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KEY FACTS

Launch Date

31 October 2002

Fund Size

£22M

Historic Yield

3.9%

Unit Types

Income

Accumulation

Distribution Dates

31 March & 30 September

Initial Charge

4.0%

Annual Management Fee

1.0%

ISA Status

Eligible

Minimum Investment

£1,000

Monthly Investment

£100

Minimum CTF Investment

£250

Note: CTF - Child Trust Fund

Regulatory Status

Authorised and Regulated by the Financial Services Authority

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CF Walker Crips Corporate Bond Fund

Factsheet | December 2011

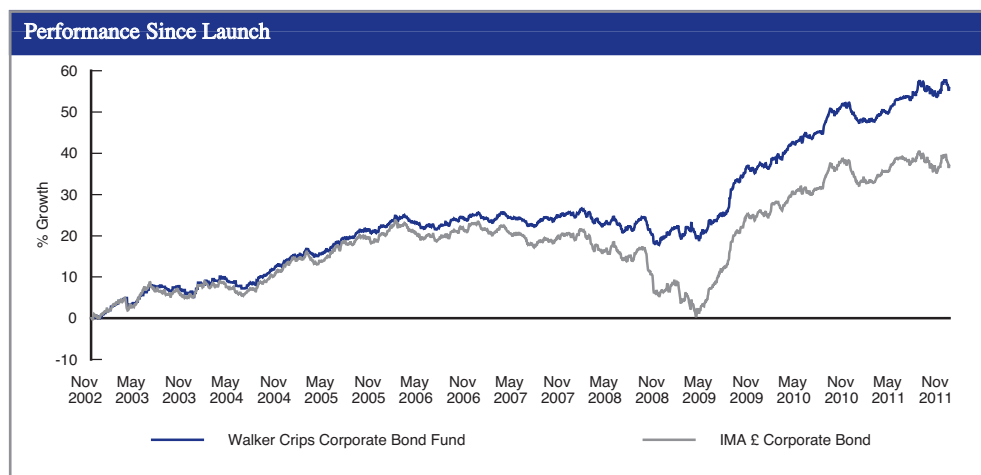
Investment Objective

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.

Investment Philosophy and Portfolio Structure

A risk-averse style of management that is not intended to either “shoot the lights out” on performance or generate income at the expense of capital. Fund structure is based upon our assessment of likely UK and global monetary policy, with investment selection based upon criteria that include corporate financial health and earnings outlook.

Performance and Statistical Information



Source: Lipper Hindsight, TR, no initial charge, income reinvested, gross, to 30/11/2011

Cumulative Performance	6 Months	1 Year	3 Years	4 Years	5 Years	Since Launch
<b>Fund</b>	1.84	4.62	30.55	24.82	36.67	56.12
<b>Sector Average</b>	-0.63	3.51	34.28	18.34	30.86	51.80
<b>Position in Sector</b>	19	28	53	17	18	18
<b>No of Funds in Sector</b>	91	90	80	71	67	53
<b>Quartile Ranking</b>	1	2	3	1	2	2

Source: Lipper Hindsight, TR, no initial charge, income reinvested, gross, to 30/11/2011

Discrete Annual Performance	30/09/10	30/09/09	30/09/08	28/09/07	29/09/06
	30/09/11	30/09/10	30/09/09	30/09/08	28/09/07
<b>Fund</b>	2.06	11.68	11.73	-2.68	-0.30
<b>Sector Average</b>	-0.10	13.30	12.52	-5.80	-1.54

Source: Lipper Hindsight, TR, no initial charge, income reinvested, gross, to last quarter end 30/09/2011

Please remember that past performance is not a guide to the future.

