



Investment Objective and Policy

Investment Objective

The Fund aims to provide an attractive level of income along with an opportunity for capital growth, by investing in a broad range of bonds and fixed income assets.

Investment Policy

The Fund will adopt a highly flexible investment approach to take advantage of prevailing market conditions with the ability to change the emphasis of its investment focus within the fixed income universe over time. At the outset the key focus of the Fund's investment objective will be to ensure that the majority of bonds in the Fund's portfolio have an expected maturity date within a range of 3 to 5 years as this is currently deemed optimal. The key focus may however change over time, for example by shifting towards a portfolio with longer or shorter maturities or by concentrating more in one particular part of the fixed income universe.

The Fund may obtain exposure to debt instruments from the whole range of fixed income assets including high yield bonds, investment grade bonds, government bonds, asset-backed securities and other bonds (such as, for example, emerging market sovereign bonds or bank capital perpetual bonds).

The Fund will also use derivatives, such as interest rate and credit derivatives, to either optimize exposures or reduce them in

conjunction with the Investment Adviser's market viewpoint, thereby giving the Fund the opportunity to perform in both rising and declining rate environments throughout the economic cycle. The Fund may also employ synthetic short positions both for hedging purposes and to take advantage of deterioration either in the market generally or with respect to specific issuers. The Fund may also hedge some or all of its exposure in the foreign exchange markets.

The choice of bonds will typically be guided by the yield, although the potential for capital growth may also be a material factor.

The minimum recommended holding term is medium to long term.

The Investment Adviser has overall responsibility for investment policy and authority to select service providers pursuant to the Investment Management Agreement entered into with the ACD.

Securities may be traded over-the-counter, although any securities that the Fund will invest in will be listed on Eligible Markets and will be cleared through a major clearing system such as Euroclear or Clearstream.

The Focus Bond Fund will not invest in any Collective Investment Schemes.

Investment Adviser's Report

For the year ended 31 March 2013

Market Review

The period from April 2012 through to 31 March 2013 was dominated by political and central bank stimulus creating a backdrop to drive credit spreads through the historic mean. The start of the year was impaired by a continual flow of uncertainty and negative news flow including the IMF releasing negative comments regarding the growth outlook for Spain, which in turn raised question marks regarding the Eurozone focus on austerity; the socialists, led by Francois Hollande, won the French Presidential elections; the first round of Greece elections were thrown into chaos by the strong showing of the left wing party, Syriza, which threatened to derail the bailout agreement between Greece and the Troika; and the UK endured the stigma of being downgraded from the elite AAA-Rated club. However, market sentiment turned 180 degrees following a speech by Mario Draghi at the Global Investment Conference in London on 26 July, with his now famous line that "the European Central Bank (ECB) will do whatever is needed to preserve the Euro" and "believe me it will be enough"; suggesting unlimited intervention in bond markets. Professional market participants were clearly wrong-footed by this and a classic technical squeeze commenced as traders rushed to cover short positions and real money buying gathered pace in the chase for yield. As the year progressed it became clear that global policy stimulus (primarily from the Fed, ECB and more latterly the Bank of Japan) was part of a long-term concerted plan to re-kindle the transfer mechanism of supplying affordable credit to the grass-

roots sector of the economy. As a result there has been an unmistakeable reversion to the mean for global credit spreads, with market participants chasing yield ever tighter across the whole rating spectrum. This has been particularly evident at the short end of the credit curve and hence the challenge for the portfolio managers has been sourcing suitable investments to mitigate the re-investment of amortising bonds and replacing those assets which have rallied to such an extent which renders less compelling on a relative value basis.

Performance Review

The Fund's aim is to produce an attractive level of income from a portfolio which exhibits a relatively short credit and interest rated duration profile. It is a total return oriented fund and not benchmark-driven. The portfolio managers recognise that despite the challenges that still face the Eurozone and the obvious weakness in global growth (compared to pre-credit crisis years) these are likely to be offset by the considerable long-term policy actions of the major central banks. With this in mind the portfolio managers continue to be fully invested in the higher beta sectors of the fixed income market, albeit continuing to adopt their selective and high conviction portfolio approach. The portfolio managers continue to see artificially low yields in the Gilt market and consequently continue to position the Fund to generate returns from the more predictable credit risk imbedded in corporate bonds and short-dated ABS.

