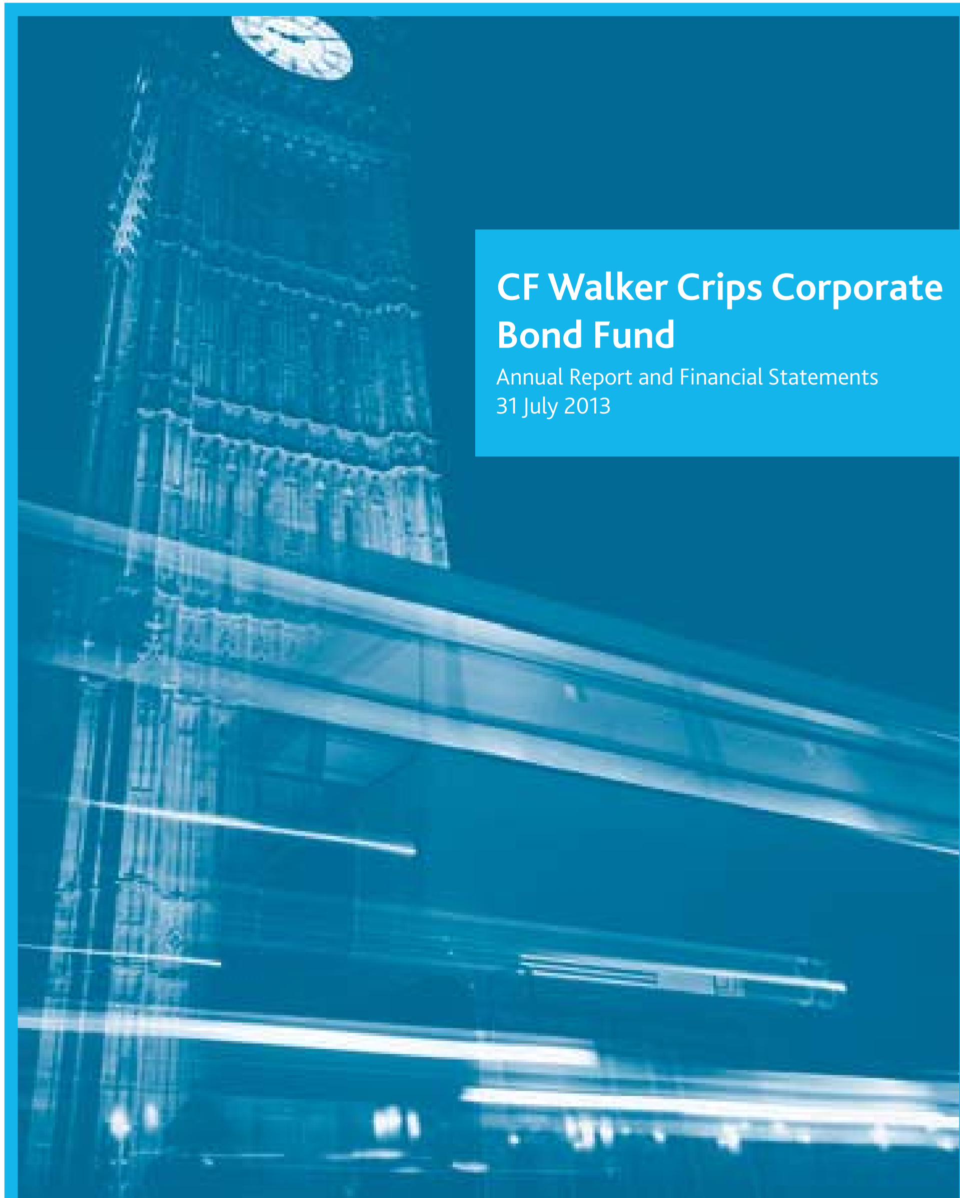
CAPITA



# CF Walker Crips Corporate Bond Fund

Annual Report and Financial Statements
31 July 2013

MANAGER
Capita Financial Managers Limited
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42 – 47 Minories
London EC3N 1DX
Telephone: 0870 607 2555 Fax: 0870 607 2550
Email: enquiries@capitafinancial.com
(Authorised and regulated by the Financial Conduct Authority)

DIRECTORS OF THE MANAGER
C. Addenbrooke
N. Boyling
C. Hayes
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J.E. Millan
R.M. Short

INVESTMENT MANAGER
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London WC2R 0EZ
(Authorised and regulated by the Financial Conduct Authority)

SUB-INVESTMENT MANAGER
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Finsbury Tower
103 – 105 Bunhill Row
London EC1Y 8LZ
(Authorised and regulated by the Financial Conduct Authority)

TRUSTEE
BNY Mellon Trust & Depositary (UK) Limited
The Bank of New York Mellon Centre
160 Queen Victoria Street
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(Authorised and regulated by the Financial Conduct Authority)

REGISTRARS
Capita Financial Administrators Limited
Customer Service Centre:
2 The Boulevard
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INDEPENDENT AUDITOR
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1 The Embankment
Neville Street
Leeds LS1 4DW
(Chartered Accountants)

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# MANAGER'S REPORT
FOR THE YEAR ENDED 31 JULY 2013

## AUTHORISED STATUS
CF Walker Crips Corporate Bond Fund ('the Fund') is a unit trust authorised by the Financial Services Authority (note that the Financial Services Authority was replaced by the Financial Conduct Authority on 1 April 2013), established on 30 July 2002 and launched on 12 September 2002.

It is a 'UCITS Scheme' and the base currency of the Fund is Pounds sterling.

Unitholders are not liable for the debts of the Fund. A unitholder is not liable to make any further payment to the Fund after they have paid the price on purchase of the units.

## IMPORTANT INFORMATION
With effect from 6 March 2012 Liontrust Investment Partners LLP replaced Walker Crips Asset Managers Ltd as Investment Manager of the scheme. The new Investment Manager has appointed Walker Crips Stockbrokers Ltd as Sub-Investment Manager.

