sharefunds:

SF METROPOLIS VALUEFUND

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Interim Review March 2012

Fund Objective: The investment objective of the Company is to achieve long term capital growth mainly through investment in a concentrated portfolio of securities in listed companies.

Investment Policy: It is the Company's policy to invest mainly in securities (including shares and debt securities) of companies whose securities are admitted to or dealt in on Eligible Markets (as defined in Appendix 1) established in the EEA, the United States or Canada. At its discretion, the Company may invest in securities (including shares and debt securities) of companies whose securities are admitted to or dealt in on other Eligible Markets. The Company may also invest in money market instruments, UK government and public securities, deposits, cash and near cash, closed end funds, and regulated and unregulated collective investment schemes. The Company may utilise derivatives for efficient portfolio management purposes, including hedging. The Company may invest in new issues but is unlikely to invest in new issues to any significant extent. The Company anticipates that it will hold positions in 10 to 20 companies at any one time.

Risk Profile: The Fund is a United Kingdom Fund and is classed as medium-higher risk.

Fund Facts:

The first TER will be available in the first annual report - 30 September 2012

Performance Record:

Please find below a table of past performance for SF Metropolis Valuefund. Please note that past performance should not be seen as an indication of future performance and nor does this constitute a projection of future performance.

	Net return	FTSE Allshare total return	Relative performance
Inception to 30/03/2012:			%
Retail share class	2.73%	-0.06%	2.79%
Institutional share class	3.40%	-0.06%	3.46%

Performance figures shown are on a single priced basis including income re-invested and any charges levied on the fund, except any initial charge which may apply.

The SF Metropolis Valuefund was launched on 18 April 2011 and therefore there are no performance figures available for the years 2007 – August 2011. Please note that this information is up to date as of 31 March 2012. If you require up to date performance data please contact The Share Centre on 01296 41 41 41.

Investment Report:

The absolute return achieved in the first 12 months is not exactly the kind of performance we aspire to in the long-term, although it does represent a small outperformance against the market. For those of you who follow the daily pricing of the fund, we hope the relative lack of volatility in the price of your units during a period of high stock market volatility has been reassuring. The volatility of our investment style has been low for a concentrated fund. We do not necessarily believe that this is a permanent state for the fund, however there are some characteristics of our investment style which may support this over the longer term:

1. We tend to avoid businesses with a lot of debt in the balance sheet and these businesses are inherently more volatile because of the leverage.

2. We are risk averse and very focused on not losing money, preferring to be in cash than in an investment which has any degree of down-side risk in the long-term. We define downside risk as the permanent loss of capital caused by a deterioration in the fundamentals of a business we have invested in.

Cash

We are often asked "how much cash will you hold" or "do you ever go to cash if you feel that the market is too expensive". Cash is the default position. If we cannot find an investment at a sufficiently high margin of safety then we will not invest. Equally, if an existing holding rises to what we believe is its intrinsic value, then we would prefer to sell the holding.

There will be times, like today, when we are very heavily in cash (note at time of writing the cash position has reduced to 32%). This is not a statement of where we think the market is going. It is simply a reflection that our very intensive process has not found sufficiently compelling investments opportunities. We are prepared to accept short (and even) medium term underperformance compared to the markets in return for not compromising our painstaking process of finding investments which do not risk a permanent loss of our and our investors' capital. From the discussions, we have had with many of our investors, it is clear that they share this philosophy.

Divestments

Hornby

Early on in May 2011, we sold Hornby. We started looking at Hornby in late 2008 and spent a day down at their headquarters in Margate, grilling their management team (their description not ours) and getting an opportunity to see their design and distribution processes. Hornby has been buying up old toy brands – usually from administrators and owns some of the iconic brands of our childhood: in addition to Hornby, they own Corgi (collectable cars), Airfix, Umbrol (a high margin business providing paint in very small tins for model makers), Scalextric and some leading railway brands in France in Italy. We bought at a price of 76p in February 2009, which gave us a c50% Margin of Safety with no growth in the business's future profits. The share price of the stock when it was transferred into the fund was 111p. Following an upbeat outlook set out in its results presentation for the year to March 2011, the stock rallied to 137p. We considered that this was quite close to our view of its Intrinsic Value and therefore decided to sell for a 24% profit to the fund (in under two months) and an 80% profit from our original purchase price in 2009, excluding dividends. The share price has since fallen back to 90p and we continue to assess the opportunity to re-invest.

