

## Annual Short Report - 01 March 2014 to 28 February 2015

# ConBrio Managed Multi-Asset Fund

### Fund Facts

Launch date:	6 June 2003 (Restructured 1 March 2011)
Ex-dividend dates:	28 February and 31 August
Income dates:	27 May and 27 November
IA Sector:	Targeted Absolute Return

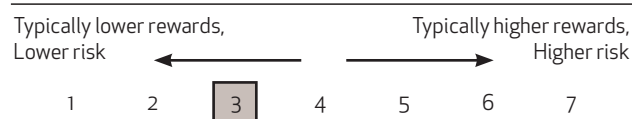
### Investment Objective and Policy

To generate a positive annualised return over a rolling 3 year basis. However, there is no guarantee that this objective will be met and there is always the potential of loss to some, or all, of your original capital. The Fund will invest in transferable securities (both quoted and unquoted), units and/or shares in other collective investment schemes, structured products, deposits, warrants, fixed interest securities, money market instruments, and cash and near cash. The Fund may also invest in derivatives and forward transactions for investment purposes as well as for efficient portfolio management (including hedging), and may also borrow and enter into stocklending and underwriting arrangements in accordance with COLL.

### Investment Risks

The Fund has exposure to a wide range of asset classes including equities arising mainly from its structured product investments. Equities, as an asset class, tend to experience higher volatility but this is tempered in the Fund by diversification across other asset classes such as corporate bonds and government bonds which tend to experience lower volatility.

### Risk and Reward Indicator (RRI)



The Fund is ranked as three because the fund and portfolios holding similar assets have experienced low to medium 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)

	28.02.2015	28.02.2014
General Income & Accumulation Shares	2.44%	2.55%
Institutional Income Shares	1.94%	2.05%

The ongoing charges figure is based on the last year's expenses for the period ending 28 February 2015 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		Charity Income	
	High	Low	High	Low	High	Low	High	Low
2010	190.23	156.41	-	-	195.61	160.08	195.94	160.21
2011	191.32	183.53	191.32 <sup>2</sup>	183.37 <sup>2</sup>	196.75	188.99	197.10	188.99
2012	193.49	184.61	193.27	184.44	200.64	190.71	-	-
2013	198.61	193.24	198.47	193.02	206.65	200.44	-	-
2014	208.61	196.65	199.06 <sup>3</sup>	196.65 <sup>3</sup>	219.04	205.37	-	-
2015 <sup>1</sup>	212.24	207.71	-	-	223.11	218.19	-	-

<sup>1</sup>To 28 February 2015.

<sup>2</sup>From 01 February 2011 to 31 December 2011.

<sup>3</sup>To 14 March 2014.

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

Share Class	General Income	General Accumulation	Institutional Income	Charity Income
28.02.2013	196.29	196.01	203.70	-
28.02.2014	-	201.10	210.18	-
28.02.2015	211.60	-	222.44	-

### Dividend Distribution (in pence per share)

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

## Review & Outlook

The Fund returned 6.8% over the period, compared to a fall in the UK Consumer Price Index of 0.2% during the 12 months under review.

Real assets (such as gold and oil) singularly failed to outperform their nominal asset (equities and bonds) counterparts during the period as deflationary fears emerged at the same time as expectations of a hike in UK base rates was pushed back yet again. As 2013 ended and the US Federal Reserve began their gradual reduction in asset purchases, and with the UK expected to follow suit, 10 year gilt yields started the period at 2.7%, but as equity markets stalled and the oil price fell, yields tightened to a crisis-era low of 1.3% by the end of January 2015.

As equity markets at first slumped then rallied on the lower oil price at the end of the year, volatility increased and the period ended with equity markets rising on further stimulus measures in the EU and Japan, taking over from where the US had left off. UK benchmark yields began to ease to close the period at 1.8%, but in the Eurozone, negative yields emerged and currency fluctuations have become more pronounced.