## INVESTMENT OBJECTIVE AND POLICY
The investment objective of the Fund is to provide unitholders with a high income level giving attention to capital preservation from a portfolio of predominantly UK listed corporate bonds and fixed interest securities.

The benchmark for performance comparison purposes is the Investment Management Association £ Corporate Bond Sector Average.

CAPITA FINANCIAL MANAGERS LIMITED
*Manager of CF Walker Crips Corporate Bond Fund*
5 November 2013



## INVESTMENT MANAGER'S REPORT

As we indicated in our previous half yearly report we believed that the bond market was fully valued and so this proved in June. UK 10 year benchmark yields moved sharply upwards, representing a downwards move of over 7%* for the benchmark 10 year gilt, in a six week period from mid-April to late June. This move reflected investors fears that global Quantitative Easing would be wound down as economic strength would allow economies to function unaided.

The Fund performance was duly down 0.1% on the half year. The general defensive qualities of the Fund shone through, with the low duration, diversification and low banking exposure supporting the unit price. However, a few isolated holdings dragged the portfolio steeply downwards.

In March 2013, Co-operative Bank reported losses of £600 million, this followed the collapse of a deal to buy 600 branches from Lloyds Bank. In May, credit ratings agency, Moody's, downgraded its rating by six notches to junk status (Ba3) and the Chief Executive Barry Tootell subsequently resigned. We quickly cut our holdings crystallising a loss, which we felt was important to our unitholders as further reports of a £1.5 billion hole in the Co-operative Bank balance sheet that has yet to be filled have emerged.

We subsequently reviewed all of our banking holdings and have further reduced exposures, but plans quickly leaked in the Sunday Times that Nationwide Building Society, traditionally viewed as a very conservative institution, was about to launch a £500 million bond to fill a black hole in their balance sheet. We now hold zero exposure here.

The UK economy has been stronger than we expected and late in June the Office for National Statistics announced that the UK economy did not, in fact, fall into double dip recession last year as initially feared. Further signs are emerging that the UK economy is beginning to rebound with recent growth in the services sector and improvements in consumer confidence. This has contributed to stronger than expected sterling over the period, negatively impacting on our Australian dollar, Norwegian krone and Canadian dollar holdings.

The Australian dollar (AUD) was weakest during the second quarter reflecting weaker than expected data from China and falling commodity prices. Australian policy makers are grappling with rebalancing the economy away from natural resources. Alongside this realignment of strategy the Prime Minister, Julia Gillard, was ousted by her own party ahead of the September general election. As the AUD weakened, we reduced our holdings, but our exposure of over 2% has had a negative effect on the Fund. However, with a comparatively inexpensive AUD and Australia as one of the few countries with a coveted AAA status, having avoided a recession since the early 1990s, we will retain our holdings for the time being.

Elsewhere, we have been adding US dollar holdings. Innovative and cheap energy sources in the US have assisted in funding government deficits and this cheap energy along with a rise in wages in China has encouraged many companies to 'onshore' manufacturing processes, creating new jobs. We feel that, over the medium term, this will create a steady tailwind for the US dollar. We have duly added to our holdings in Aberdeen Asset Management perpetual bonds which are now in our top 10 holdings.

* *Source: Bloomberg*.

With quality bond yields still painfully low at the short end of the yield curve, we have had to look elsewhere for yield. We have crystallised profits on low yields at the short end and accepted slightly long duration risk to inject the required yield. The Fund duration is currently 6.11 years. We have also introduced some credit risk with short durations. This has been actioned in a selective manner with the introduction of names such as EDF Energy, Lloyds Bank Capital, Enterprise Inns, F&C Asset Management and William Hill.

The portfolio still retains a core of quality holdings in the 5-15 year maturity, which we have enhanced in an attempt to focus on the bump in the yield curve at about 7 years. We are likely to retain this strong spine for the foreseeable future, while continuing to play our 'Satellite Themes' around it.

WALKER CRIPS STOCKBROKERS LIMITED
*Investment Manager*
6 August 2013



TRUST INFORMATION

PERFORMANCE RECORD

*Income units*

| Calendar Year | Highest Buying Price P | Lowest Selling Price P | Distribution per unit P |
|---|---|---|---|
| 2008 | 98.20 | 83.11 | 3.8199 |
| 2009 | 95.73 | 81.59 | 3.8726 |
| 2010 | 100.85 | 90.05 | 3.6628 |
| 2011 | 100.23 | 91.34 | 3.9433 |
| 2012 | 106.00 | 94.79 | 3.9350 |
| 2013* | 108.75 | 97.18 | 3.6991 |

*Accumulation units*

| Calendar Year | Highest Buying Price P | Lowest Selling Price P | Distribution per unit P |
|---|---|---|---|
| 2008 | 119.04 | 105.12 | 4.6791 |
| 2009 | 126.70 | 104.52 | 4.9552 |
| 2010 | 138.82 | 120.66 | 4.8959 |
| 2011 | 143.43 | 128.40 | 5.4860 |
| 2012 | 158.38 | 137.36 | 5.7055 |
| 2013* | 165.58 | 147.96 | 5.5778 |

* To 31 July 2013.

NET ASSET VALUE

| Date | Unit Class | Net Asset Value £ | Units in Issue | Net Asset Value pence per unit |
|---|---|---|---|---|
| 31.07.11 | Income | 11,231,073 | 11,986,547 | 93.70 |
| | Accumulation | 10,874,963 | 8,087,316 | 134.47 |
| 31.07.12 | Income | 11,288,688 | 11,658,975 | 96.82 |
| | Accumulation | 11,383,815 | 7,869,286 | 144.66 |
| 31.07.13 | Income | 12,179,799 | 12,551,177 | 97.04 |
| | Accumulation | 12,318,219 | 8,187,605 | 150.45 |

RISK WARNING

An investment in a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not necessarily 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.

