CAPITA
FINANCIAL GROUP

CF TC Income Portfolio

a sub-fund of CF Turcan Connell Investment Funds

ACD's Interim Unaudited Short Report

for the half year ended 15 May 2011

Investment Objective and Policy

The investment objective of the CF TC Income Portfolio ('the Fund') is to provide a relatively high level of income along with some long term capital growth from a global portfolio of equities, bonds and collective investment schemes. There may be occasions when the Investment Manager chooses to hold a high level of cash or money market instruments. There will be no particular emphasis on any geographical area or any industrial or economic sector.

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 ACD 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
First Interim	15 February	15 April
Second Interim	15 May	15 July
Third Interim	15 August	15 October
Final	15 November	15 January

Total Expense Ratio

Expense Type	15.05.11 %	15.11.10 %
ACD's periodic charge	1.25	1.25
Rebate of ACD's periodic charge	-0.08	-0.08
	1.17	1.17
Other expenses	0.44	0.44
	1.61	1.61
Collective investment scheme costs	0.64	0.70
Total expense ratio	2.25	2.31

Distributions

Share Class	First Interim 15.02.11 pence per share	Second Interim 15.05.11 pence per share
Income	0.4938	0.7000

Price and Income History

Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2006	115.44	110.60	4.7109
2007	114.88	105.80	4.6088
2008	107.16	86.10	4.7004
2009	103.08	83.16	3.9491
2010	108.94	102.54	2.6192
2011*	109.60	107.01	1.8275

* To 15 May 2011.

Net Asset Value

Date	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
15.11.08	3,849,511	4,375,011	87.99
15.11.09	4,195,007	4,132,447	101.51
15.11.10	10,387,660	9,716,829	106.90
15.05.11	12,452,624	11,420,182	109.04

Fund Performance to 15 May 2011 (%)

	6 months	1 year	3 years	5 years
CF TC Income Portfolio	3.12	7.79	17.52	14.72
IMA Cautious Managed Sector*	3.78	7.44	10.67	14.71

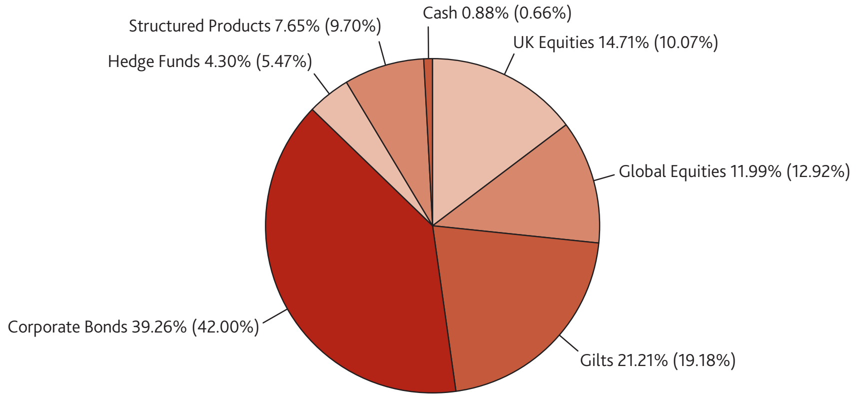
* *Source: Morningstar.*

The performance of the Fund is based on the net asset value per Income share with income reinvested.

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 15 November 2010.

Major Holdings

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

Holding	% of Fund as at 15.05.11	Holding	% of Fund as at 15.11.10
Templeton Global Total Return	7.95	Alliance Monthly Income Bond	7.71
PIMCO Total Return Bond	7.70	Legal & General Dynamic Bond	7.64
Alliance Monthly Income Bond	7.28	Templeton Global Total Return	7.32
Legal & General Dynamic Bond	7.20	PIMCO Total Return Bond	7.10
Schroder International Selection Strategic Bond	7.19	Aberdeen World Growth and Income	6.90
		Investec Sterling Bond	6.61
Aberdeen World Growth and Income	6.23	Treasury 1.25% index-linked 2017	6.44
Sarasin International Equity Income	5.76	Treasury 2.5% index-linked 2016	6.40
Treasury 1.25% index-linked 2017	5.57	Treasury 2.5% index-linked 2013	6.34
Treasury 2.5% index-linked 2016	5.50	Sarasin International Equity Income	6.02
CF Walker Crips Equity Income	5.50		