Home Retail

Home Retail was our most troublesome holding in 2011, not in terms of the share price (although this has been incredibly volatile) but in terms of the fundamentals. Over the course of the last twelve months, we had been buying the shares as they sunk down to prices as low as 75p in late 2011. In January and February 2012, the price jumped nearly 50%. This both reduced our margin of safety considerably and increased Home Retail's weighting in the fund, i.e. our risk. At the same time, our views on the fundamentals of the business moved in the opposite direction. Recent commentary from management led us to be concerned that they have lost confidence in its core business (Argos) and are considering radical changes. We reduced our intrinsic value for Home Retail and, given the sharp rise in its share price, it no longer offered a margin of safety that was sufficiently great to compensate for the risks of owning it. We sold our stake at a price of 121p. We managed to make a small profit on our entire investment. This is not at a level that is going to keep us or our other investors happy but, given that the share price had fallen by 44% since we bought in at the start of the fund, it was an achievement of sorts. As Buffett says, the first rule of investing is not to lose money, the second rule is to remember rule number the first rule. Since, we sold out of Home Retail, the share price has dropped back to 70-80p. However the news on the business continues to deteriorate and we are even less convinced today that management will sensibly allocate their net cash and cashflow. We will continue to watch and assess Home Retail.

Investments

During the 11.5 months, we initiated new positions in Berkshire Hathaway, Johnson & Johnson, Tesco and Apple.

Berkshire Hathaway

In many ways, we know Berkshire Hathaway better than any other company. We have read the annual reports going back to 1977, have followed the company's every move from the mid 1990s onwards and have attended the AGMs for the last 10 years. In the last few years it has not looked cheap enough for us to invest in. However, the price fell c20% in 2011, whilst the fundamental strength of the business was improving; we had an opportunity to buy into a business which we believe generates c$16-17bn post tax cashflow (this includes the look through earnings of its investments in listed companies) at a market cap then of $160-180bn. Being able to buy a business of this quality, which is generating *growing* cashflows at that price is very attractive in valuation terms.

Adding up the earnings power of the different segments of the company also showed how little it depends on the deals that Buffett does personally to earn its cash. Another attraction for buying Berkshire at this stage of the economic cycle is that, to an extent, there is downside protection. If the US / global economy is going into a second recession, then this will present Berkshire with new compelling opportunities to deploy its significant cash resources at high rates of return, which will add further to the future value to the business

Following our analysis, we built a position of c8% of the fund during late July and August at an average price of $74.90. Interestingly, a few weeks later Buffett announced that he would be carrying out share buy backs at a price of up to book value + 10% - i.e. a price then of $74-75. At the shareholders meeting in May 2012, Buffett made it very clear that he was doing this because at that price, the shares were trading at a significant discount to his view of its intrinsic value. It was reassuring to hear that Buffett agreed with our analysis.

Tesco

Tesco has an asset backed share price, which today provides an earnings yield of 11% with a dominant position in UK food retail and growing and generally profitable overseas businesses. We liked the new management's focus on return on capital and felt that the price it reached last year offered a reasonable margin of safety. We have continued to buy the shares as they dropped both last August and in the first few months of this year. With an average price in of £3.72, the short term performance of Tesco's share price has been a drag on the fund and we have suffered from a common curse for value investors of buying too early. However, we continue to believe that this will be a strong long-term hold for the fund.

Johnson & Johnson

By profit, Johnson & Johnson's business is 48% medical devices, 36% pharmaceutical and 13% consumer healthcare. Most of the medical devices businesses have enduring franchises with wide moats, created by building brand knowledge, trust and loyalty with the surgeons who utilise them. In the pharmaceutical industry, the barriers are not primarily in the R&D process but in the industrial process of testing, approvals, patents, marketing and distribution, where vast financial and operational (global) scale is needed. This is why Biotech companies will almost always look to sell to or partner with one of the big traditional pharma companies. Within consumer healthcare, J&J owns some powerful and durable brands which provide a very powerful 'moat'.