ONGOING CHARGES FIGURE

| **Expense Type** | **31.07.13 %** | **31.07.12 %** |
|---|---:|---:|
| Manager's periodic charge | 1.00 | 1.00 |
| Other expenses | 0.15 | 0.15 |
| Ongoing charges figure | 1.15 | 1.15 |

The Ongoing Charges Figure represents the total operating expenses of the Trust, expressed as a percentage of the average net assets during the accounting period.

SYNTHETIC RISK AND REWARD INDICATOR

| **Typically lower rewards** | | | | | | **Typically higher rewards** |
|---|---|---|---|---|---|---|
| **Lower risk** | | | | | | **Higher risk** |
| 1 | 2 | $\boxed{3}$ | 4 | 5 | 6 | 7 |

This indicator shows how much a trust has risen and fallen in the past, and therefore how much a trust's returns have varied. It is a measure of a trust's volatility. The higher a trust's past volatility the higher the number on the scale and the greater the risk that investors in that trust may have made losses as well as gains. The lowest number on the scale does not mean that a trust is risk free.

The Fund has been classed as 3 because its volatility has been measured as medium to average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.



FUND PERFORMANCE TO 31 JULY 2013 (%)

| | **1 year** | **3 years** | **5 years** |
|---|---:|---:|---:|
| CF Walker Crips Corporate Bond Fund | 3.90 | 18.61 | 38.47 |
| IMA £ Corporate Bond Sector Average | 5.97 | 22.94 | 41.91 |

The performance of the Fund is based on the published price per Accumulation unit which includes reinvested income.

Details of the distributions per unit for the year are set out in the Distribution Table on page 30.

PORTFOLIO STATEMENT
AS AT 31 JULY 2013

| Holding | Portfolio of Investments | Value £ | Total Net Assets 31.07.13 % | Total Net Assets 31.07.12 % |
|---|---|---|---|---|
| | CORPORATE BONDS | | | |
| US$600,000 | Aberdeen Asset Management 7% 2018 | 405,977 | 1.66 | |
| £100,000 | ABP Finance 6.25% 2026 | 114,506 | 0.47 | |
| £400,000 | Alpha Plus Holdings 5.75% 2019 | 415,000 | 1.69 | |
| £350,000 | Amlin 6.5% 2026 | 356,352 | 1.45 | |
| £250,000 | Anglian Water Services Financing 2.262% index-linked 2045 | 335,708 | 1.37 | |
| £200,000 | Anheuser-Busch InBev 6.5% 2017 | 235,811 | 0.96 | |
| £350,000 | Australia & New Zealand Banking Group 4.75% 2018 | 352,625 | 1.44 | |
| AU$315,000 | Australia 4% index-linked 2020 | 344,685 | 1.41 | |
| £150,000 | Barclays SLCSM Funding 6.14% 2015 | 150,499 | 0.61 | |
| £240,000 | Beazley 5.375% 2019 | 251,520 | 1.03 | |
| US$400,000 | Berkshire Hathaway Inc 3.75% 2021 | 273,414 | 1.12 | |
| £300,000 | BG Energy Capital 5.125% 2025 | 338,201 | 1.38 | |
| AU$370,000 | BHP Billiton Finance 3.75% 2017 | 216,640 | 0.88 | |
| £250,000 | BP Capital Markets 4.325% 2018 | 278,412 | 1.14 | |
| £250,000 | British Telecommunications 3.5% index-linked 2025 | 457,932 | 1.87 | |
| £200,000 | British Telecommunications 5.75% 2028 | 230,834 | 0.94 | |
| £200,000 | BUPA Finance 6.125% 2020 | 204,506 | 0.83 | |
| £250,000 | BUPA Finance 7.5% 2016 | 287,573 | 1.17 | |
| CA$310,000 | Canada 4.25% index-linked 2021 | 385,815 | 1.58 | |
| £250,000 | Centrica 4.375% 2029 | 258,450 | 1.05 | |
| £350,000 | Chorus 6.75% 2020 | 401,093 | 1.64 | |
| £250,000 | CLS Holdings 5.5% 2019 | 253,625 | 1.04 | |
| £270,000 | Deutsche Telekom International Finance 6.5% 2022 | 332,096 | 1.36 | |
| £150,000 | Eastern Power Networks 5.75% 2024 | 173,954 | 0.71 | |
| £300,000 | EDF Energy 6% 2026 | 301,500 | 1.23 | |
| £200,000 | Enterprise Inns 6.5% 2018 | 200,800 | 0.82 | |
| NOK5,000,000 | European Investment Bank 3.75% 2018 | 581,364 | 2.37 | |
| £300,000 | Everything Everywhere 4.375% 2019 | 310,085 | 1.27 | |
| £200,000 | F&C Asset Management 6.75% 2026 | 170,260 | 0.69 | |
| £300,000 | F&C Finance 9% 2016 | 323,706 | 1.32 | |
| £250,000 | Fidelity International 7.125% 2024 | 275,205 | 1.12 | |
| £250,000 | France Telecom 5.25% 2025 | 272,951 | 1.11 | |
| £200,000 | Friends Life Group 6.292% 2015 | 191,180 | 0.78 | |



