

## Annual Short Report - 01 March 2013 to 28 February 2014

# ConBrio UK Opportunities Fund

### Fund Facts

Launch date:	01 June 2007
Ex-dividend dates:	1 December, 1 March, 1 June and 1 September
Income dates:	27 February, 27 May, 27 August and 27 November
IMA Sector:	UK All Companies

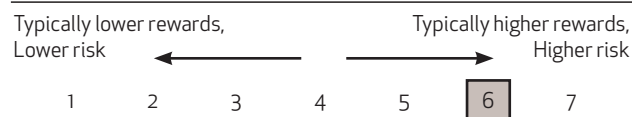
### Investment Objective and Policy

To invest primarily for long term capital growth from a portfolio of investments. The investment policy of the Fund is to actively invest in those companies, primarily within the UK, where the Manager believes there are above average opportunities for growth.

### Investment Risks

The Fund holds equities concentrated by location in the UK. Equities tend to experience higher volatility than many other asset types such as bonds or money market instruments. Funds concentrated in one geographic location are more vulnerable to market sentiment in that specific location and can carry a higher risk than funds holding more diversified assets.

### Risk and Reward Indicator (RRI)



The fund is ranked as six because it has experienced relatively high rises and falls in value over the past five years. Please note that even the lowest ranking does not mean a risk-free investment.

### Ongoing Charges Figures (OCF)

	28.02.2014	28.02.2013
General Income & Accumulation Shares	1.88%	2.03%
Institutional Income Shares	1.38%	1.54%
Charity Income Shares	1.13%	1.30%

The ongoing charges figure is based on the last year's expenses for the period ending 28 February 2014 and may vary from year to year. It excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another fund).

### Performance Record (in pence per share)

Share Class	General Income		General Accumulation		Institutional Income		Institutional Accumulation		Charity Income	
	High	Low	High	Low	High	Low	High	Low	High	Low
Price										
2009	231.08	137.20	232.27	137.93	233.07	138.86	236.76	140.11	-	-
2010	277.33	212.70	279.61	213.80	280.61	215.11	286.64	218.52	-	-
2011	286.74	224.78	288.98	228.04	290.88	227.70	291.86	270.17	-	-
2012	285.85	240.56	290.07	244.12	290.20	244.49	-	-	286.70 <sup>2</sup>	255.17 <sup>2</sup>
2013	339.98	281.97	351.39	287.97	344.81	285.95	-	-	347.94	288.54
2014 <sup>1</sup>	347.48	324.46	359.14	335.35	352.68	329.23	-	-	356.02	332.30

<sup>1</sup>To 28 February 2014.

<sup>2</sup>From 18 July 2012 to 31 December 2012.

### Net Asset Values (in pence per share)

Share Class	General Income	General Accumulation	Institutional Income	Institutional Accumulation	Charity Income
28.02.2012	281.49	285.64	285.72	-	-
28.02.2013	296.60	303.05	300.66	-	303.32
28.02.2014	345.35	356.93	350.34	-	353.45

### Dividend Distribution (in pence per share)

Period end	Paid	General Income	General Accumulation	Institutional Income	Institutional Accumulation	Charity Income
31.05.2013	27.08.2013	1.8395	1.8903	2.2552	-	2.4721
31.08.2013	27.11.2013	1.3855	1.4378	1.8023	-	2.0182
30.11.2013	27.02.2014	0.3730	0.3731	0.7896	-	1.0036
28.02.2014	27.05.2014	-	-	0.1925	-	0.4064

## Review & Outlook

During the reporting period, the Fund achieved a total return of +17.8%.

During the period, we continued to move the portfolio further towards the more concentrated approach of our core style, exiting positions in larger stocks such as BP, GlaxoSmithKline and the holding of Glencore that resulted from the takeover of the previous holding in Xstrata that was acquired by the Swiss commodities house. In each of these cases we felt that the immediate prospects for these companies did not offer sufficient opportunities for growth nor did the valuations at the point at which we sold them offer an imminent re-rating.

New holdings added to the portfolio during the period included the Irish head-quartered dairy group Glanbia, the reinsurance specialist Lancashire Holdings, cinema group Cineworld and data centre operator Telecity. In addition, we allocated further funds to already established holdings in BT and oilfield services firm Petrofac. Glanbia is predominantly active in the US cheese market but is increasingly finding success at marketing the whey byproducts from its dairy plants as high-protein dietary supplements. Previously the preserve of body builders, such supplements are increasingly being marketed to a much wider audience of casual gym-goers as well as finding their way into other "healthy" processed food items such as cereal bars thanks to their low fat/carbohydrate content. The margins for this division within Glanbia are significantly ahead of the dairy operations so the overall group margin is on an improving trend as the earnings mix shifts to include a greater contribution from the whey business.

