

# CAPITA



## CF Arch cru Investment Funds

Annual Report and Financial Statements  
31 March 2017

CF Arch cru Investment Portfolio  
CF Arch cru Specialist Portfolio

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## CONTENTS

ACD's Report .....	4
Authorised Status .....	4
Important Information .....	6
Cross Holdings .....	6
Securities Financing Transactions .....	6
Director's Statement .....	7
Statement of ACD's Responsibilities in Relation to the Financial Statements .....	7
Statement of Depositary's Responsibilities .....	9
Report of the Depositary .....	9
Independent Auditor's Report to the Members of CF Arch cru Investment Funds .....	10
Financial Statements .....	12
Accounting Policies .....	12

CF ARCH CRU INVESTMENT PORTFOLIO

ACD's Report .....	14
Important Information .....	14
Investment Objective and Policy .....	14
Investment Manager's Report .....	14
Fund Information .....	16
Portfolio Statement .....	24
Summary of Material Portfolio Changes .....	25

FINANCIAL STATEMENTS

Statement of Total Return .....	26
Statement of Change in Net Assets Attributable to Shareholders .....	26
Balance Sheet .....	27
Statement of Cash Flows .....	28
Notes to the Financial Statements .....	29

CF ARCH CRU SPECIALIST PORTFOLIO

ACD's Report .....	37
Important Information .....	37
Investment Objective and Policy .....	37
Investment Manager's Report .....	37
Fund Information .....	39
Portfolio Statement .....	47
Summary of Material Portfolio Changes .....	48

FINANCIAL STATEMENTS

Statement of Total Return .....	49
Statement of Change in Net Assets Attributable to Shareholders .....	49
Balance Sheet .....	50
Statement of Cash Flows .....	51
Notes to the Financial Statements .....	52
General Information .....	60

**CF ARCH CRU INVESTMENT FUNDS  
ACD'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

**AUTHORISED STATUS**

CF Arch cru Investment Funds ('the Company') is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000456 and authorised by the Financial Conduct Authority ('FCA') with effect from 30 June 2006.

It is a Non-UCITS Retail Scheme and the currency of the Company and each sub-fund is Pounds Sterling.

Shareholders are not liable for the debts of the Company.

The Company is currently being wound up following receipt of the FCA's approval on 1 February 2010. As a result, the financial statements of all the Company's sub-funds have been prepared on a break-up basis.

The ACD, as sole director of the Company, presents its report and the audited financial statements of the Company for the year from 1 April 2016 to 31 March 2017.

**ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ('AIFMD')**

The FCA approved the commencement of the wind up of the Company from 1 February 2010 and, therefore, the Company falls outside the scope of the AIFMD.

**GENERAL BACKGROUND**

We have previously informed you that the Funds were suspended on 13 March 2009 due to liquidity issues in certain of the Guernsey Incorporated Cell Companies ('the Cells') and also informed you in December 2009 that the Investment Manager of the Cells was replaced by Brooks Macdonald Group plc (formerly Spearpoint Limited). At this time the intention was to try to maximise the return to shareholders and that the wind up of the Cells needed to be undertaken on an orderly realisation basis with the aim of achieving this within three to five years. It is now evident that this process has extended beyond the anticipated five years. In January 2015, Brooks Macdonald were replaced by Elysium Fund Management Limited as the Cells' advisory Fund Manager and at that time reductions were made to the investment management fees paid by the Cells. In January 2016, due to the limited number of assets now held within the structure, the Cells became self-managed. In February 2016, the Cell's Board proposed to several of the Cells a scheme of amalgamation to simplify the structure, reduce ongoing operational costs and enable more effective management of liquidity. The scheme of amalgamation was concluded in March 2016. At the time of writing this report it is still not possible to predict with any accuracy as to when the orderly realisation process will be concluded, other than, based on the Report and Financial Statements issued by the Cells on 5 July 2017, we do not expect this to be any sooner, now than the end of 2020. Capita Financial Managers Limited ('CFML') and the Depositary to the sub-funds have waived their fees since suspension and will continue to do so. The only fees and charges that are now charged to the sub-funds are: the FCA periodic fees, custody transaction charges, audit fees, postage and distribution costs, typesetting fees and mailing costs associated with making distributions or issuing documents such as the Company's report and accounts.