| Holding | Portfolio of Investments | Value £ | Total Net Assets 31.07.13 % | Total Net Assets 31.07.12 % |
|---|---|---|---|---|
| | CORPORATE BONDS *(continued)* | | | |
| £250,000 | Friends Life Group 8.25% 2015 | 270,801 | 1.11 | |
| £300,000 | GDF Suez 6.125% 2021 | 366,693 | 1.50 | |
| £250,000 | GE Capital UK Funding 4.375% 2019 | 272,172 | 1.11 | |
| £400,000 | GE Capital UK Funding 5.125% 2023 | 446,732 | 1.82 | |
| £325,000 | GKN Holdings 5.375% 2022 | 334,458 | 1.37 | |
| £300,000 | GlaxoSmithKline Capital 5.25% 2033 | 347,883 | 1.42 | |
| £300,000 | Glencore Finance 6% 2022 | 330,175 | 1.35 | |
| US$400,000 | HBOS 0.97395% 2017 | 242,296 | 0.99 | |
| £250,000 | HSBC Bank 5% 2023 | 269,757 | 1.10 | |
| £200,000 | HSBC Bank 6.5% 2023 | 235,372 | 0.96 | |
| £300,000 | Imperial Tobacco Finance 8.125% 2024 | 398,786 | 1.63 | |
| £167,000 | Investec Finance 6.482% 2016 | 160,053 | 0.65 | |
| £300,000 | Jaguar Land Rover 8.125% 2018 | 326,700 | 1.33 | |
| £200,000 | Jaguar Land Rover 8.25% 2020 | 221,660 | 0.90 | |
| £300,000 | JP Morgan Chase Variable 2017 | 283,910 | 1.16 | |
| £250,000 | Lafarge SA 6.625% 2017 | 277,170 | 1.13 | |
| £125,000 | Lambay Capital Securities 6.25% 2015* | – | – | |
| £250,000 | LBG Capital No.1 7.8673% 2019 | 259,688 | 1.06 | |
| £150,000 | LBG Capital No.2 14.5% 2022 | 200,820 | 0.82 | |
| £150,000 | Legal & General Group 10% 2021 | 202,170 | 0.83 | |
| £300,000 | London Power Networks 5.125% 2023 | 340,591 | 1.39 | |
| £300,000 | London Stock Exchange Group 4.75% 2021 | 315,000 | 1.29 | |
| £350,000 | Marks & Spencer 4.75% 2025 | 351,944 | 1.44 | |
| £200,000 | Marks & Spencer 6.125% 2021 | 221,435 | 0.90 | |
| £145,000 | Marstons Issuer 5.1774% 2027 | 147,802 | 0.60 | |
| £275,000 | National Grid 1.25% index-linked 2021 | 307,280 | 1.25 | |
| £125,000 | National Grid Electricity 5.875% 2024 | 148,362 | 0.61 | |
| £150,000 | National Grid Electricity 7.375% 2031 | 205,271 | 0.84 | |
| £300,000 | Old Mutual 8% 2021 | 313,347 | 1.28 | |
| £75,000 | OneSavings Bank 7.875% 2014 | 49,500 | 0.20 | |
| £200,000 | Pennon Group 6.75% 2018 | 206,107 | 0.84 | |
| £300,000 | Petrobras International Finance Company 6.25% 2026 | 314,220 | 1.28 | |
| £400,000 | Places for People Capital Markets 1.00% index-linked 2022 | 423,600 | 1.73 | |

| Holding | Portfolio of Investments | Value £ | Total Net Assets 31.07.13 % | Total Net Assets 31.07.12 % |
|---|---|---|---|---|
| | CORPORATE BONDS *(continued)* | | | |
| £250,000 | QED Finance 6.5% 2020 | 250,625 | 1.02 | |
| £200,000 | Rolls-Royce 6.75% 2019 | 248,421 | 1.01 | |
| £150,000 | RWE Finance 5.625% 2023 | 174,585 | 0.71 | |
| £350,000 | Scottish Windows 5.5% 2023 | 346,159 | 1.41 | |
| £400,000 | Severn Trent index-linked 1.3% 2022 | 442,200 | 1.81 | |
| £150,000 | South Eastern Power Networks 3.053% index-linked 2023 | 242,493 | 0.99 | |
| £300,000 | Southern Water Services Finance 6.125% 2019 | 351,525 | 1.44 | |
| £250,000 | SSE 5% 2018 | 285,097 | 1.16 | |
| £200,000 | Standard Chartered Bank 5.375% 2020 | 198,845 | 0.81 | |
| £250,000 | Tesco 5.5% 2019 | 288,012 | 1.18 | |
| £325,000 | Tesco Personal Finance 1% index-linked 2019 | 344,013 | 1.40 | |
| £250,000 | Tullett Prebon 5.25% 2019 | 245,625 | 1.00 | |
| £250,000 | Vattenfall 6.125% 2019 | 303,752 | 1.24 | |
| £250,000 | Vodafone Group 5.625% 2025 | 290,770 | 1.19 | |
| £200,000 | Vodafone Group 5.9% 2032 | 234,205 | 0.96 | |
| £300,000 | Wellcome Trust Finance 4.75% 2021 | 342,094 | 1.40 | |
| £280,000 | Westfield UK & Europe Finance 4.25% 2022 | 295,452 | 1.21 | |
| £400,000 | William Hill 4.25% 2020 | 388,656 | 1.59 | |
| | TOTAL CORPORATE BONDS | 23,746,563 | 96.93 | 95.64 |
| | PREFERENCE SHARES | | | |
| 75,000 | Aviva 8.375% *cip* | 84,375 | 0.35 | |
| 125,000 | General Accident 8.875% *cip* | 145,625 | 0.59 | |
| 150,000 | RSA Insurance Group 7.375% *cip* | 164,250 | 0.67 | |
| | TOTAL PREFERENCE SHARES | 394,250 | 1.61 | 2.89 |

| | Value £ | Total Net Assets 31.07.13 % | Total Net Assets 31.07.12 % |
|---|---|---|---|
| Portfolio of investments | 24,140,813 | 98.54 | 98.53 |
| Net other assets | 357,205 | 1.46 | 1.47 |
| Net assets | 24,498,018 | 100.00 | 100.00 |

All investments have been valued in accordance with note 1(f) and are debt securities unless stated otherwise.

* Defaulted.