We started buying into Johnson & Johnson in April at a share price of $64 with a margin of safety of c.30% compared to our view of its intrinsic value.

Apple

As investors in Microsoft, we have followed Apple and its remarkable rise for a number of years. More recently, we have become increasingly aware of the strength of Apple and in particular the iPad as a content delivery platform - the publishing business which we own is rolling out a number of iOS versions of magazines that it publishes. We have, however, always been wary of it as an investment as it has traded at high multiples and it has, historically, created "hit" products (such as the Apple II and the original Mac) that subsequently lost their lustre as cheaper competitors chipped away at its market share. We also felt that it might be dangerously reliant on its founder, Steve Jobs.

On 24 January, Apple came out with a set of results that were so remarkable that they temporarily left it on a single digit forward PE multiple when you stripped out the cash. This is very unusual for a company growing at 70%+ p.a. This low PE occurred at a time, when our conviction that Apple has a durable franchise was growing. This caused us to evaluate Apple more closely as a potential investment. In valuation terms, as long as it grew slightly in the current year and remained at that level in the future it looked compelling. The key question that we had to take a view on was therefore *not* whether it would grow significantly from where it was, but whether it would sustain its current level of sales and margins in the long term.

Our analysis focused on assessing what underpinned its competitive advantage and how durable these "moats" were likely to prove to its business. Through this process, we built comfort that Apple has significant moats around its business that should protect it for years to come. In particular, we believe that the iPad may become a natural monopoly in the tablet world in the same way that Windows has in the PC world. The difference is that Apple makes a much bigger margin from each iPad than Microsoft does from each copy of Windows, because it sells the whole product and charges a premium price. The iphone franchise we are less convinced by as the phone market is one that has seen several companies grab a lead and then lose it. It appears to be a very fashion driven sector. However, the fact that smartphones are now really computer platforms which are used primarily for their apps and their capability to store and manipulate data (including music) suggests that people will in the future be more reluctant to move away from a particular platform than they were when all they had to move was their phone contacts. Finally, perhaps the strongest aspect of Apple's business is its Mac franchise. This is now growing at 25% p.a. and Apple has over 90% of the sales of $1000+ PCs. So the Mac, which has a very long history, is now perceived as the high end PC of choice for an increasingly large number of people. It is the only luxury brand in the sector.

The other factor that we had to consider is the extent to which Apple was reliant on Steve Jobs and his untimely death might undermine its ability to produce such popular products in the future. While there can be no certainty on this point, our feeling is that Apple has a team of senior people who fully understand Jobs' vision and who should be able to continue it. We also feel that the three main product categories (iphone, ipad and mac) are in fact quite mature designs that will not need to be radically changed over the next few years. Improvements, of which there will be many, will therefore not need the same level of creative flair as their original design. Nevertheless, this is an area that we will be watching closely.

Our analysis builds in no upside from anything that Apple might do in other areas such as TV and does not assume significant further growth from emerging markets or indeed anywhere else. We started investing in early February and used market weakness in mid February to top up our position. Our average price in was $487. Since we invested the share price has increased by about 20% which has reduced our margin of safety. If the price keeps going up with no improvement in the fundamentals, our next report may well be explaining that we have sold our position.

Net asset value per share

The net asset values for the accounting dates since launch are:

Accounting Date	*Share Class*	*Total Net Asset Value £000's*	*Net Assets per Share*	*Number of Shares in Issue*
31/03/12	*Institutional Accumulation*	*£8458*	*103.40p*	*8,179,469*
31/03/12	*Retail Accumulation*	*£325*	*102.73p*	*316,380*
31/03/12	*Institutional II Income*	*£308*	*103.40p*	*298,121*
31/03/12	*Retail Income*	*£11*	*102.73p*	*10,955*

Price record

Year		*Accumulation Shares Highest Pence*	*Accumulation Shares Lowest Pence*
*2011**	*Institutional Accumulation*	*101.55*	*93.94*
	Retail Accumulation	*101.49*	*93.78*
	Institutional II Income	*101.55*	*93.94*
	Retail Income	*101.55*	*93.94*
*2012***	*Institutional Accumulation*	*103.95*	*98.13*
	Retail Accumulation	*103.28*	*97.65*
	Institutional II Income	*103.95*	*98.13*
	Retail Income	*103.28*	*97.65*