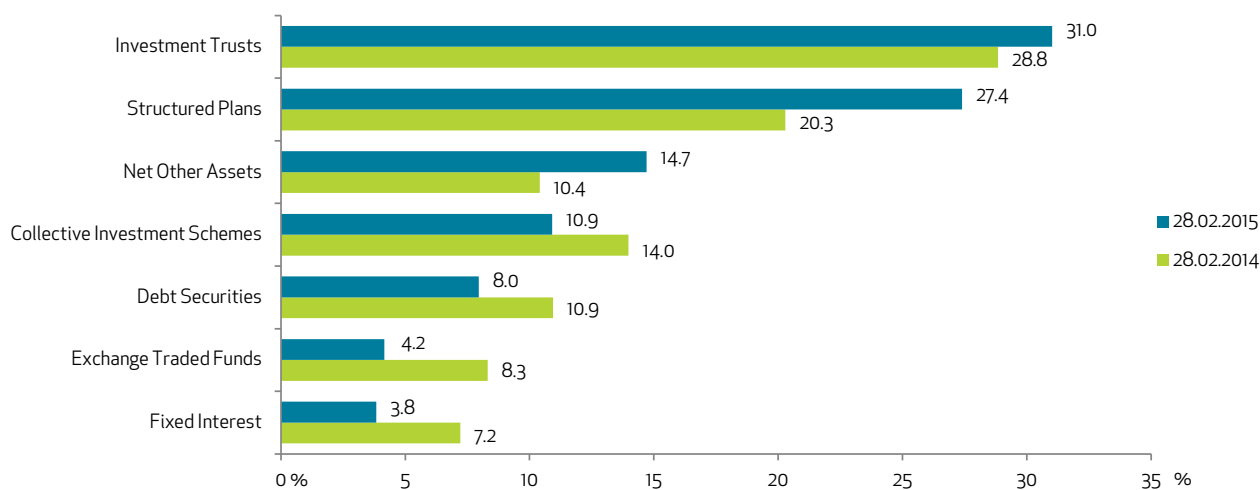
During the period, we addressed all main areas of the Fund. The fixed income portion of the portfolio was bolstered with additions to the Fund of the Retail Charity Bond issued by MenCap. Backed by the charity's housing association arm, Golden Lane Housing, the bond was an attractive way to play the tightening of conventional yield spreads whilst at the same time taking exposure to an issuer with a secure rental stream of income. Other credit type products were added including the peer-to-peer lending participant P2P Global as well as Zero Dividend Preference Share issues from Utilico and Inland Homes. These hybrid securities are an attractive means by which companies, often with good asset-backing, can access the credit markets and investors can achieve an improved yield over conventional debt instruments, but without the

same risk as regular equity holdings. The structured products portion of the Fund was also substantially changed, with one relatively recent issue exited as it was trading near its redemption price after a successful first year in issue. The proceeds were reinvested in a similar product. We added different strategies to the portfolio in order to protect our position in the event of surprises in European equity markets in response to stimuli from the European Central Bank (ECB). New inflows partly funded these additions as well as the redemption of some previously held fixed income instruments. One issue from the supranational European Investment Bank was a floating rate note, which pays out a margin above a base rate level. However, with interest rates remaining at record lows we have chosen not to reinvest into a similar product for now.

We continue to see good opportunities in uncorrelated strategies and asset classes where we can deliver real returns to investors. Although the move of the consumer price index (CPI) into negative territory has in large part been prompted by the slump in oil prices, we remain of the view that real positive returns are achievable for our investors and that the prospect of endemic deflation, as has been witnessed in Japan, is unlikely to take hold in the UK. By maintaining a balanced portfolio of uncorrelated asset classes with differentiated return characteristics, we continue to see the prospect of solid single digit returns, delivered with low volatility, as achievable for our investors.

Source: Castlefield Investments, March 2015. 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 28.02.2015

Natixis 6.35% Variable 08/12/2020	5.14%
Barclays Bank 10/04/2017	4.60%
RBS Multi Market Zero Warrant 29/03/2017	4.54%
Lazard Global Infrastructure Equity	4.40%
Utilico Finance ZDP 2018	4.26%
Ignis Absolute Return Government Bond 'I'	3.89%
Societe Generale 10/08/2020	3.85%
Sienna Finance UK 25/09/2020	3.55%
Utilico Finance ZDP 2020	3.10%
BNP Paribas 25/09/2020	3.10%

## Top Ten Holdings as at 28.02.2014

Barclays Bank 10/04/2017	6.05%
RBS Multi Market Zero Warrant 29/03/2017	6.00%
Ignis Absolute Return Government Bond 'I'	5.38%
Lazard Global Infrastructure Equity	4.99%
Utilico Finance ZDP 2018	4.82%
Societe Generale 19/09/2019	4.81%
JP Morgan ZDP 2017	4.20%
TwentyFour Income	3.85%
Lazard Emerging Markets Total Return Debt	3.61%
Societe Generale FTSE 100 27/03/2017	3.43%

# 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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