*Definition:*
*cip – cumulative irredeemable preference.*

| **Credit Quality** | **31.07.13** | **31.07.12** |
|---|---|---|
| Investment grade debt securities | 78.19 | 84.60 |
| Non investment debt grade securities | 8.91 | 5.84 |
| Not rated | 9.83 | 5.20 |
| Preference shares | 1.61 | 2.89 |
| Net other assets | 1.46 | 1.47 |
| | 100.00 | 100.00 |

SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE YEAR ENDED 31 JULY 2013

**Total purchases for the year (note 12)** **£11,078,168**

| **Major purchases** | **Cost £** |
|---|---|
| Alpha Plus Holdings 5.75% 2019 | 507,919 |
| Imperial Tobacco Finance 8.125% 2024 | 421,802 |
| Places for People Capital Markets 1.00% index-linked 2022 | 418,481 |
| Aberdeen Asset Management 7% 2018 | 407,032 |
| London Stock Exchange Group 4.75% 2021 | 400,000 |
| Tullett Prebon 5.25% 2019 | 400,000 |
| William Hill 4.25% 2020 | 399,396 |
| Co-operative Bank 7.785% 2022 | 396,188 |
| Scottish Widows 5.5% 2023 | 365,512 |
| Marks & Spencer 4.75% 2025 | 362,905 |
| Tesco Personal Finance 1% 2019 | 350,038 |
| GKN Holdings 5.375% 2022 | 338,181 |
| F&C Asset Management 9% 2016 | 335,336 |
| Old Mutual 8% 2021 | 318,043 |
| EDF 6% 2049 | 304,810 |
| CLS Holdings 5.5% 2019 | 299,760 |
| BUPA Finance 7.5% 2016 | 295,111 |
| Friends Life Group 8.25% 2015 | 290,976 |
| National Grid 1.25% index-linked 2021 | 283,720 |
| JP Morgan Chase Variable 2017 | 281,201 |



**Total sales for the year (note 12)** **£9,427,571**

| **Major sales** | **Proceeds £** |
|---|---|
| Reed Elsevier Investments 5.625% 2016 | 452,067 |
| Imperial Tobacco Finance 9% 2022 | 430,920 |
| Tesco 4% index-linked 2016 | 371,435 |
| European Investment Bank 6% 2020 | 365,035 |
| Telefonica Emisiones 5.597% 2020 | 314,811 |
| Co-operative Bank 5.5555% 2015 | 308,824 |
| Centrica 5.5% 2016 | 286,283 |
| France Telecom 5% 2016 | 277,554 |
| Land Securities 5.292% 2015 | 253,116 |
| Standard Chartered 7.375% *ncip* | 243,752 |
| Legal & General Group 5.875% 2019 | 242,991 |
| ICAP 5.5% 2018 | 242,425 |
| Skipton Building Society 10% 2018 | 236,906 |
| BASF 5.875% 2017 | 235,410 |
| Co-Operative Bank 7.785% 2022 | 235,410 |
| BG Energy Capital 5.125% 2017 | 232,717 |
| RSA Insurance Group 7.375% *cip* | 223,138 |
| Society of Lloyd's 6.875% 2025 | 218,000 |
| Provident Financial 6% 2021 | 203,211 |
| St Modwen Properties 6.25% 2019 | 202,393 |

The summary of material portfolio changes represents the 20 largest purchases and sales during the year.

# MANAGER'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

C. ADDENBROOKE

N. BOYLING

CAPITA FINANCIAL MANAGERS LIMITED
*Manager of CF Walker Crips Corporate Bond Fund*
5 November 2013

# STATEMENT OF MANAGER'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Manager is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') requires the Manager to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Fund and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Fund for that year. In preparing those financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in accordance with the requirements of the IMA SORP; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The Manager is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Manager is aware:

- there is no relevant audit information of which the Fund's Auditor is unaware; and
- the Manager has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.



# STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee is under a duty to take into its custody and to hold the property of the Fund in trust for the holders of units.

It is also the duty of the Trustee to enquire into the conduct of the Manager in the management of the Fund and to ensure that the Fund is managed in accordance with all applicable rules and restrictions in each annual accounting period, and to report thereon to unitholders.

# REPORT OF THE TRUSTEE

In our opinion, the Manager has managed the Fund, in all material aspects, during the period covered by this Report in accordance with the investment and borrowing powers and the restrictions applicable to the Fund and otherwise in accordance with the provisions of the Trust Deed and the rules in the COLL Sourcebook.

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED
*Trustee of CF Walker Crips Corporate Bond Fund*
5 November 2013

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CF WALKER CRIPS CORPORATE BOND FUND

We have audited the financial statements of the CF Walker Crips Corporate Bond Fund ('the Fund') for the year ended 31 July 2013 set out on pages 18 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF THE MANAGER AND AUDITOR

As explained more fully in the Statement of Manager's Responsibilities set out on page 14 the Manager is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

## OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Fund as at 31 July 2013 and of the net revenue and the net capital gains on the property of the Fund for the year then ended;
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

## OPINION ON OTHER MATTERS PRESCRIBED BY THE COLL RULES

In our opinion the information given in the Manager's Report is consistent with the financial statements.

We have received all the information and explanations which we consider necessary for the purposes of our audit.



## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

Jatin Patel
for and on behalf of KPMG Audit Plc, Statutory Auditor
*Chartered Accountants*
*Leeds*
5 November 2013

## FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN
### FOR THE YEAR ENDED 31 JULY 2013

| | Notes | £ | 31.07.13 £ | £ | 31.07.12 £ |
|---|---|---|---|---|---|
| Income: | | | | | |
| Net capital gains | 2 | | 89,070 | | 805,975 |
| Revenue | 3 | 1,280,733 | | 1,298,034 | |
| Expenses | 4 | (279,962) | | (254,024) | |
| Finance costs: Interest | 6 | (23) | | (112) | |
| Net revenue before taxation | | 1,000,748 | | 1,043,898 | |
| Taxation | 5 | – | | – | |
| Net revenue after taxation | | | 1,000,748 | | 1,043,898 |
| **Total return before distributions** | | | 1,089,818 | | 1,849,873 |
| Finance costs: Distributions | 6 | | (1,122,536) | | (1,155,812) |
| **Change in net assets attributable to unitholders from investment activities** | | | (32,718) | | 694,061 |