Despite the challenging economic period and continued poor market liquidity, the Fund had a satisfactory performance, with the NAV per share increasing 1.107% over the year ending 31 March 2013 (Class I(Acc) Gross).

Investment Adviser's Report

continued

Investment Outlook

While growth and unemployment remain political and economic concerns across the globe, we can expect to see concerted support by the major central banks and government treasuries.

The clear intent to fix the transfer mechanism of credit is expected to see credit spreads across all sectors revert through the historic mean and remain at artificially low levels for a considerable period of time. Undoubtedly there will be interim periods of price correction and volatility but with the Fund invested in short-dated credit positions this volatility should be mitigated to a reasonable degree.

Fund Facts

Accounting & distribution dates

	Accounting	Distribution
Final	31 March	31 May
Interim	30 September	30 November

Net asset values

As at 31 March 2013	Net asset value (£)	Number of shares in issue	Net asset value (£ per share)
Class A Gross Income	64,359,938	61,325,044	1.0495

Fund performance

Share class	Net asset value as at 31.03.13 (£ per share)	Net asset value as at 31.03.12 (£ per share)	Net asset value % change
Class A Gross Income	1.0495	0.9941	5.57

As at 31 March 2012	Net asset value (£)	Number of shares in issue	Net asset value (£ per share)
Class A Gross Income	47,493,849	47,774,977	0.9941

Price history & distribution record

The table below shows the highest and lowest prices on a calendar year basis in pounds per share. Past performance is not necessarily a guide to the future performance.

2013 [^]	Highest (£)	Lowest (£)	Net distribution (pence per share)
Class A Gross Income	1.0904	1.0701	3.8632

[^] To 31 March 2013

2012	Highest (£)	Lowest (£)	Net distribution (pence per share)
Class A Gross Income	1.0686	0.9720	4.1041

Ongoing charges

Expense type	31 March 2013 %
A Gross Income	
Investment Adviser's charge	0.55
Other expenses	0.30
Transaction charge	0.01
Ongoing charge	0.86

Synthetic risk & reward indicator

The risk and reward indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk			Typically higher rewards, higher risk			
1	2	3	4	5	6	7

The Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

Risk warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

Fund Facts

continued

Sector classification of investments

All sectors in percentage order are shown below

Sector	% of Fund as at 31.03.13	Sector	% of Fund as at 31.03.12
Euro denominated corporate debt securities	41.22	Euro denominated corporate debt securities	43.75
Sterling denominated corporate debt securities	23.95	Sterling denominated corporate debt securities	23.59
Euro denominated asset backed securities	14.84	Euro denominated asset backed securities	15.80
United States dollar denominated corporate debt securities	8.26	United States dollar denominated corporate debt securities	4.89
Euro denominated government debt securities	5.51	United States dollar denominated asset backed securities	2.51
United States dollar denominated asset backed securities	1.54	Sterling denominated asset backed securities	2.42
Forward currency contracts	(1.69)	Sterling denominated government debt securities	2.20
Net other assets	6.37	Euro denominated government debt securities	1.77
		Forward currency contracts	0.17
		Net other assets	2.90

Major holdings

Top ten holdings at the end of the year are shown below:

