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WCAM WALKER CRIPS ASSET MANAGERS

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THE WHITE LIST Principal Income Study 2010

Money Observer Fund Awards 2010 Highly Commended Best Income Growth Fund CF Walker Crips Equity Income

FUND MANAGERS

Stephen Bailey
Jan Luthman

KEY FACTS

Launch Date
31 October 2003

Fund Size
£118M

Historic Yield
3.8%, net after 10% tax credit

Unit Types
Income
Accumulation

Distribution Dates
31 March & 30 September

Initial Charge
5.0%

Annual Management Fee
1.5%

ISA Status
Eligible

Minimum Investment
£1,000

Monthly Investment
£50

Minimum CTF Investment
£250

Note: CTF - Child Trust Fund

Regulatory Status
Authorised and Regulated by the Financial Services Authority

A Fund managed by Walker Crips Asset Managers Limited. Please refer to the disclaimer and/or visit our website at wcwb.co.uk for our policy regarding conflict of interest. This marketing communication has not been prepared in accordance with legal requirements to promote the independence of investment research and is not subject to prohibitions on dealing ahead of the distribution of research.

CF Walker Crips Equity Income Fund

Factsheet | August 2010

Investment Objective

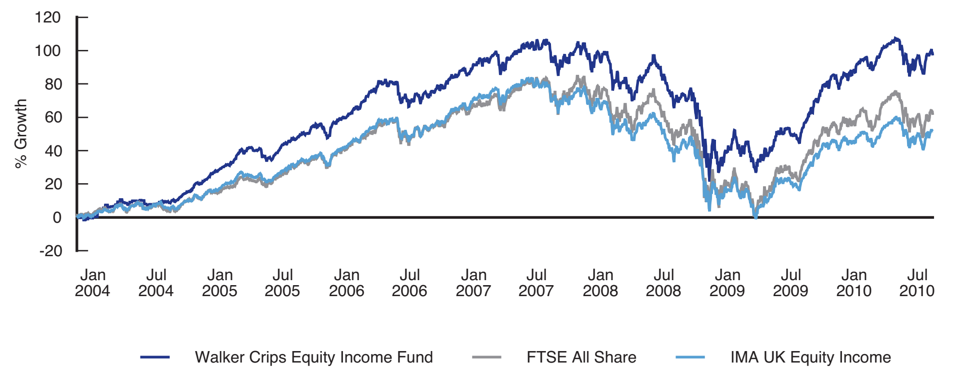
To provide unitholders with a rising level of income, together with capital growth. In providing an above average level of income, particular attention will be paid to capital security and maintenance. There is no restriction on the economic sectors or geographical areas in which the Fund may invest, however, the investments will be predominantly in ordinary shares of UK companies. The Fund has been assigned to the IMA UK Equity Income & Growth sector. A substantial portion of the income received from corporate bonds purchased during the year to 31 July 2009 was regarded as return of capital, not distributable income, thereby depressing the fund yield. That anomaly has now vanished, and we intend and expect the Fund to return to the IMA Equity Income sector at the earliest opportunity. In the meantime, performance statistics refer to the Fund's ranking within the IMA Equity Income & Growth sector. For comparison purposes, the graph of performance includes both sector indices, as well as the FTSE All Share Index.

Investment Philosophy and Portfolio Structure

Combination of "top-down" and "bottom-up" analysis, with volatility contained by diversification and tight limits on stock-specific exposure. Portfolio structure shaped by global political, economic and social issues. Stock selection criteria include business model, management, financial strength and relative valuation. The Fund will, from time to time, seek to capture short-term trading opportunities as well as longer-term investment value.

Performance and Statistical Information

Performance Since Launch



Source: Lipper Hindsight, TR, no initial charge, income reinvested, gross, to 31/07/2010

Cumulative Performance	3 Months	6 Months	1 Year	3 Years	5 Years	Since Launch
Fund	-2.77	3.72	24.38	0.85	32.90	97.06
FTSE 100	-4.51	3.39	18.18	-6.82	19.90	56.58
FTSE All Share	-4.40	4.04	19.35	-7.37	22.69	61.47
Sector Average	-3.03	4.24	18.83	-10.28	17.12	56.99
Position in Sector	42	55	9	10	10	3
No of Funds in Sector	104	104	103	91	80	71
Quartile Ranking	2	3	1	1	1	1

Source: Lipper Hindsight, TR, no initial charge, income reinvested, gross, to 31/07/2010

Discrete Annual Performance	30/06/09 30/06/10	30/06/08 30/06/09	29/06/07 30/06/08	30/06/06 29/06/07	30/06/05 30/06/06
Fund	26.49	-15.32	-12.65	16.38	19.40
Sector Average	19.25	-16.23	-17.93	17.21	17.92

Source: Lipper Hindsight, TR, no initial charge, income reinvested, gross, to last quarter end 30/06/2010