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
### FOR THE YEAR ENDED 31 JULY 2013

| | Note | £ | 31.07.13 £ | £ | 31.07.12 £ |
|---|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | | 22,672,503 | | 22,106,036 |
| Amounts receivable on issue of units | | 3,494,819 | | 2,016,641 | |
| Amounts payable on cancellation of units | | (2,086,438) | | (2,591,273) | |
| | | | 1,408,381 | | (574,632) |
| Stamp duty reserve tax | 1(e) | | (1,389) | | (260) |
| Change in net assets attributable to unitholders from investment activities | | | (32,718) | | 694,061 |
| Retained distribution on Accumulation units | | | 451,241 | | 447,298 |
| **Closing net assets attributable to unitholders** | | | 24,498,018 | | 22,672,503 |



### BALANCE SHEET
### AS AT 31 JULY 2013

| | Notes | £ | 31.07.13 £ | £ | 31.07.12 £ |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Investment assets** | | | 24,140,813 | | 22,338,980 |
| **Other assets** | | | | | |
| Debtors | 7 | 422,554 | | 631,686 | |
| Cash and bank balances | | 337,010 | | 318,462 | |
| **Total other assets** | | | 759,564 | | 950,148 |
| **Total assets** | | | 24,900,377 | | 23,289,128 |
| **LIABILITIES** | | | | | |
| **Other liabilities** | | | | | |
| Creditors | 8 | (177,593) | | (391,831) | |
| Distribution payable on Income units | | (224,766) | | (224,794) | |
| **Total other liabilities** | | | (402,359) | | (616,625) |
| **Total liabilities** | | | (402,359) | | (616,625) |
| **Net assets attributable to unitholders** | | | 24,498,018 | | 22,672,503 |

1. ACCOUNTING POLICIES

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

(a) *Basis of accounting*
The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

(b) *Recognition of revenue*
Dividends on quoted preference shares are recognised when the securities are quoted ex-dividend.

Revenue on debt securities is accounted for on an effective yield basis.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

(c) *Treatment of expenses*
All expenses, except for those relating to the purchase and sale of investments, and stamp duty reserve tax, are charged initially against revenue.

(d) *Taxation*
Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Stamp duty reserve tax suffered on surrender of units is deducted from capital.

(e) *Distribution policy*
Surplus revenue, as disclosed in the financial statements, after adjustment for items of a capital nature charged against revenue, is distributable to unitholders. Any deficit of revenue is deducted from capital.

The Fund has satisfied the qualifying investments test of Section 493 of the Corporation Taxes Act 2009, throughout the period. All distributions made are therefore made as interest distributions, will attract tax at 20% and will be accounted for on the unitholders' behalf to the HM Revenue & Customs.

50% of the annual management charge is transferred to capital for the purpose of calculating the distribution, in line with the Fund's investment objective. As 50% of this charge is taken from the Fund's capital this will increase the amount of income available for distribution but will constrain capital growth.



1. ACCOUNTING POLICIES *(continued)*

(e) *Distribution policy (continued)*
Interim distributions may be made at the Manager's discretion. Final distributions are made in accordance with the COLL Sourcebook.

Distributions which have remained unclaimed by unitholders for more than six years are credited to the capital property of the Fund.

(f) *Basis of valuation of investments*
Quoted investments are valued at closing bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting period. Accrued interest on fixed interest securities is included in revenue.

Unlisted or suspended investments are valued by the Manager taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

(g) *Exchange rates*
Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

| | **31.07.13** £ | **31.07.12** £ |
|---|---|---|
| 2. NET CAPITAL GAINS | | |
| The net capital gains during the year comprise: | | |
| Non-derivative securities | 92,301 | 810,231 |
| Transaction charges | (1,371) | (2,470) |
| Currency losses | (1,860) | (1,786) |
| Net capital gains | 89,070 | 805,975 |
| 3. REVENUE | | |
| Non-taxable dividends | 58,836 | 44,910 |
| Unfranked interest | 1,221,473 | 1,253,017 |
| Bank interest | 424 | 107 |
| Total revenue | 1,280,733 | 1,298,034 |

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| **4. EXPENSES** | | |
| Payable to the Manager, associates of the Manager and agents of either of them: | | |
| Manager's periodic charge | 243,584 | 223,852 |
| Legal and professional fees | 5,000 | 3,545 |
| Registration fees | 2,100 | 2,100 |
| | 250,684 | 229,497 |
| Payable to the Trustee, associates of the Trustee and agents of either of them: | | |
| Trustee's fees | 11,692 | 10,744 |
| Safe custody and other bank charges | 7,684 | 5,743 |
| | 19,376 | 16,487 |
| Other expenses: | | |
| FCA fee | 62 | 60 |
| Fees paid to auditor – audit | 8,340 | 6,480 |
| – tax services | 1,500 | 1,500 |
| | 9,902 | 8,040 |
| Total expenses | 279,962 | 254,024 |

**5. TAXATION**

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| a) Analysis of charge for the year | | |
| Corporation tax at 20% | – | – |
| Current tax charge (note 5b) | – | – |
| Deferred tax – origination and reversal of timing differences | – | – |
| Total taxation | – | – |

b) Factors affecting current tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised trust (20%) (31.07.12 : 20%). The difference is explained below.