Holding	% of Fund as at 31.03.13	Holding	% of Fund as at 31.03.12
Unicredit 6.375% Variable 16/10/2018	3.36	Axa 6.6666% Variable Perpetual	2.70
Axa 6.6666% Variable Perpetual	3.23	Dolphin Master Issuer Series 2010-3 E	2.61
Dolphin Master Issuer Series 2010-3 E	3.21	Mars Series 2006 F	2.61
Styrolution Group GMBH 7.625% 15/05/2016	2.97	Kildare Securities 2007-1A A2	2.51
Prosecure Funding 4.668% 30/06/2016	2.88	RSA Insurance 8.5% Variable Perpetual	2.43
Faurecia 9.375% 15/12/2016	2.81	Hannover Finance 5% Variable Perpetual	2.34
Numericable Finance 12.375% 15/02/2019	2.75	Allied Irish Banks 5.625% 12/11/2014	2.25
ING Groep 8% Variable Perpetual	2.69	Lloyds TSB 10.75% 16/12/2021	2.22
British Airways 8.75% 23/08/2016	2.63	Stichting Memphis Series 2006-I F	2.20
Towergate Finance 8.5% 15/02/2018	2.63	British Airways 8.75% 23/08/2016	2.18

General Information

Authorised Status and Structure of the Company

PFS TwentyFour Investment Funds (the 'Company') is structured as an Investment Company with Variable Capital ('ICVC'), and qualifies as an Undertaking for Collective Investment in Transferable Securities ('UCITS') Scheme. The company does not intend to have an interest in immovable or tangible movable property.

The Company is authorised and regulated in the UK by the Financial Conduct Authority ('FCA') as a UCITS Scheme and 'Umbrella company' under the COLL Sourcebook. The Company was incorporated in England and Wales on 23 July 2009 under registration number IC000765. The Shareholders are not liable for the debts of the Company.

Buying and selling shares

The ACD will accept orders for the purchase and sale of shares on normal business days between 8.30am and 4.30pm. Instructions to buy or sell shares may either be in writing to:

PO Box 10534, Chelmsford, Essex CM1 9NT
Or by telephone to:
0845 026 4286

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Report and accounts

This document is a short report of PFS TwentyFour Investment Funds - Focus Bond Fund for the year ended 31 March 2013. The full Report and Accounts for the Fund is available upon written request to Phoenix Fund Services (UK) Ltd, PO Box 10534, Chelmsford, Essex CM1 9NT

Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the year it covers and the results of those activities at the end of the year.

Risk profile

The main risks the Fund faces from its financial instruments are market price, credit, and interest rate risk. Foreign currency risks are managed through hedging non-GBP exposures. The ACD reviews the policies for managing these risks in order to follow and achieve the Investment Objectives.

Directory

Authorised Corporate Director & Registrar

Phoenix Fund Services (UK) Ltd
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
Telephone: 01245 398950
Fax: 01245 398951
website: www.phoenixfundservices.com
(Authorised and regulated by the Financial Conduct Authority)

Customer Service Centre

PO Box 10534, Chelmsford, Essex CM1 9NT
Telephone: 0845 026 4286
Fax: 0845 290 0963
E-mail: twentyfour@phoenixfundservices.com
(Authorised and regulated by the Financial Conduct Authority)

Directors of the ACD

R.W. Elliott (retired 14 March 2013)
R.W. Leedham
D.W. Munting (appointed 15 February 2013)
A.C. Reed
J.M. Rice (retired 30 April 2013)
D.C. Tibble (appointed 1 May 2013)

Investment Adviser

TwentyFour Asset Management LLP
24 Cornhill, London EC3V 3ND
(Authorised and regulated by the Financial Conduct Authority)

Depository

BNY Mellon Trust & Depository (UK) Ltd
The Bank of New York Mellon Centre, 160 Queen Victoria Street,
London EC4V 4LA
(Authorised and regulated by the Financial Conduct Authority)

With effect from 30 September 2012 BNY Mellon Trust & Depository (UK) Limited ceased to be the Depository for the Company. National Westminster Bank Plc was appointed as Depository effective as at 1 October 2012.

National Westminster Bank Plc
Trustee & Depository Services
Younger Building, 1st Floor, 3 Redheughs Avenue,
Edinburgh EH12 9RH
(Authorised and regulated by the Financial Conduct Authority)

Auditor

PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
7 More London Riverside, London SE1 2RT