Having previously owned Telecity shares in the past, we returned to the group recently after the results presentation and strategy update rather underwhelmed the market. Expectations amongst investors have become too pessimistic in our view with the market not giving the group credit for its growth thus far amid concerns that planned capital expenditure might dent future returns to investors. With high barriers

to entry and a high margin model, the network-independent data centre group nevertheless has an underlying return profile that is extremely stable and has scope to grow further.

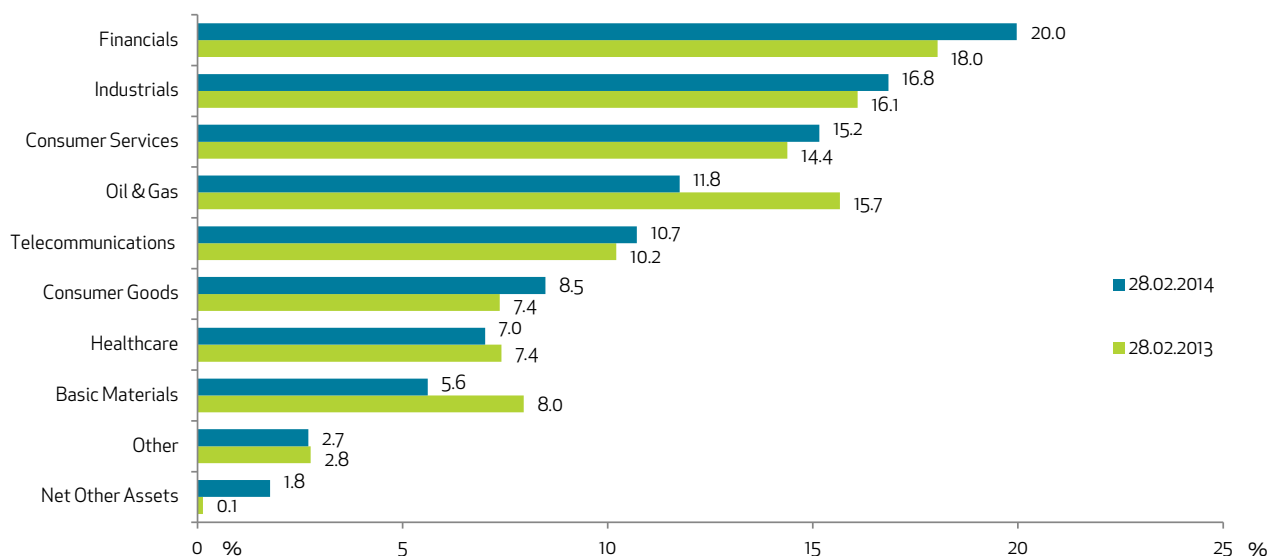
We added to BT after the successful securing of rights for its new television service. With a strong customer uptake, the prospects for the group appear very bright. The addition to Petrofac was predicated on further growth from its record high bid pipeline coming through as management continue to be successful at converting bids to orders.

We view the prospects for 2014 with rather mixed feelings. Having navigated 2013 successfully with the Fund enjoying strong outperformance against a rising market, the health of the UK economy is arguably better than at this point in the year twelve months ago. However, with UK equities in aggregate having enjoyed double-digit percentage rises in their share prices, the ratings of the same companies have advanced even further. This leaves UK shares looking less obviously "cheap" than our assessment last year and as a consequence, there is an element of companies having to "run-to-standstill" this year in terms of delivering earnings against these heightened expectations. We are happy that our move into companies with a greater capacity to drive their own future growth this year rather than rely on a rising market or expanding multiples will deliver results for shareholders.

Source: Castlefield Investment Partners, March 2014. Performance data taken from FE Analytics, quoted on a total return, bid to bid, UK sterling basis. Past performance is not a guide to future returns.

The full Investment review is available in the Long-form Report & Accounts, which is available on request, or from the Fund's website, [www.theconbrionfunds.co.uk](http://www.theconbrionfunds.co.uk)

## Asset Allocation



### Top Ten Holdings as at 28.02.2014

Hikma Pharmaceuticals	4.45%
Whitbread	4.34%
BT Group	4.22%
Brown (N) Group	4.02%
IG Group	3.91%
BG Group	3.85%
Prudential	3.78%
Meggitt	3.61%
Kentz Corporation	3.42%
Babcock International	3.38%

### Top Ten Holdings as at 28.02.2013

BG Group	4.48%
BP	4.42%
Vodafone Group	4.33%
Standard Chartered	4.12%
Hikma Pharmaceuticals	3.56%
Meggitt	3.55%
Rio Tinto	3.47%
IG Group	3.36%
Babcock International	3.36%
BT	3.28%

# What Does It Mean?

If you come across the odd word or phrase within your report that you are unfamiliar with, here is a glossary to help explain a few key terms.

## Accumulation Shares

Any income made by the Fund will be reinvested to grow the value of your investment.