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| Net revenue before taxation | 1,000,748 | 1,043,898 |
| Corporation tax at 20% | 200,150 | 208,780 |

**5. TAXATION *(continued)***

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| Effects of: | | |
| Non-taxable dividends | (11,767) | (8,982) |
| Tax deductible interest distributions | (188,383) | (222,193) |
| Unutilised excess management expenses | – | 22,395 |
| Current tax charge (note 5a) | – | – |

**6. FINANCE COSTS**

Distributions
The distributions take account of revenue received on the issue of units and revenue deducted on cancellations of units, and comprise:

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| Interim | 459,785 | 475,780 |
| Final | 448,013 | 447,124 |
| UK income tax withheld | 224,924 | 231,764 |
| | 1,132,722 | 1,154,668 |
| Adjustment in respect of prior periods | (2,079) | (2,994) |
| Add: Revenue deducted on cancellation of units | 22,206 | 26,159 |
| Deduct: Revenue received on issue of units | (30,313) | (22,021) |
| Net distributions for the year | 1,122,536 | 1,155,812 |
| Interest | 23 | 112 |
| Total finance costs | 1,122,559 | 1,155,924 |

Details of the distributions per unit are set out in the table on page 30.

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| Distributions represented by: | | |
| Net revenue after taxation | 1,000,748 | 1,043,898 |
| Allocations to Capital: | | |
| 50% Manager's periodic charge | 121,792 | 111,926 |
| Balance brought forward | 18 | 6 |
| Balance carried forward | (22) | (18) |
| Net distributions for the year | 1,122,536 | 1,155,812 |

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| **7. DEBTORS** | | |
| Amounts receivable for issue of units | 9,384 | 2,107 |
| Sales awaiting settlement | 16,646 | 171,321 |
| Accrued revenue: | | |
| Unfranked interest | 396,475 | 456,036 |
| Bank interest | 49 | 69 |
| | 396,524 | 456,105 |
| Taxation recoverable: | | |
| Overseas withholding tax | – | 2,153 |
| Total debtors | 422,554 | 631,686 |
| **8. CREDITORS** | | |
| Amounts payable for cancellation of units | 31,607 | 37,103 |
| Purchases awaiting settlement | – | 205,713 |
| Accrued expenses: | | |
| Amounts payable to the Manager, associates of the Manager and agents of either of them: | | |
| Manager's periodic charge | 21,037 | 19,254 |
| Legal and professional fees | 421 | 422 |
| Registration fees | 177 | 177 |
| | 21,635 | 19,853 |
| Amounts payable to the Trustee, associates of the Trustee and agents of either of them: | | |
| Trustee's fees | 1,010 | 925 |
| Transaction charges | 400 | 2,265 |
| Safe custody and other bank charges | 1,235 | 5,260 |
| | 2,645 | 8,450 |
| Other expenses | 10,460 | 7,999 |
| UK income tax withheld | 111,207 | 112,698 |
| Taxation payable: | | |
| Stamp duty reserve tax | 39 | 15 |
| Total creditors | 177,593 | 391,831 |

9. RELATED PARTY TRANSACTIONS

Management and legal and professional fees payable to Capita Financial Managers Limited ('the Manager') and registration fees payable to Capita Financial Administrators Limited (associate of the Manager) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.

The aggregate monies received by the Manager through the issue of units and paid on cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders on page 18 and amounts due at the year end are disclosed in notes 7 and 8.

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers) had the following unitholdings in the Fund:

| | Held at 31.07.13 | Change in year | Held at 31.07.12 |
|---|---|---|---|
| Accumulation units | 6,939 | (12,355) | 19,294 |
| Income units | 6,026 | – | 6,026 |

Walker Crips Asset Management, an associate of the Sub-Investment Manager, received commissions on dealings in the property of the Fund of £43,343 (31.07.12 : £24,487) at an average rate of 0.22% (31.07.12 : 0.20%).

Transaction charges and Trustee and other fees payable to BNY Mellon Trust & Depositary (UK) Limited are also detailed in note 2 and 4. The amounts outstanding at the year end in respect of those fees are shown in note 8.

The net cash balances on deposit with The Bank of New York Mellon (an associate of BNY Mellon Trust & Depositary (UK) Limited) at the balance sheet date were £337,010 (31.07.12 : £318,462). Net interest received was £401 (31.07.12 : paid £5).

All other amounts paid to, or received from, the related parties, together with the outstanding balances are disclosed in the financial statements.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.07.12 : none).

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

The main risks from the Fund's holding of financial instruments, together with the Manager's policy for managing these risks, are set out below:

The Manager has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a trust and how the Manager seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the Manager in managing the identified risks of the Fund. The Manager requires that the appointed investment manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the Fund managed.

*i.* *Credit risk*
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty and these are reviewed on an ongoing basis.

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The majority of bonds in which the Fund invests are investment grade listed bonds or government securities which are lower risk.

*ii.* *Interest rate risk*
Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate securities and on bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The table below shows the direct interest rate risk profile:

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| Floating rate assets: | | |
| Australian dollars | 344,685 | 325,145 |
| Canadian dollars | 385,815 | – |
| Pounds sterling | 3,174,146 | 1,769,878 |
| | 3,904,646 | 2,095,023 |

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

*ii.* *Interest rate risk (continued)*

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| Fixed rate assets: | | |
| Australian dollars | 216,640 | 362,526 |
| Canadian dollars | – | 413,493 |
| Norwegian krone | 581,364 | 330,797 |
| US dollars | 921,686 | 189,557 |
| Pounds sterling | 18,459,237 | 19,266,046 |
| | 20,178,927 | 20,562,419 |
| Assets on which interest is not paid: | | |
| Australian dollars | 4,202 | 11,588 |
| Canadian dollars | 2,095 | 2,079 |
| Euros | – | 123,079 |
| Norwegian krone | 15,699 | – |
| US dollars | 9,572 | 7,246 |
| Pounds sterling | 785,236 | 487,694 |
| | 816,804 | 631,686 |
| Liabilities on which interest is not paid: | | |
| Pounds sterling | (402,359) | (616,625) |
| Net assets | 24,498,018 | 22,672,503 |

The floating rate financial assets comprise bank balances which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents and index-linked securities that earn interest at rates adjusted by changes in the UK Retail Price Index (RPI) or its international equivalents.

| Fixed Rate Financial Assets | | | | |
|---|---|---|---|---|
| **Currency** | **Weighted average interest rate** | | **Weighted average period for which rate is fixed** | |
| | **31.07.13** | **31.07.12** | **31.07.13** | **31.07.12** |
| Australian dollars | 3.75% | 6.00% | 4 years | 8 years |
| Canadian dollars | – | 4.25% | – | 9 years |
| Norwegian krone | 3.75% | 3.75% | 5 years | 6 years |
| US dollars | 4.45% | 7.90% | 5 years | undated |
| Pounds sterling | 6.12% | 5.80% | 9 years | 11 years |

There are no material amounts of non-interest bearing financial assets and liabilities.