## TOP TWENTY HOLDINGS (%)

GlaxoSmithKline	3.3
5.25% 19/12/2033	
Tesco	2.0
5.5% NTS 13/12/2019	
Reed Elsevier Investments	2.0
5.625% 05/10/2016	
British Telecom	1.8
3.50% 25/04/2025	
GE Capital	1.8
5.125% 24/05/2023	
Imperial Tobacco Finance	1.8
9% 17/02/2022	
Roche Holdings	1.8
5.5% 04/03/2015	
National Grid	1.7
6.125% 15/04/2014	
Australia & NZ Bank	1.7
4.75% 12/2018	
Tesco	1.6
4% 08/09/2016	
RSA Insurance Group	1.6
7.375%	
Southern Water	1.5
6.125% 31/03/2019	
GDF Suez	1.5
6.125% 11/02/2021	
Tesco	1.5
5.2% 24/08/2018	
BG Energy Capital	1.5
5.125% 7/12/2017	
Anglian Water	1.4
2.262% 01/08/2045	
London Power	1.4
5.125% 11/11/2016	
Vodafone Group	1.4
5.9% 26/11/2032	
British Telecom	1.4
5.75% 07/12/2028	
Commonwealth of Australia	1.4
4% 20/08/2020	
<b>Total</b>	<b>34.1</b>

Source: Internal

## CONTACT US

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### Investment Commentary

More than enough has already been written and spoken about the so-called Eurozone sovereign debt crisis. Suffice it for us to add that Chancellor Merkel did not blink and, in our opinion, will not blink. She appears to see this as a once-only opportunity to bring profligate states to fiscal heel - if she fails, then, as far as she is concerned, the Eurozone would be doomed. As chief paymaster to the Eurozone, Germany will ensure that banks and the banking system will be protected, but not the self-indulgent lifestyles to which over-indebted peripheral states have become accustomed. If that means many years of grinding downward readjustment to wages and standards of living within Europe's periphery, then so be it - Germany mastered just such a challenge following re-unification, and again after adopting the euro at an overambitious exchange rate. Sie werden sich noch daran gewöhnen müssen - get used to it.

As far as bondholders are concerned, probably the most important issue over the next two or three years will be the maturation - and need to refinance - truly enormous sums owed by both governments and banks. The rollover of government debt will be in addition to the need to finance budget deficits. The risk of these colossal borrowers driving up interest rates, thereby 'crowding-out' other corporate borrowers from the private sector and stifling hopes of an economic recovery, is real. In this sort of environment, it seems to us almost inconceivable that the Bank of England (and the US Federal Reserve, and the European Central Bank) would not engage in substantial further quantitative easing - creating new 'imaginary' money (all money is, of course, imaginary: only faith and the concept of 'legal tender' ensure that it can be exchanged for goods and services of real value) with which to purchase the upcoming huge issuance of government bonds ('gilts' in the UK).

We remain disenchanted with the outlook for the UK domestic economy, and see no good reason why companies not possessed of unique Intellectual Property should expand productive capacity within an economy burdened by statutory minimum wages hopelessly out of line with even the world's wealthiest superpower (never mind wages within emerging and developing economies), by the costs of gross government over-employment, and by a location just about as far from the faster growing regions of the world as it is possible to get. This implies a bleak outlook for employment, wage growth and consumer demand, and would normally suggest low Sterling interest rates for some time to come. However, despite that, and although UK consumer price inflation appears likely to decline as prices for raw materials and energy ease, and the one-off impact of last January's hike in VAT drops out of the equation, we find it difficult to believe that we will see sustained disinflation within the UK. If, as we have suggested above, we are to see substantial further quantitative easing, coupled with weak economic activity, then it seems to us likely that Sterling will continue to decline against the currencies of countries possessed of resources and/or stronger economic growth, and that this will feed through into imported upward price pressure. For this reason, we have added an investment in Australian Government 4% index linked bonds, which will sit alongside our Sterling index-linked corporate bonds issued by Anglian Water, British Telecom, Legal & General, South Eastern Power and Tesco.

As the graph on this factsheet illustrates, the Fund has delivered long term outperformance of its peer group (the IMA Sterling Corporate Bond sector), which has been coupled with relatively modest volatility and a degree of resilience to downturns. This combination of performance, resilience and modest volatility has resulted in the Fund being rated '5 Crowns' by Financial Express - the highest such rating available.

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