INVESTMENT MANAGER'S REPORT

Investment Review

The half year to 15 May 2011 saw the Fund's net asset value per share rise from 106.9p to 109.0p after two net distributions totalling 1.1938p. The increase on a total return basis over the period of 3.1% compares with a 3.8% increase in the IMA Cautious Managed Sector.

Whilst there has been a fairly troubled start to the year, quantitative easing appears to have delivered the liquidity catalyst that was so badly needed and the markets, although skittish, have shown tentative signs of recovery. This liquidity has not come without a price, however, and the primary undesirable consequence has been inflation. Firms across all sectors have undertaken some form of cost cutting, and a number of commentators have become concerned that we have already hit peak margins. We do not share this view, however, and believe the current situation is sustainable. The key question now is: Are the markets strong enough to survive without QE3? And if not, how long can they withstand the inflationary heat?

The US reporting season got off to a fairly positive start with many companies posting strong results. Whilst Bernanke has played his cards close to his chest, QE3 is looking increasingly unlikely and our outlook here is positive. Investors are now beginning to ask not if interest rates will rise but when and more importantly by how much?

Things are less rosy, however, on this side of the Atlantic. The UK economy continues to disappoint even reduced expectations and consumer confidence is low. Inflation remains stubbornly high but unless wage demands increase, thereby giving a further fillip to inflation, we think it is unlikely that interest rates will increase. It remains to be seen whether inflation will finally force the government's hand but until then, the consumer will continue to be squeezed.

Inflation has remained stubbornly high in the East too, especially in China and India (where food accounts for almost half the CPI). China has put pressure on the banks rather than increase interest rates for fear of an appreciating currency, but wage inflation has still accelerated sharply. The East is in danger of losing its competitiveness before domestic demand can take up the slack.

Elsewhere in the world disharmony rumbles on. In the Middle East and North Africa, geopolitical risk is becoming entrenched and we have yet to see an end to the European sovereign dilemma; the troublesome PIGS (Portugal, Ireland, Greece and Spain) have continued to spook the markets and time has already run out on the stop-gap Greek bail-out. However, whilst peripheral Europe may indeed remain fragile, and the politicking amongst member states has intensified, the interwoven nature of the German banking system gives us confidence that Europe will hold together in the long term.

Outlook

We remain selectively positive about equity markets and are particularly encouraged by the strength of American companies. However, these remain uncertain times for markets, and uneasy investors keep our portfolios defensive in nature. We have rebuilt equity exposure but continue to emphasise funds which invest in high quality, cash generative businesses and we keep a high weighting on alternative assets. However, 'Fast' money has found favour with mining and resources (which now account for almost 40% of the FTSE 100) and we remain wary of these sectors.

Whilst inflation remains a primary concern we continue to dislike fixed income. Government bonds, especially UK gilts, are doing little to protect purchasing power, and with investors seeking strong returns being driven to make riskier investments, high yield bonds have become particularly overpriced. For the more sophisticated investor, emerging market debt can prove an attractive investment, and there are some interesting opportunities developing in peripheral Europe.

The near meltdown at Japan's Fukushima nuclear plant led the Japanese markets to crash and headline figures looked particularly grim. But the worst effects have been discounted, and the rebuilding of power output could paradoxically boost the economy. There is evident value in the Japanese equity market.

The months ahead will no doubt prove testing. Markets may give us many opportunities, but the defensive nature of our established portfolio positions gives us confidence in our long-term strategic position.

Turcan Connell Solicitors & Asset Managers
Investment Manager
23 June 2011

Buying and Selling Shares

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm. Instructions to buy or sell shares 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 TC Income Portfolio for the half year ended 15 May 2011. 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.

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.

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J. Millan
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