is important our clients know our position on this issue). We do not expect recent higher UK inflation to turn out to be endemic, nor the problems in the US mortgage market to bring down the world's financial infrastructure (although asset prices imply both). Meanwhile, the derailing of a few corporate deals and the resultant evaporation of "takeover premium" from many sectors and stocks does not mean that the industrial logic and strategic necessity driving consolidation for these same sectors and stocks has gone away. In short, we look for the recent market and economic wobbles to lead to an expectation of lower, rather than higher, rates of inflation and a renewed urgency by corporates to get deals done. Now is a good time to commit capital to UK equities, we think.

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Registered Address:

CF Lindsell Train UK Equity Fund
The Registry, 34 Beckenham Road
Beckenham, KENT BR3 4TU

Fund Administrator:

Capita Financial Administrators Ltd
+44 113 224 6000

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

Risk Warning

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