The ACD has been previously informed by the Directors of the Cells that they are taking legal action against various parties who were either connected with or involved in the management and investment activity of the Cells. We have also been informed that certain of those cases have been concluded and that a number continue and may well not now be concluded until 2020.

**PAYMENT SCHEME**

The acceptance deadline for the payment scheme established for investors in the CF Arch cru Funds has passed. Full details and other relevant information are on our website – [www.capitafinancial.com](http://www.capitafinancial.com), enter the 'Investor Services' section, then following the link 'Investor Communications', followed by 'CF Arch cru Fund' and then click on 'CF Arch cru Payment Scheme'.

**RETURN OF CAPITAL**

On 22 May 2017 the eleventh return of capital was announced, payable to shareholders of the CF Arch cru Investment Funds and CF Arch cru Diversified Funds (together the 'Arch Funds') effective 24 May 2017, returning a further £11.29 million to investors. This, combined with previous returns of capital, means that £134.44 million has now been returned to investors since the commencement of the orderly realisation of the Arch Funds in February 2010. The timetable for making future returns of capital, and the amount of future returns of capital, continues to be dependent on the progress made by the Boards of the Cells in realising the underlying assets of the Cells. On 5 July 2017 the Cells published their Report and Financial Statements in which the Chairman's Statement provides an overview of the past year and forward looking comment on the ability of the Cells to make further distributions. This is more fully detailed in the Investment Manager's Report. The ACD will make a decision regarding any distribution by the sub-funds following the decision by the Cells.

**FCA CONSUMER REDRESS SCHEME**

In December 2012 the FCA published a policy statement setting out rules on a consumer redress scheme where there is evidence of unsuitable advice being given to investors. The redress scheme has now concluded.

**CONSOLIDATION UNDER FINANCIAL REPORTING STANDARDS NO. 2 ('FRS 2')**

As previously noted in the prior year accounts the revised Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014, and in conjunction with FRS 102.9.3 (g), removed the requirement to consolidate any future financial statements. No reconciliation is required following the conversion to FRS 102 as the treatment adopted in the prior year which caused the adverse opinion is now in line with the requirements set out in FRS 102.

**FREQUENCY OF VALUATIONS**

The ACD, based on the quarterly Cell Net Asset Value ('NAV'), publishes on its website the price of each share class of the sub-funds. This information can be found on the 'Investor Communications' tab of our website, [www.capitafinancial.com](http://www.capitafinancial.com).

**CARRYING VALUE OF INVESTMENTS**

As was the case for the year ended 31 March 2016, the Directors of the Cells, have highlighted the inherent uncertainty that they have about the carrying value of investments measured at deemed cost less impairment because they cannot reliably determine the 'fair value' of each asset (e.g. because redemptions in the underlying funds have been suspended and the last published or most recent NAV is unlikely to be realised, or because the Fund or entity is in liquidation). The auditors of those Cells, in turn, refer to this uncertainty in their audit reports of the relevant Cells although their opinions are not qualified.

## CF ARCH CRU INVESTMENT FUNDS

*ACD's Report (continued)*

*For the year ended 31 March 2017*

### INVESTOR COMMUNICATIONS

Please note that since the suspension of the sub-funds all shareholder communications including information regarding the progress being made with the orderly realisation of the Cells' assets and up to date valuation information can be found on our website [www.capitafinancial.com](http://www.capitafinancial.com), under the heading 'Investor Communications'.

### IMPORTANT INFORMATION

On 1 February 2010, the FCA granted permission to wind up the Company.

With effect from 21 July 2016, the address of the registrar has changed to Arlington Business Centre, Millshaw Park Lane, Leeds LS11 0PA, and the address for all correspondences to PO Box 389, Darlington DL1 9UF.

Please be advised that Capita Financial Managers Limited will no longer produce the interim and annual short report following a change in regulation.

