

CF LINDSELL TRAIN UK EQUITY FUND

April 2010

All data at 30th April 2010

Fund Objective

To primarily 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 object of achieving capital and income growth and providing a total return in excess of that of the FTSE All Share Index.

Fund Size	£198.1mn
Accumulation Share Price	£1.2761
Income Share Price	£1.1454

Source: Lindsell Train Limited and Capita Financial Administrators Limited.

Fund Breakdown

Top 10 Holdings (% NAV)

Unilever	9.5
Diageo	9.5
Pearson	8.8
Hargreave	5.9
Schroders	5.8
Reed Elsevier	5.2
Fidessa	5.0
Sage Group	4.9
Kraft Foods	4.7
Burberry Group	4.5

Industry Breakdown (% NAV)

Equity	Banks & Financials	26.8
	Consumer Goods	4.9
	Food & Beverage	31.7
	Leisure & Entertainment	2.8
	Media	22.2
	Retail	4.5
	Preference Shares	0.1
	Cash & Equivalent	7.0
Total		100.0

Fund Performance

Past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up. Investors may not get back what they invested.

- CF LT UK Equity Fund comprises the Accumulation & Income Classes.
- The CF LT UK Equity Fund performance is based on total returns (dividends reinvested), net of fees and expenses. The CF LT UK Equity Fund price and performance is based on 10 a.m. valuation point

Standardised Discrete Five Year History (%)	Apr2005 Apr 2006	Apr 2006 Apr 2007	Apr 2007 Apr 2008	Apr 2008 Apr 2009	Apr 2009 Apr 2010
CF LT UK Equity Fund	NA	NA	-15.1	-12.6	+44.5
FTSE All Share Index	NA	NA	-4.3	-26.9	+36.6

Source: Bloomberg and Lindsell Train

Standardised Discrete Quarterly Performance (%)	May 2009 Jul 2009	Aug 2009 Oct 2009	Nov 2009 Jan 2010	Feb 2010 Apr 2010
CF LT UK Equity Fund	+7.1	+15.9	+3.4	+12.5
FTSE All Share Index	+9.4	+10.7	+3.6	+8.8

Source: Bloomberg and Lindsell Train.

Calendar Year 2009 Monthly Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2009
CF LT UK Equity Fund	-2.6	-4.7	+1.2	+11.5	+2.4	-3.3	+8.3	+6.3	+9.2	-0.2	-1.1	+4.8	+34.9
FTSE All Share Index	-5.8	-6.5	+3.2	+9.9	+4.2	-3.2	+8.5	+7.7	+4.7	-1.8	+3.0	+4.3	+30.1

Calendar Year 2010 Monthly Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2010
CF LT UK Equity Fund	-0.3	+3.0	+7.9	+1.2									+12.3
FTSE All Share Index	-3.6	+3.4	+6.8	-1.4									+4.9

Source: Bloomberg and Lindsell Train.

Portfolio Manager:	Nick Train
Fund Type:	FSA Authorised Collective Investment Scheme
Type of Scheme:	Non UCITS Retail
Class:	Accumulation & 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 (Income class) Paydates: 31 Jan; 30 Sep
Benchmark:	FTSE All Share
Initial Charge:	0%-2%, subject to ACD's discretion
Management Fees:	Annual Fee 0.65% p.a.
Authorised Corporate Director (ACD)	Capita Financial Managers Limited (Authorised & regulated by the Financial Services Authority)
Administrator:	Capita Financial Administrators Limited
ISIN:	Acc: GB00B18B9X76 Inc: GB00B18B9V52
Depository:	BNY Mellon Trust & Depository (UK) Ltd (Authorised & regulated by the Financial Services Authority)
Bloomberg:	Acc: LTIUQEALN Inc: LTIUQEALN
Sedol:	Acc: B18B9X7 Inc: B18B9V5
Lipper:	65022060

Fund Manager's Comments

During a tricky month some of our midcaps did well – for instance Hargreaves Lansdown, Marstons, Rathbone and Youngs. All of these are domestic earners and perhaps their gains indicate investor recognition that, although hardly booming or trouble-free, the UK economy looks less disadvantaged than some others. The confirmatory rally in Sterling is also a moderate and unexpected boost to domestic earnings, tending to keep down import costs. Anecdotally we have sensed for some weeks that the “Sterling is doomed, buy overseas exposure” trade had become somewhat crowded and that any positive, or less bad news, on the domestic front could waken up some deeply-unloved sectors. Meanwhile, we like the resilience of revenues demonstrated by well-run regional brewers even through this recession and the very long run inflation protection offered by their real estate.

In addition to Marstons and Youngs in this space, we commenced a new holding for the Fund recently, Greene King. Although we feel no particular urgency to complete the holding, recognizing that its customers will remain constrained, Greene King exhibits all the traditional virtues of the subsector – freehold assets (namely community pubs that have been frequented for generations and likely to continue to be) and a cash-generative brewing division. For this we pay c10x earnings, with a similar cash earnings yield and dividend return of 5%. As with Marstons, debt is higher than optimal for this stage of the cycle, though manageable, particularly after last year's rights issue. Shares sell for less than half their 2006 peak – a level that looks a long way off, in a different credit climate. Nonetheless, they trade nearly treble their lows of 2000. Since then Greene King earnings have risen

from 19p to a forecast 45p for 2010 – illustrating, we hope, the sort of progress the business is capable of over time.

Sticking with somewhat over-indebted UK domestic earners, we have added to the holding in Daily Mail into recent market weakness. Again debt is not life-threatening, but annoying, because it means the company has not been able to take advantage of the worse distress experienced by some of its peers. In addition, the debt has exacerbated the cyclicity of the company – a characteristic it would be idle to deny. However, we believe investors underestimate the secular growth opportunity presented to the company from its online interests. Like many in the Media sector it has taken years of investment and trial and error, some of it painfully wasted, for DMGT to develop a coherent online strategy. Today, our “sum of the parts” analysis ascribes significant value to, for instance, Mail Online or Primelocation.com – value we do not find reflected in sell-side work or the current group EV. DMGT is at pains to point out that the combined market share of its online property display sites is getting on for 70% or more of the market leader, quoted company Rightmove (RMV). This last is well recognised by other investors to be an important asset, commanding a market capitalization of c£800m. Neither DMGT nor we claim that its property sites should be valued on the same terms as RMV, but it is worth noting that the market cap of DMGT has averaged only £1.6bn over the last 6 months. This could go up a lot, if investors ever enthuse about DMGT's online assets in the same way they do, justifiably, about RMV's.

CF LINDSELL TRAIN UK EQUITY FUND

All data at 30th April 20

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