

# Interim Short Report - 01 March 2014 to 31 August 2014

## ConBrio UK Smaller Companies Fund

### Fund Facts

Launch date:	01 June 2007
Ex-dividend dates:	28 February and 31 August
Income dates:	27 May and 27 November
IMA Sector:	UK Smaller Companies

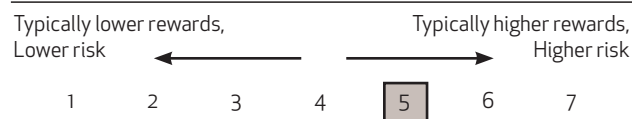
### Investment Objective and Policy

To achieve long term capital growth. The investment policy of the Fund is to invest predominantly in the shares of quoted smaller UK companies including those listed on the Alternative Investment Market.

### Investment Risks

The Fund holds assets concentrated in the small capitalisation UK equity markets. Assets may also be concentrated by sector. Equities, as an asset class, tend to experience higher volatility than bond or money market portfolios. Funds concentrated by capitalisation, sector and/or geographic location are more vulnerable to market sentiment in that specific capitalisation, sector or location and can carry a higher risk than funds holding more diversified assets.

### Risk and Reward Indicator (RRI)



The Fund is ranked as five because it has experienced medium to 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)

	31.08.2014	28.02.2014
General Income Shares	3.43%	3.19%
Institutional Income Shares	2.93%	2.69%

The ongoing charges figure is based on the last six months' expenses for the period ending 31 August 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	
	High	Low	High	Low	High	Low	High	Low
2009	190.66	123.63	191.09	123.31	191.46	124.58	193.83	124.99
2010	259.56	176.71	260.13	177.11	260.21	177.12	265.47	180.27
2011	274.83	217.73	275.47	218.15	275.98	218.31	275.21	257.33
2012	275.41	225.22	276.01	225.65	277.13	226.10	-	-
2013	356.09	277.99	357.13	278.60	359.25	279.73	-	-
2014	376.35 <sup>1</sup>	352.70 <sup>1</sup>	377.09 <sup>2</sup>	357.65 <sup>2</sup>	380.31 <sup>1</sup>	356.90 <sup>1</sup>	-	-

<sup>1</sup>To 31 August 2014.

<sup>2</sup>To 14 March 2014.

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

Share Class	General Income	General Accumulation	Institutional Income	Institutional Accumulation
28.02.2013	291.59	292.21	293.64	-
28.02.2013	367.20	368.27	370.76	-
31.08.2014	353.63	-	357.95	-

### Dividend Distribution (in pence per share)

Expenses exceeded revenue during this period, and as a result no distributions were paid.

## Review & Outlook

During the reporting period, the Fund recorded a total return of -3.5%, compared to a total return from the IMA UK Smaller Companies sector average of -5.2%.

The review period saw UK equities little changed in capital performance terms. Having fallen initially on the unrest in the Ukraine, markets recovered as all-out war failed to materialise, and investors returned their focus to the accommodative monetary policies still in place. Later in the summer, equities wobbled again given concerns over Eurozone deflation and slowing Chinese growth risks. At the same time, continuing tensions in the Ukraine and an upsurge in Middle Eastern terrorism provided a tense geopolitical backdrop. The period nonetheless finished strongly with both US and UK central banks appearing to push back the anticipated time for the first interest rate rise.

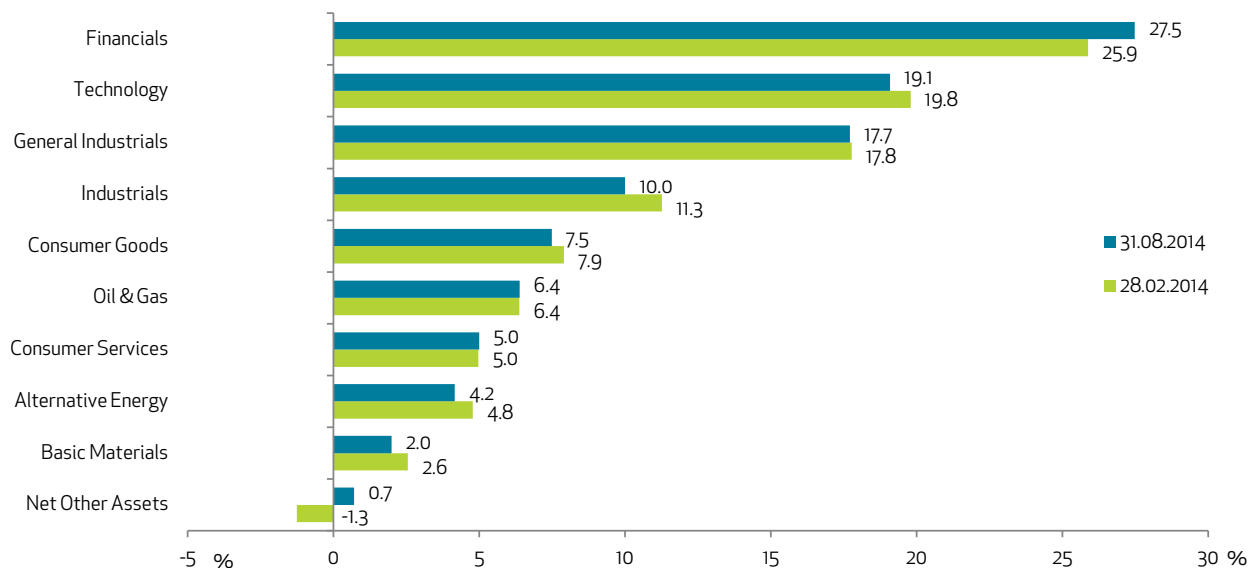
One new holding was established during the reporting period. Capital for Colleagues is an investment vehicle that invests in employee owned businesses. Research suggests that such companies outperform over the longer term. The company will invest primarily in suitable companies in the unquoted sector. The holding in Volex was increased as a result of a share placing.

Several of the larger holdings in the portfolio were reduced following strong performance including Avon Rubber, Charles Stanley, Clarkson, GB Group, Personal Group, Photo Me International and VP.

UK smaller companies have underperformed their larger counterparts over the last six months largely due to the geopolitical worries mentioned above. Continuing global issues and the likelihood of rising interest rates in coming months will undoubtedly provide significant headwinds for small companies. However the UK economy is performing well providing a positive backdrop against which UK small companies should continue to prosper. Recent news from most of the companies held in the ConBrio UK Smaller Companies Fund has been positive auguring well for the performance of the fund over the next few months.

Source: Castlefield Investment Partners, September 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.

## Asset Allocation



### Top Ten Holdings as at 31.08.2014

GB Group	5.48%
Personal Group	5.17%
First Property	5.09%
Photo-Me International	4.66%
Interquest	4.41%
VP	4.39%
Mattioli Woods	4.23%
IDOX	3.80%
RM	3.69%
Clarkson	3.55%

### Top Ten Holdings as at 28.02.2014

GB Group	6.03%
Personal Group	5.76%
VP	5.23%
First Property	5.14%
Charles Stanley Group	5.05%
Avon Rubber	5.04%
Photo-Me International	4.97%
Mattioli Woods	4.22%
IDOX	4.01%
Parkmead Group	3.83%

# 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)



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