The full set of annual and interim Report and Financial Statements will remain available to all investors on our website ([www.capitafinancial.com](http://www.capitafinancial.com)) and also upon request at our head office, 40 Dukes Place, London EC3A 7NH.

### CROSS HOLDINGS

No sub-funds had holdings in any other sub-fund of the Company at the end of the year.

### SECURITIES FINANCING TRANSACTIONS

The Company has the ability to utilise Securities Financing Transactions (being transactions such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions). No such transactions have been undertaken in the period covered by this report.

### CAPITA FINANCIAL MANAGERS LIMITED

*ACD of CF Arch cru Investment Funds*

*28 July 2017*

## DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

N. BOYLING

### CAPITA FINANCIAL MANAGERS LIMITED

*ACD of CF Arch cru Investment Funds*

*28 July 2017*

## STATEMENT OF ACD'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland with early application of Amendments to FRS 102 – Fair value hierarchy disclosure, issued in March 2016.

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') and the Investment Funds Sourcebook (the 'FUND Sourcebook'), as applicable, require the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company, comprising each of its sub-funds, and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company's sub-funds for that year. In preparing those financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in accordance with the requirements of the IA SORP; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In relation to this last requirement, and for the reasons stated in the ACD's Report and note (a) of the Accounting Policies, the financial statements have been prepared on a break-up basis as the Company is not a going concern.

## CF ARCH CRU INVESTMENT FUNDS

*Statement of ACD's Responsibilities in Relation to the Financial Statements (continued)*

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company's sub-funds and to enable it to ensure that the financial statements comply with the COLL and FUND Sourcebooks. The ACD is also responsible for safeguarding the assets of the Company's sub-funds and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

## STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and, from 22 July 2014, the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as summarised below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('the AIFM'), are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Scheme documents and Regulations in relation to the investment and borrowing powers applicable to the Company.

### REPORT OF THE DEPOSITARY FOR THE YEAR ENDED 31 MARCH 2017

In our opinion, during the period from 1 April 2016 to 31 March 2017, we confirm that in all material respects, the Company has observed the above rules and regulations to the extent that they are applicable to a Company in a state of suspension and in wind up phase, and have not been waived with the agreement of the FCA.

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED  
*Depositary of CF Arch cru Investment Funds*  
28 July 2017

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CF ARCH CRU INVESTMENT FUNDS

We have audited the financial statements of CF Arch cru Investment Funds ('the Company') for the year ended 31 March 2017 which comprise the Accounting Policies of the Company, the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet and the related notes for each of the Company's sub-funds. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Standards applicable in the UK and Republic of Ireland". The financial statements have been prepared on a break up basis as disclosed in note (a) of the Accounting Policies.

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF THE AUTHORISED CORPORATE DIRECTOR (ACD) AND AUDITOR

As explained more fully in the ACD's responsibilities statement set out on pages 7 and 8, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the ACD; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 March 2017 and of the net expenses and the net capital gains on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### EMPHASIS OF MATTER – CARRYING VALUE OF INVESTMENTS

In forming our opinion on the Company's financial position at 31 March 2017, which is not modified, we have considered the adequacy of the disclosure in note (g) to the financial statements concerning the significant uncertainty in the carrying value of those investments where fair value can no longer be reliably measured. The carrying value of these investments amounts to £1.5 million. The amounts eventually recovered may differ from the carrying value as at 31 March 2017 but the difference cannot presently be determined.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE RULES OF THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK OF THE FINANCIAL CONDUCT AUTHORITY

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

ERNST & YOUNG LLP  
*Statutory Auditor*  
London  
28 July 2017

ACCOUNTING POLICIES

The principal accounting policies, which have been applied to the financial statements of the sub-funds in both the current and prior year, are set out below. These have been applied consistently across all sub-funds unless otherwise stated in the Notes to the Financial Statements of each sub-fund.

(a) *Basis of accounting*

The financial statements of each sub-fund have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland including early application of Amendments to FRS 102 – Fair value hierarchy disclosure, issued in March 2016. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014.

