

CF LINDSELL TRAIN UK EQUITY FUND

June 2008

All data as at 30 Jun 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)		Industry Breakdown (% NAV)	
Diageo	10.3	Equity - Food & Beverage	34.9
Cadbury	9.6	Equity - Banks & Financials	26.1
Unilever	9.6	Equity - Media	19.3
Pearson	6.4	Equity - Consumer Goods	4.7
Reed Elsevier	6.1	Preference Shares	2.7
Schroders	5.0	Equity - Leisure & Entertainment	2.4
Lloyds TSB Group	4.9	Cash & Equivalent	9.9
Sage	4.7	Total	100.0
Rathbones	4.4		
Fidessa	4.4		

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	-	+2.7	+87.4	-	+9.9	100.0
Total %	-	+2.7	+87.4	-	+9.9	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 (%)	Jun 2003 Jun 2004	Jun 2004 Jun 2005	Jun 2005 Jun 2006	Jun 2006 Jun 2007	Jun 2007 Jun 2008
CF LT UK Equity Fund	NA	NA	NA	NA	-23.1
FTSE All Share Index	NA	NA	NA	NA	-16.1

Source: Bloomberg and Lindsell Train

Standardised Discrete Quarterly Performance (%)	Jul 2007 Sep 2007	Oct 2007 Dec 2007	Jan 2008 Mar 2008	Apr 2008 Jun 2008
CF LT UK Equity Fund	-1.5	-1.7	-12.1	-9.7
FTSE All Share Index	-1.8	-0.3	-9.9	+2.0

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
FTSE All Share Index	-0.3	-0.2	+3.3	+2.5	+2.8	-0.6	-3.3	-0.3	+1.9	+4.4	-4.7	+0.3	+5.3

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	+1.4	-11.9							-20.5
FTSE All Share Index	-8.7	+0.7	-2.1	+6.3	-0.2	-7.1							-11.2

Source: Lindsell Train.

Fund Size	£124 mn
Accumulator Share Price	£0.9029
Income Share Price	£0.8925

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.

All data as at 30 Jun 2008

Fund Manager's Comments

We know how galling it is for fund investors to be alerted to another sharp drop in the value of their investment. It is galling to have to report on it.

We are surprised at how poorly the strategy is performing relative to the All-Share, but have to accept that it is performing poorly – that we are in the “wrong” stocks for current market conditions. In fact, reviewing the portfolio, we believe it comprises fine businesses, with decent long-term growth opportunities, many of which are materially undervalued.

An exception may be HBOS, although the recent rights issue document offered some comfort, we believe, that the core retail franchise remains intact – with May being a record month for new customer deposits, for instance. In addition, if the bank is correct in its forecast that its net interest margin is stabilizing and could rise in 2009, then the current valuation is too low.

Certainly HBOS is the only holding in the portfolio where a dividend cut is certain. We hope that the dividends for the rest of the portfolio constituents are safe, with solid grounds for such a hope for at least 95% of the total (we accept that Marston's distribution could be at risk if UK consumer spending collapses, although the company's 34 year history of 10% pa dividend increases suggests that its business is more robust than most).

As to shorter term prospects, we have two observations. First, the Fund has more cash than usual today, 9.9% as this note is written. These balances to an extent blunt the worst of the quotational losses being incurred, but, much more importantly, allow us to take advantage of the despondency and, in some cases, panic afflicting our best investment ideas. During the month we added modestly to a number of holdings – Cadbury, Celtic, Fidessa, Thomson Reuters and Unilever. We also switched some of the holding in the

RBS preference shares (sold on a dividend yield of c7.75%) into the ordinary shares of Lloyds Bank (purchased on a dividend yield of over 10%). By this last we increased the dividend income for the Fund and the upside to any eventual recovery in bank equity. Lloyds is not exempt current sector problems, but as rating agency Fitch said last month – *“Of all the major UK banks only Lloyds has been immune to any negative rating activity...in the past nine months, reflecting its conservative and profitable business, its sound liquidity and capitalization.”* Lloyd's dividend may not only be safe, it may also be going up, as the bank is in a position to grow its balance sheet, while its rivals must, perforce, delever. Lloyds could go up a lot, we think, if sentiment turns.

Our second observation relates to this last point of when and how sentiment could improve for both Lloyds and the rest of our strategy. Toward the end of the month and into early July it has been notable that the shares of commodity extractors fell, in some cases sharply. We have no conviction that this setback marks the end of the bull market in mining shares. Indeed, we rather doubt it, because that would be associated, we expect, with a marked decline in the prices of key commodities themselves and this has not yet happened. However, the correction gives some forewarning of how investor preference could change in coming months. We assume that commodity prices are being driven up to levels at which either demand for them falls markedly and/or new, alternate sources of supply are brought on-stream. At this point two things happen. The marginal returns for commodity extractors begin to fall and the scope for monetary authorities to cut interest rates broadens, as inflation expectations moderate.

In short, oil at \$90 and UK short rates at 3.5% could likely engender a massive rally in those parts of the market most

under the cosh today. Such an outcome seems implausible, but hearing the finance director of Marks and Spencer talking of “an unprecedented price war” in UK retail, as the company presented its recent profit warning alerts us that inflation pressures are not all one way. Already declining gasoline consumption in the US and collapsing construction markets is not encouraging for oil and copper. If those commodity prices break down, then bonds, defensives and bond proxies, including parts of the financial sector will respond.

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

Fund Administrator:
Capita Financial
Administrators Limited
+44 113 224 6000

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

Limited Company Registered in
England No. 3941727
Registered Office as above

Phone: +44 20 7227 8200
Fax: +44 20 7227 8299
Enquiry@LindsellTrain.com

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

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

Risk Warning

The CF Lindsell Train UK Equity Fund (previously known as ACDS Lindsell Train UK Equity Fund) (the “Fund”) is an open ended investment company (OEIC) authorised and regulated by the Financial Services Authority under Regulation 14 of the OEIC Regulations 2001. This factsheet is intended for use by shareholders of the Fund or UK authorised persons or those who are permitted to receive such information. Nothing in this factsheet should be construed as giving investment advice or any offer, invitation or recommendation to subscribe the Fund. Any decision to subscribe should be based on the Fund's current Scheme Particulars or its Key Features document. Past performance is not a guide or guarantee to future performance. The value of investments and income from them may go up as well as down and you may not get back the amount originally invested.

Opinion expressed whether in general or both on the performance of individual securities and in a wider economic context represents the view of Lindsell Train Ltd at the time of preparation. They are subject to change and should not be interpreted as investment advice. The information provided in this document was captured on the date issued below and therefore is not current. Current prices, details of fund holdings and the latest copy of the Prospectus can be obtained from the fund administrator.