

CF LINDSELL TRAIN UK EQUITY FUND

April 2008

All data as at 30 Apr 2008

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	10.8
Cadbury Schweppes	10.1
Diageo	9.8
Reed Elsevier	7.0
Pearson	6.8
Rathbones	5.1
RBS Natwest 9% Pref Stock	4.8
Sage	4.7
Lloyds TSB Group	4.3
Fidessa	4.2

Industry Breakdown (% NAV)

Equity - Media	21.2
Equity - Banks & Financials	26.2
Equity - Leisure & Entertainment	2.0
Equity - Food & Beverage	32.5
Equity - Consumer Goods	4.7
Preference Shares	6.3
Cash & Equivalent	7.1
Total	100.0

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	-	+6.3	+86.6	-	+7.1	100.0
Total %	-	+6.3	+86.6	-	+7.1	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.

- CF LTUK Equity Fund comprises the Accumulator & Income Classes.
- The CF LT UK Equity Fund performance is based on total return calculations (with dividends reinvested).

Standardised Discrete Five Year History (%)	Apr 2003 Apr 2004	Apr 2004 Apr 2005	Apr 2005 Apr 2006	Apr 2006 Apr 2007	Apr 2007 Apr 2008
CF LT UK Equity Fund	NA	NA	NA	NA	-14.3
FTSE All Share Index	NA	NA	NA	NA	-7.7

Source: Bloomberg and Lindsell Train

Standardised Discrete Quarterly Performance (%)	May 2007 July 2007	Aug 2007 Oct 2007	Nov 2007 Jan 2008	Feb 2008 Apr 2008
CF LT UK Equity Fund	-3.4	+3.1	-13.2	-1.9
FTSE All Share Index	-1.3	+6.0	-12.8	-4.9

Source: Bloomberg and Lindsell Train.

Calendar Year 2007 Monthly Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2007
CF LT UK Equity Fund	+0.5	-0.6	+5.0	+2.2	+4.4	-5.6	-2.0	-1.3	+1.7	+2.7	-4.9	+0.6	+2.3

Calendar Year 2008 Monthly Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2008
CF LT UK Equity Fund	-9.3	+0.7	-3.8	1.3									-11.0%
FTSE All Share Index	-8.7	+0.7	-2.1	+6.2									-4.2%

Source: Bloomberg and Lindsell Train.

Fund Size	£72.0 mn
Accumulator Share Price	£1.0108
Income Share Price	£ 0.9718

Source: Lindsell Train Limited and Capita Financial Administrators Limited.

Portfolio Manager:	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: (ACD)	Capita Financial Managers Limited
Administrator:	Capita Financial Administrators Limited
ISIN:	Acc: GB00B18B9X76 Inc: GB00B18B9V52
Bloomberg:	Acc: LTUKEQALN Inc: LTUKEQA 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

All data as at 30 Apr 2008

The announcement of Mars merger with Wrigley late in the month is important for your fund, we believe, with wider implications for other capital market assets.

The fact that this deal is possible, between two such independently-minded, family-owned entities signifies how intense the pressure is for them and others to find business combinations - combinations that gather globally resonant brands under one wing and permit the costs of further developing those brands be amortised across a wider distribution footprint. Mars has paid a high price for the privilege of adding Wrigley's ubiquitous gum to its product portfolio - 4.0x its annual revenues and c18.0x EBITDA - but strategically the deal looks impeccable. Mars/Wrigley will be preeminent in global confectionary, a category likely to grow materially for the foreseeable future.

Twenty years ago Wrigley's share price was \$3 and today Mars is offering \$80 for control. The fact is that very few equities appreciate 26-fold over a twenty year period, because very few companies have the assets or competitive advantages that enable them to generate returns above their cost of capital for decades or longer. In hindsight, it is possible to understand how Wrigley has done it - taking nothing away from the acumen of generations of its management. The company has an inherently cash-generative product - because the cost of manufacture of each stick of gum is a fraction of its retail price, while its brand equity deters competitors - and has succeeded in parlaying its strong national position in the world's biggest economy, into a genuinely global presence.

We believe investors should be searching diligently for other companies with Wrigley-type characteristics, although we regret those available and quoted on the London exchange are precious few. We have no doubt though, that the three biggest positions in your Fund, amounting combined to 30.7% of the whole, Unilever, Diageo and Cadbury, do offer comparable attractions and are valued at a meaningful discount to not only Wrigley, but to other recent transactions involving consumer branded goods owners - Pernod Ricard's acquisition of Absolut Vodka an obvious and highly-valued example.

In our opinion, other investors undervalue properties such as those owned by our big three, because they apply to them "normal"

assumptions about the reversion to mean of corporate profits when they consider the more distant cash flows of these brand owners. This is understandable, because for most companies any excess profit return to sales or capital gets competed away in the medium term. However, when one considers the durability of such brands as Dairy Milk, Johnny Walker or Marmite - measured in decades if not centuries - it is not apparent that their excess returns do revert to mean - they have proven defensible and renewable. For some investors, such predictability is boring, but for us it is the precise locus of these companies' undervaluation.

This undervaluation is exacerbated in current market conditions, we think, because so much of investors' bullishness is concentrated on the commodity sectors - to the extent where they run the risk of missing out on the other secular investment opportunities offered by the expansion of the world's economically productive population.

Meanwhile, the Mars/Wrigley merger, other current or impending deals in the mining sector, the new listings of multi-billion Sterling corporations onto the exchange and the accelerating flow of rights issues, from the banks and beyond - all suggest that the capital markets are resuming normal service, after a period of being frozen in shock. We think it likely, as a result, that the shares of soundly-financed capital market proxies will begin to perform better and that levels of business activity for them will recover well before those in the "real" economy. Our important positions in LSE, Schroders and Rathbone look very interesting to us, given poor recent share performance.

Risk Warning

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