

## CF Walker Crips Corporate Bond Fund

### Manager's Interim Unaudited Short Report

for the half year ended 31 January 2013

#### Investment Objective and Policy

The investment objective of the CF Walker Crips Corporate Bond Fund ('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.

#### Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised above.

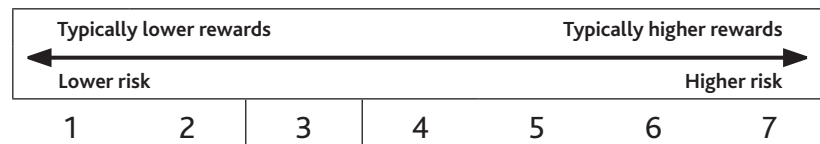
#### Accounting and Distribution Dates

	Accounting	Distribution
Interim	31 January	31 March
Final	31 July	30 September

#### Ongoing Charges Figure

Expense Type	31.01.13 %	31.07.12 %
Manager's periodic charge	1.00	1.00
Other expenses	0.15	0.15
Ongoing charges figure	1.15	1.15

### Synthetic Risk and Reward Indicator



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

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

### Distributions

Unit Class	Interim 31.01.13 pence per unit
Income	1.9083
Accumulation	2.8511

### 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*	107.12	101.15	1.9083

#### 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*	160.05	151.13	2.8511

\* To 31 January 2013.

### Net Asset Value

Date	Unit Class	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
31.07.10	Income	11,603,147	12,643,931	91.77
	Accumulation	10,255,569	8,118,889	126.32
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
31.01.13	Income	12,016,341	12,146,825	98.93
	Accumulation	12,045,053	7,996,889	150.62

### Fund Performance to 31 January 2013 (%)

	6 months	1 year	3 years	5 years
CF Walker Crips Corporate Bond Fund	4.15	9.09	24.23	35.04
IMA £ Corporate Bond Sector Average*	4.51	11.29	25.49	34.11

\* Source: Morningstar.

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

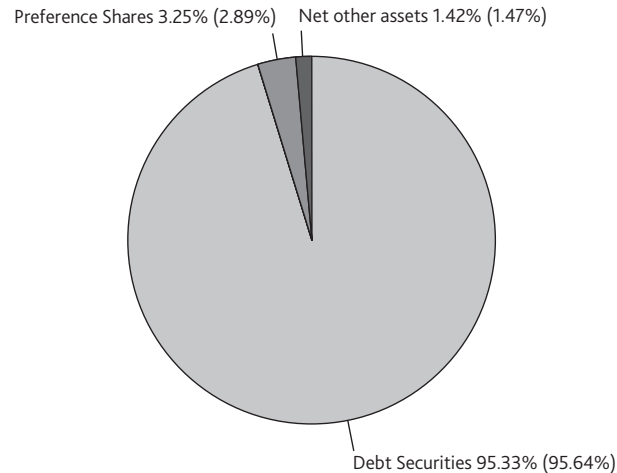
## INVESTMENT MANAGER'S REPORT

for the half year ended 31 January 2013

### Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment and the income from it can fall as well as rise and may be affected by exchange rate variations.

### Sector Spread of Investments



The figures in brackets show allocations at 31 July 2012.

### Major Holdings

The top ten holdings at the end of each period are shown below.

Holding	% of Fund as at 31.01.13	Holding	% of Fund as at 31.07.12
European Investment Bank 3.75% 2018	1.98	Tesco 5.5% 2019	2.07
British Telecommunications 3.5% index-linked 2025	1.95	Reed Elsevier Investments 5.625% 2016	2.01
GE Capital UK Funding 5.125% 2023	1.86	GE Capital UK Funding 5.125% 2023	1.98
Imperial Tobacco Finance 9% 2022	1.74	British Telecommunications 3.5% index-linked 2025	1.94
Alpha Plus Holdings 5.75% 2019	1.70	Imperial Tobacco Finance 9% 2022	1.91
Canada 4.25% index-linked 2021	1.65	Petrobras International Finance Company 6.25% 2026	1.90
Chorus 6.75% 2020	1.65	Canada 4.25% 2021	1.82
Tullett Prebon 5.25% 2019	1.54	Chorus 6.75% 2020	1.76
Tesco 4% index-linked 2016	1.53	Marks & Spencer 6.125% 2021	1.76
GDF Suez 6.125% 2021	1.50	GlaxoSmithKline Capital 5.25% 2033	1.68

### Investment Review

The portfolio rationalisation undertaken by the new management team which assumed responsibility in April has been completed. All investments were thoroughly assessed and reviewed at outset and since that date, we have reduced the number of holdings from 106 to 95, in order to improve the portfolio's composition, but without affecting its diversification.

We are beginning to see the likelihood of sterling interest rates rising over the next couple of years, with the 10 year benchmark yield currently at 2.14%\*, having been as low as 1.5% last July. We believe this indicates that the gilt market bubble of last summer is beginning to deflate, but still leaves corporate bonds looking fully valued.