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

TOP TEN HOLDINGS (%)

Pearson	5.0
Royal Dutch Shell	5.0
AstraZeneca	4.9
BT	4.9
Reckitt Benckiser	4.9
Vodafone	4.8
GlaxoSmithKline	4.8
Smiths Group	4.8
British American Tobacco	4.6
Imperial Tobacco	4.6
Total	**48.3**

Source: Internal

MARKET SECTOR SPLIT (%)

Pharma & Biotech	12.4
Oil & Gas Producers	9.5
Tobacco	9.2
Mining	8.1
Food Producers	5.5
Aerospace & Defense	5.4
Media	5.4
Mobile Telecoms	5.3
Fixed Line Telecoms	4.9
Household Goods	4.9
Other	29.4

Source: Internal

MARKET CAP BREAKDOWN (%)

Large - FTSE 100	76.3
Mid - FTSE 250	4.4
Small	9.2
AiM	0.7
Other	1.7
Cash	7.7

Source: Internal

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Yield (accumulation units as at 31 July 2010)

Distributions per unit declared for the year ended 31 July 2010 were: interim 31 January 2.8201p, final 31 July 4.3533p. Total 7.1734p. That is an increase of 11.5% on the total distribution of 6.4344p for the previous year ended 31 July 2009 (all distributions refer to accumulation units). Based upon a unit mid-price of 189p, that would be equivalent to a yield of approximately 3.8%.

Investment Commentary (as at 31 July 2010)

Our move to a more defensive structure during Q1 served us well in Q2, but has been a drag on performance during July, as fears over sovereign debt and European banks subsided and appetite for risk recovered.

Central banks on both sides of the Atlantic have indicated that quantitative easing might be resumed if economic recovery were to falter. Those of a Machiavellian bent might read into this an unspoken side agenda of dislodging the Chinese Renminbi from its pegged exchange rate. We do not know whether the Chinese administration subscribes to this view, but it would help explain their determination to convert foreign currency holdings into real resources - raw materials, energy, agricultural land - and the development of their own infrastructure. Real assets offer a rare combination of protection against debasement of currencies, and upside cover in the event of recovery.

Our view of the UK domestic economic outlook remains gloomier than that implied by market valuations. The new(ish) coalition government has confirmed that reduction of the public sector deficit remains a priority. The need to do so via lower spending rather than higher taxes reflects not political dogma but the realities of globalisation - squeezed lemons no longer squeak, they simply emigrate to fiscally friendlier climes. Instead, we expect to see increases in taxes on things that cannot emigrate - road tolls, bridge tolls, congestion charges, property taxes etc - along with reductions in state participation in, &/or subsidy of infrastructure projects (including rail travel). The impact on consumer spending will be slower and more insidious than hikes in personal tax rates, but none the less real. They will also tend to push up inflation.

Employment remains weak. Numbers in part time or temporary employment continue to rise to record new highs, while annual growth in private sector regular pay (1%) is less than one third of Consumer Price Inflation (3.2%), and just one fifth of Retail Price Inflation (5.0%). The erosion of consumer confidence and spending power is remorseless. We see little commercial reason why companies exposed to global competition should choose to expand employment in an economy where growth is slowing and employment costs are amongst the highest in the world. It seems to us likely that high unemployment and a widening wealth gap will be with us, and other 'western' economies, for years to come, and will present significant social and political challenges.

The Fund continues to focus on large international companies with substantial earnings from rapidly expanding emerging economies.

The Fund is overweight in the following sectors:

Pharmaceuticals: the entire global population will get old, sick and die; all want to buy medicines that can cure, prevent or delay this; a growing proportion can afford to.
Tobacco: secure earnings stream; shift to higher margin premium brands in emerging markets.
Food Producers: global brand strength; rising demand and pricing power in emerging markets.
Aerospace & Defence: international terrorism and global political tensions unaffected by recession.
Telecommunications: rapid growth in global data traffic, pricing power as demand exceeds capacity.

Cash: approx. 7.7% as at 31 July 2010.
Fixed Interest (Corporate Bonds): approx. 1.1% as at 31 July 2010.
Gold Bullion: approx. 0.4% as at 31 July 2010.

The Fund is underweight in the following sectors:

Banks: beset with political, regulatory, financial and economic risk.
Life Assurance: austerity and market uncertainty deter saving and investment; Asian regulatory pressure for increased disclosure & lower margins.
General Retailers, Hotels, Restaurants, Pubs: tight consumer credit, higher taxes, declining full-time employment.
House-builders: mortgage lending still tight, affordability still stretched, full-time employment still falling, market overhung by delinquent mortgages, government subsidies being withdrawn, finance of buyer deposits weakening balance sheets, higher taxes ahead.
Utilities: Fund holds International Power, but no UK-centric utilities: lower energy use by industry and households; political and regulatory risk; costs of incorporating 'renewable' power.