The financial statements have been prepared on a break up basis following FCA approval on 1 February 2010. Under this basis assets are recorded at their expected recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the wind-up of the Company will be borne by the ACD.

(b) *Recognition of revenue*

Dividends are recognised when the securities are quoted ex-dividend.

Receipts from the Guernsey Incorporated Cell Companies ('the Cells') are recognised when declared by the Cells.

Reportable income from funds with 'Reporting Fund' status for UK tax purposes is recognised when the information is made available by the Reporting Fund.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

(c) *Treatment of expenses*

All expenses, except for those relating to the purchase and sale of investments, are charged initially against revenue.

From 1 April 2009 to date, no further fees, which are calculated by reference to the value of the sub-funds, have been charged by Capita Financial Managers Limited, the Administrator, Depositary and Custodian.

(d) *Allocation of revenue and expenses to multiple share classes and sub-funds*

Any revenue or expense not directly attributable to a particular share class or sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and sub-funds, unless a different allocation method is more appropriate.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(e) *Taxation*

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

ACCOUNTING POLICIES (*continued*)

(e) *Taxation (continued)*

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

(f) *Distribution policy*

Surplus revenue after taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

Where the total amount of revenue available for an income distribution in a sub-fund on an income payment date does not exceed £5,000 ('the De Minimis Amount'), the ACD, in agreement with the Depositary, may withhold distribution of the revenue until the revenue available exceeds the De Minimis Amount.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

(g) *Basis of valuation of investments*

The sub-funds are substantially invested in certain Guernsey Incorporated Cells. The year end valuations are based on the audited Net Asset Values of the Cells as at 31 March 2017. The audit reports of certain of these Cells contain an Emphasis of Matter in respect of valuation uncertainty.

The Cells classify investments between those that are measured at fair value and those that are measured at deemed cost less impairment. Wherever fair value can be reasonably ascertained the Cell Directors have valued investments on this basis. However, where there is no active market for these investments and fair value cannot otherwise be obtained the investments are carried at deemed cost less impairment which involves considerable judgement and is subject to significant uncertainty. In making this determination of the impairment the Directors have largely relied on the determination made by the Directors of the Cells. This involves reviewing the impairments made by the Cell Directors which are often based on unaudited information and updating these valuations for any further material changes that might have occurred since the accounts of the Cells were approved and published.

The carrying value of the Cell's investments held at deemed cost less impairment which is subject to these uncertainties amounts to £1.5 million (31.03.16 : £2.5 million). The amounts eventually recovered may differ from the carrying value as at 31 March 2017, but the difference cannot presently be determined.



CF ARCH CRU INVESTMENT PORTFOLIO  
ACD'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2017

IMPORTANT INFORMATION

Refer to 'Important Information' section on page 6.

INVESTMENT OBJECTIVE AND POLICY

Given that CF Arch cru Investment Portfolio ('the Fund') is being terminated on an orderly realisation basis, and given the illiquidity of the Guernsey Cells, the management of the Fund does not involve active investment management of the assets. The investment management required for the Fund is essentially limited to a cash management role, i.e. receiving distributions/realisation proceeds from the Cells and passing these on to shareholders in the Fund.

INVESTMENT MANAGER'S REPORT

In a letter to investors dated 26 February 2010, Capita Financial Managers Limited ('CFML') informed investors that it had applied to the Financial Conduct Authority ('FCA') in December 2009 for approval of the commencement of termination of CF Arch cru Investment Funds ('the Company') with effect from 1 February 2010. The FCA granted this approval and the winding up of the Company on an orderly realisation basis commenced with effect from 1 February 2010. As such, CFML's, investment management activity for the Company continues to be principally focused on decision-making regarding whether to participate in corporate events proposed by the Guernsey Incorporated Cell Companies ('the Cells'), and cash management (i.e. receiving distributions/realisation proceeds from the Guernsey Cells and passing these on to shareholders in the CF Arch cru Investment Funds). CFML is not charging any fees for performing this role.