Since the July annual report, we have therefore reduced the duration from 6.92 years to 5.90 years to protect the portfolio should bond yields continue to increase. To further defend the portfolio, we have acquired for the Fund our first Floating Rate Note for some time, linked to LIBOR, issued by JPMorgan, which should benefit the Fund should interest rates begin to rise. In the US, the last minute 'fudge' to avoid falling over the so called 'Fiscal Cliff' caused much cheer to equity markets but clouded bond markets with yields rising across the board. We see the recent agreement very much as a short term respite with Democratic President Obama and a Republican House of Representatives likely to continue hostilities through the spring.

The UK economy was flat with 0.2%\* growth in 2012. However, unusual factors in the second and third quarters are thought to have been warping the figures. In the second quarter, the poor weather and the loss of a working day due to the Diamond Jubilee may have reduced output. In contrast, hosting the Olympic and Paralympic Games in the third quarter may have supported output. Employment rose surprisingly for the fourth consecutive quarter in Q3 2012 with an increase of 100,000 people. Employment has been resilient through the recession and recovery. In the period Q1 2008 to Q3 2012, the employment level fell by only 2.4% at its lowest point, while output fell by more than 5%. Total employment has now recovered to the pre-recession level, although there are fewer people in full-time employment and more people in part-time employment, so not all good news.

The Government pulled off an unexpected coup in appointing Mark Carney, the current Governor of the Bank of Canada, as the new Governor of the Bank of England. Following his appointment, Mr. Carney indicated that the long held 2% inflation target may be abandoned in favour of an economic output target. We have therefore backed our expectation that inflation will be higher than many estimates over the next few years, by continuing our theme of inflation linked bonds and now hold over 9% of the Fund in this area. We have recently added a new holding, introducing the Places for People index-linked retail bond. We also continue to believe that sterling will continue to be a weak currency, despite an AAA rating from Moodys and AAA from S&P our expectation is that this will be reviewed in the near future, particularly with David Cameron agitating our European partners.

We have therefore looked to other 'quality' currencies and have retained our holdings in Australian dollars, Canadian dollars and Norwegian krone; which together now total over 8% of the portfolio, whilst also increasing the AAA exposure to over 8%. These countries have many years of managing sensible budgets and, despite relatively low yields of 2-3%, we feel investors will be more than compensated with security and currency appreciation.

### Investment Review (continued)

The portfolio still retains a core of quality stocks in the 5-15 year maturity, which we have enhanced with the addition of 'Retail Issues' Alpha Plus Holdings, Places for People, Tullet Prebon and London Stock Exchange Group, while adding to our Jaguar Land Rover holdings. With the current 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 other 'Satellite Themes' around it.

\* Source: Bloomberg.

### Walker Crips Stockbrokers Limited

Investment Manager

5 February 2013

### 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.

### Reports and Accounts

This document is a short report of the CF Walker Crips Corporate Bond Fund for the half year ended 31 January 2013. The full Report and Accounts for the Fund is available free of charge upon written request to Capita Financial Managers Limited, Ibex House, 42 – 47 Minories, London EC3N 1DX and can be found on our website, [www.capitafinancial.com](http://www.capitafinancial.com), by following the link 'Fund Information'.

### 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 half year it covers and the results of those activities at the end of the half year.

# CAPITA

## MANAGER

Capita Financial Managers Limited

Head Office:

Ibex House

42 – 47 Minories

London EC3N 1DX

Telephone: 0870 607 2555

Fax: 0870 607 2550

Email: [enquiries@capitafinancial.com](mailto:enquiries@capitafinancial.com)

(Authorised and regulated by the  
Financial Services Authority)

## DIRECTORS OF THE MANAGER

C. Addenbrooke

N. Boyling

C. Hayes

K.J. Midl

J.E. Millan

R.M. Short

## INVESTMENT MANAGER

Walker Crips Stockbrokers Limited

Finsbury Tower

103 – 105 Bunhill Row

London EC1Y 8LZ

(Authorised and regulated by the  
Financial Services Authority)

## TRUSTEE

BNY Mellon Trust & Depositary (UK) Limited

The Bank of New York Mellon Centre

160 Queen Victoria Street

London EC4V 4LA

(Authorised and regulated by the  
Financial Services Authority)

## REGISTRARS

Capita Financial Administrators Limited

Customer Service Centre:

2 The Boulevard

City West One Office Park

Gelderd Road

Leeds LS12 6NT

Telephone: 0845 922 0044

Fax: 0113 224 6001

(Authorised and regulated by the  
Financial Services Authority)

## INDEPENDENT AUDITOR

KPMG Audit Plc

1 The Embankment

Neville Street

Leeds LS1 4DW

(Chartered Accountants)