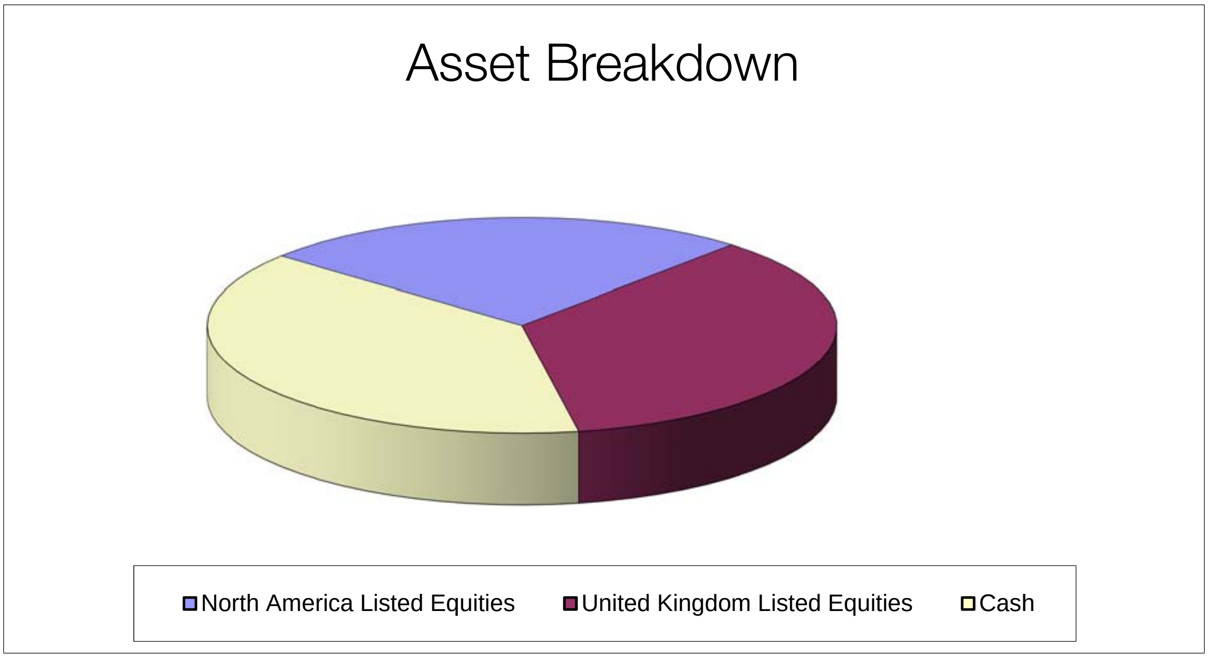
**from 18 April 2011*
*** 01 January 2012 to 31 March 2012*

Distribution Record

The fund has not paid any distribution or accumulation since launch.

Portfolio Information

Classification of investments



Top 10 Holdings:

The table below shows the top 10 investments held by % of fund value 31 March 2012.

Holding	Mar 2012
Microsoft Corp Com Stk	8.07%
Berkshire Hathaway B	7.62%
K3 Business Technology Group Plc Ord 25p	7.08%
Tesco Plc Ord 5p	6.23%
Glaxosmithkline Plc Ord 25p	6.19%
Johnson & Johnson Com Stk Usd1	5.83%
Maxima Holdings Plc Ord 1p	4.84%
Halfords Group Plc Ord 1p	4.78%
Idox Plc Ord 1p	4.14%
Apple Inc Com Stk Npv	3.97%

Reports and Accounts:

The information in this review is designed to provide shareholders with an overview of the Fund's performance during the half-year period to 31 March 2012. The investments referred to in this document may not be suitable for every investor and if in doubt you should consult a financial adviser. This document is not intended to constitute an invitation or inducement to buy or sell investments and does not constitute a personal recommendation. For more information about the activities and performance of the Fund during this and the previous periods, please contact the Authorised Corporate Director.

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Auditor:	Deloitte LLP, Bristol.

Copies of the Full Annual and Interim Report and Accounts of this Fund are free and are available on request from the Authorised Corporate Director.