CFML maintains a close watch on the activity of the Cells to understand the likelihood and timing of further distributions from the Cells. On 5 July 2017 the Cells published their Report and Financial Statements in which the Chairman's Statement provides an overview of the past year and forward looking comment on the ability of the Cells to make further distributions. In summary, the Chairman has noted that during the past year the Cells made a £15.49 million distribution to investors (Note: this amount includes distributions to investors other than the CF Arch Cru Funds); settlement was reached with another insurer; and supported by other investors, they persuaded the board of JPEL Private Equity Limited ('JPEL') to change JPEL's objectives to that of orderly realisation and appoint a new chairman to oversee the process; uncertainty still remains in respect of the judgment of the Royal Court of Guernsey in the case against Robert Addison a director (and a partner of Arch FP) of all the Guernsey Cells from 2007 to the end of 2009; the case for recovery from the last significant insurer will go to arbitration; a number of investments will not prove easy to realise; and matters in Greece in relation to Mr Koros, where a UK judgement for US\$86 million has been recognised, but it is claimed that Mr Koros has no assets. The Chairman further notes that the combined assets of the Cells as at 31 March 2017, 66% relates to JPEL Private Equity Limited, 18% was held in cash with smaller allocations to various hedge funds (7%), and property (9%). In respect of other matters the Chairman notes that the Cells will continue with its actions in respect of the significant issue of

the failed Greek shipping venture, but that the case is not due to be heard in the Greek courts until 2020. However, the Chairman does note that, subject to markets and difficult matters that are still in process, the Board does intend to make a further capital distribution before March 2018.

CAPITA FINANCIAL MANAGERS LIMITED  
*Investment Manager*  
28 July 2017

## CF ARCH CRU INVESTMENT PORTFOLIO

ACD's Report (continued)

### FUND INFORMATION

#### FUND PERFORMANCE

Due to the suspension of the Fund on 13 March 2009, no Fund Performance is reported for the year to 31 March 2017.

#### RISK AND REWARD PROFILE

Due to the suspension of the Fund on 13 March 2009, no Risk and Reward Profile is reported.

#### INCOME DISTRIBUTIONS

There were no income distributions in the current or prior year.

#### COMPARATIVE TABLES

Due to the suspension of the Fund on 13 March 2009, no highest and lowest prices are reported.

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'A' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.38	13.70	14.17
Return before operating charges*	3.15	(1.00)	0.46
Operating charges	(0.01)	(0.01)	(0.01)
Return after operating charges	3.14	(1.01)	0.45
Return of capital	(3.74)	(2.31)	(0.92)
Closing net asset value per share	9.78	10.38	13.70
* after direct transaction costs of:	-	-	-

#### Performance

Return after charges	30.25%	(7.37)%	3.18%
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#### Other Information

Closing net asset value (£'000)	535	567	749
Closing number of shares	5,463,726	5,463,726	5,463,726
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	-	-	-

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
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#### 'A' Accumulation shares

##### Change in net assets per share

Opening net asset value per share	10.44	13.78	14.26
Return before operating charges*	3.18	(1.01)	0.46
Operating charges	(0.01)	(0.01)	(0.01)
Return after operating charges	3.17	(1.02)	0.45
Return of capital	(3.76)	(2.32)	(0.93)
Closing net asset value per share	9.85	10.44	13.78
* after direct transaction costs of:	-	-	-

##### Performance

Return after charges	30.36%	(7.40)%	3.16%
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##### Other Information

Closing net asset value (£'000)	8,661	9,182	12,120
Closing number of shares	87,947,665	87,947,665	87,947,665
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	-	-	-

## CF ARCH CRU INVESTMENT PORTFOLIO

ACD's Report (continued)  
Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'B' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.48	13.83	14.31
Return before operating charges*	3.17	(1.01)	0.46
Operating charges	(0.01)	(0.01)	(0.01)
Return after operating charges	3.16	(1.02)	0.45
Return of capital	(3.77)	(2.33)	(0.93)
Closing net asset value per share	9.87	10.48	13.83
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	30.15%	(7.38)%	3.14%
<b>Other Information</b>			
Closing net asset value (£'000)	3,594	3,814	5,034
Closing number of shares	36,398,778	36,398,778	36,398,778
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	-	-	-