## Alternative Assets

Types of non-traditional investments, which could include hedge funds and commodities for example and which are designed to help diversify a portfolio as they tend not to move in the same direction as the stock market.

## Autocall

An autocall structured product has the potential to mature before the end of the product's life, if certain predetermined market conditions are reached. The investor will usually receive a pre-defined return.

## Bonds

Issued by companies or governments and similar to a loan in nature, usually paying a fixed or variable interest rate.

## Corporate Bonds

Issued by companies and similar to a loan in nature, usually paying a fixed rate of interest.

## Credit Rating

A score awarded by an independent rating agency to indicate the financial strength of the issuer of a corporate bond, and the potential for a default on interest and principal payments. Bonds issued and backed by developed market governments are generally considered superior to bonds rated 'AAA'. The top credit rating is 'AAA'. The lowest rating to be considered 'investment grade' is 'BBB'. Below 'BBB', bonds are termed 'sub investment grade' or 'high yield'.

## Credit Spreads

Can be used to describe the difference in yield between securities, due to different credit quality.

## Duration

A measure of the price sensitivity of a fixed income investment / fund to a change in interest rates.

## Equities

Another name for shares in a company.

## Fixed Income Assets

Investments that pay out a set level of income, such as bonds or gilts.

## FTSE® 100 INDEX

A share index of the 100 largest companies, by market capitalisation, listed on the UK stock exchange and could include, for example, familiar household names such as BP, Marks & Spencer and Vodafone.

## Funds

A general term used to describe collective investment schemes, such as unit trusts, open-ended investment companies and closed-ended investment companies.

## GDP

Gross Domestic Product (GDP) refers to the market value of all officially recognised final goods and services produced within a country in a given period.

## Gilts

A bond issued by the UK government.

## Hedging

A way of offsetting the potential losses that may be incurred by an investment.

## Income Shares

Any income made by the Fund will be paid out to you.

## Inflation Hedge

A way in which to protect capital against the effects of inflation.

## Investment Grade Bond

A bond that is assigned a rating in the top four categories by commercial credit rating companies. S&P classifies investment grade bonds as BBB or higher, and Moody's classifies investment grade bonds as BAA or higher.

## Investment Trust

A company set up to buy and sell shares in other companies and is run by a Board of Directors.

## LIBOR

The average interest rate estimated by leading banks in London that they would be charged if borrowing from other banks.

## Market Capitalisation (market cap)

The total value of the shares of a company.

## Net Asset Value (NAV)

Used to value shares of a company, calculated by taking the total assets and deducting the total liabilities.

## OEIC

An 'Open Ended Investment Company' - this is similar to a unit trust. Investors pool their money together to invest in a range of different assets such as bonds, equities, property, cash etc. Each OEIC will have an investment objective, stated in a prospectus document, which could be to produce long term growth or generate a regular income.

## OCF

The Ongoing Charges Figure (OCF) is designed to give you an accurate measure of what it costs to invest in a fund and helps you compare this cost between different funds. It includes the annual management charge (used to pay the investment manager, fund accountant and fund administrator for example) and other operating costs, such as fees paid to the Trustee, Auditor, Custodian and Regulator.

## Options

A financial contract that enables the holder to purchase or sell a certain number of shares at a future date and at a known price.

## Quantitative Easing

A government policy used to increase the money supply within an economy, by flooding the financial system with money.

## RRI

The Risk and Reward Indicator (RRI) demonstrates where a fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indicator of the future risk profile of the Fund.

## Structured Products/Investments

A group of financial instruments which frequently combine the potential upside of market performance with limited downside. They may also provide a fixed return in exchange for accepting a degree of risk or may generate gains from market falls. They can also be used within a Fund to help manage the impact of large stockmarket fluctuations.

## Synthetic Zeros

A form of structured product which also has a pre defined return profile and a set maturity date whilst being exposed to a degree of credit and equity market risk. Synthetic zeros are usually linked to major, well known indices, such as the FTSE 100, but with much less risk than investing directly in the index itself.

## Top Down Asset Allocation

An investment approach that looks to review the economic landscape prior to delving down into sector and company specifics.

## Transferable Securities

A general term used to describe a broad range of investments such as bonds and company shares for example.

## Volatility

Refers to the frequency and severity with which the price of an investment goes up and down.

## Weighted Average Maturity (WAM)

The average time until maturity of all the underlying holdings of a fund.

## Yield

The amount of income paid or expected to be paid from each share held. The yield is calculated and quoted as a percentage.

## Zero Dividend Preference Shares

Shares that do not receive an income but instead pay out a return at the end of the investment's fixed life.

Please visit our website to see our glossary in full.

Available online  
[theconbriofunds.co.uk](http://theconbriofunds.co.uk)



## Important Information

With effect from 17th February 2014, the initial charge was removed from the General Share class.

With effect from 14th March 2014, the accumulation share classes were closed.

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