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

*iii. Foreign currency risk*
Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value.

The table below shows the direct foreign currency risk profile:

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| Currency: | | |
| Australian dollars | 565,527 | 699,259 |
| Canadian dollars | 387,910 | 415,572 |
| Euros | – | 123,079 |
| Norwegian krone | 597,063 | 330,797 |
| US dollars | 931,258 | 196,803 |
| | 2,481,758 | 1,765,510 |
| Pounds sterling | 22,016,260 | 20,906,993 |
| Net assets | 24,498,018 | 22,672,503 |

*iv. Liquidity risk*
The main liability of the Fund is the cancellation of any units that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of readily realisable securities.

All financial liabilities are payable in one year or less, or on demand.

*v. Market price risk*
Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the Manager in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.



11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

*vi. Fair value of financial assets and financial liabilities*
There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

*vii. Derivatives*
The Fund held no derivatives during the current or prior year.

| | 31.07.13 £ | 31.07.12 £ |
|---|---|---|
| 12. PORTFOLIO TRANSACTION COSTS | | |
| Analysis of total purchase costs | | |
| Purchases in year before transaction costs | 11,056,340 | 6,928,190 |
| Transaction costs: | | |
| Commissions | 21,158 | 12,452 |
| Stamp duty and other charges | 670 | 2,027 |
| | 21,828 | 14,479 |
| Gross purchases total | 11,078,168 | 6,942,669 |
| Analysis of total sale costs | | |
| Gross sales before transaction costs | 9,449,759 | 6,816,483 |
| Transaction costs: | | |
| Commissions | (22,186) | (12,978) |
| Other charges | (2) | – |
| | (22,188) | (12,978) |
| Total sales net of transaction costs | 9,427,571 | 6,803,505 |

DISTRIBUTION TABLE
FOR THE YEAR ENDED 31 JULY 2013 – IN PENCE PER UNIT

Interim
Group 1 – Units purchased prior to 1 August 2012
Group 2 – Units purchased on or after 1 August 2012 and on or before 31 January 2013

| Income Units | Gross Revenue | Income Tax | Net Revenue | Equalisation | Payable 31.03.13 | Paid 31.03.12 |
|---|---|---|---|---|---|---|
| Group 1 | 2.3853 | 0.4770 | 1.9083 | – | 1.9083 | 2.0069 |
| Group 2 | 1.0949 | 0.2190 | 0.8759 | 1.0324 | 1.9083 | 2.0069 |

| Accumulation Units | Gross Revenue | Income Tax | Net Revenue | Equalisation | Allocated 31.03.13 | Allocated 31.03.12 |
|---|---|---|---|---|---|---|
| Group 1 | 3.5638 | 0.7127 | 2.8511 | – | 2.8511 | 2.8802 |
| Group 2 | 1.6359 | 0.3272 | 1.3087 | 1.5424 | 2.8511 | 2.8802 |

Final
Group 1 – Units purchased prior to 1 February 2013
Group 2 – Units purchased on or after 1 February 2013 and on or before 31 July 2013

| Income Units | Gross Revenue | Income Tax | Net Revenue | Equalisation | Payable 30.09.13 | Paid 30.09.12 |
|---|---|---|---|---|---|---|
| Group 1 | 2.2385 | 0.4477 | 1.7908 | – | 1.7908 | 1.9281 |
| Group 2 | 1.2480 | 0.2496 | 0.9984 | 0.7924 | 1.7908 | 1.9281 |

| Accumulation Units | Gross Revenue | Income Tax | Net Revenue | Equalisation | Allocation 30.09.13 | Allocated 30.09.12 |
|---|---|---|---|---|---|---|
| Group 1 | 3.4083 | 0.6816 | 2.7267 | – | 2.7267 | 2.8253 |
| Group 2 | 1.9003 | 0.3800 | 1.5203 | 1.2064 | 2.7267 | 2.8253 |

EQUALISATION
Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents the accrued revenue included in the purchase price of the units. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the units for Capital Gains Tax purposes.



# GENERAL INFORMATION

VALUATION POINT
The valuation point of the Fund is 10.00am on each business day. Valuations may be made at other times with the Trustee's approval.

BUYING AND SELLING UNITS
The Manager will accept orders to buy or sell units on normal business days between 8.30am and 5.30pm. Instructions to buy or sell units may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0845 922 0044. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

PRICES
The most recent prices of units are available on the website of the Investment Management Assocation at www.fundlistings.com under the heading Capita Financial Managers, by calling 0845 922 0044 during the Manager's normal business hours or can be found on our website, www.capitafinancial.com, by following the link 'Fund Information'.

OTHER INFORMATION
The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the Manager which is also the Head Office. Copies of these may be obtained upon application and can be found on our website, www.capitafinancial.com, by following the link 'Fund Information'.

The Register of Unitholders can be inspected by unitholders during normal business hours at the Customer Service Centre, Capita Financial Administrators Limited at 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT.

Unitholders who have any complaints about the operation of the Fund should contact the Manager or the Trustee in the first instance. In the event that a unitholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

DATA PROTECTION ACT
Unitholders' names will be added to a mailing list which may be used by the Manager, its associates or third parties to inform investors of other products by sending details of such products. Unitholders who do not want to receive such details should write to the Manager requesting their removal from any such mailing list.

Ibex House, 42 – 47 Minories, London EC3N 1DX
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