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'B' Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.60	14.00	14.48
Return before operating charges*	3.23	(1.03)	0.47
Operating charges	(0.01)	(0.01)	(0.01)
Return after operating charges	3.22	(1.04)	0.46
Return of capital	(3.82)	(2.36)	(0.94)
Closing net asset value per share	10.00	10.60	14.00
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	30.38%	(7.43)%	3.18%
<b>Other Information</b>			
Closing net asset value (£'000)	9,045	9,592	12,665
Closing number of shares	90,477,697	90,477,697	90,477,697
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	-	-	-

## CF ARCH CRU INVESTMENT PORTFOLIO

ACD's Report (continued)  
Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.03.17 (US\$/share)	31.03.16 (US\$/share)	31.03.15 (US\$/share)
<b>'C' USD Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	0.1453	0.1971	0.2294
Return before operating charges*	0.0187	(0.0190)	(0.0190)
Operating charges	(0.0001)	(0.0001)	(0.0001)
Return after operating charges	0.0186	(0.0191)	(0.0191)
Return of capital	(0.0454)	(0.0327)	(0.0132)
Closing net asset value per share	0.1185	0.1453	0.1971
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	12.80%	(9.69)%	(8.33)%
<b>Other Information</b>			
Closing net asset value (£'000)	-	-	1
Closing number of shares	3,997	3,997	3,997
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	-	-	-

	31.03.17 (US\$/share)	31.03.16 (US\$/share)	31.03.15 (US\$/share)
<b>'C' USD Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	0.1499	0.2035	0.2368
Return before operating charges*	0.0193	(0.0197)	(0.0196)
Operating charges	(0.0001)	(0.0001)	(0.0001)
Return after operating charges	0.0192	(0.0198)	(0.0197)
Return of capital	(0.0468)	(0.0338)	(0.0136)
Closing net asset value per share	0.1223	0.1499	0.2035
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	12.81%	(9.73)%	(8.32)%
<b>Other Information</b>			
Closing net asset value (£'000)	28	30	40
Closing number of shares	289,356	289,356	289,356
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	-	-	-

## CF ARCH CRU INVESTMENT PORTFOLIO

ACD's Report (continued)  
Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'D' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.41	13.74	14.22
Return before operating charges*	3.16	(1.00)	0.46
Operating charges	(0.01)	(0.01)	(0.01)
Return after operating charges	3.15	(1.01)	0.45
Return of capital	(3.75)	(2.32)	(0.93)
Closing net asset value per share	9.81	10.41	13.74
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	30.26%	(7.35)%	3.16%
<b>Other Information</b>			
Closing net asset value (£'000)	36	38	50
Closing number of shares	366,013	366,013	366,013
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	–	–	–

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'D' Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.47	13.82	14.30
Return before operating charges*	3.18	(1.01)	0.46
Operating charges	(0.01)	(0.01)	(0.01)
Return after operating charges	3.17	(1.02)	0.45
Return of capital	(3.77)	(2.33)	(0.93)
Closing net asset value per share	9.87	10.47	13.82
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	30.28%	(7.38)%	3.15%
<b>Other Information</b>			
Closing net asset value (£'000)	1,391	1,475	1,947
Closing number of shares	14,088,501	14,088,501	14,088,501
Operating charges	0.07%	0.06%	0.06%
Direct transaction costs	–	–	–

## CF ARCH CRU INVESTMENT PORTFOLIO

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Holding	Portfolio of Investments	Value £'000	31.03.17 %
	INVESTMENT COMPANIES – 99.82% (31.03.16 – 99.87%)		
9,379,173	SPL Parallel Private Equity (PE2) – GBP	8,884	38.14
218,160	SPL Private Finance (PF2) – EUR	35	0.15
1,977,680	SPL Private Finance (PF2) – GBP	441	1.90
38,944,384	SPL Realisation	13,888	59.63
	TOTAL INVESTMENT COMPANIES	23,248	99.82
	Portfolio of investments	23,248	99.82
	Net other assets	42	0.18
	Net assets	23,290	100.00

The investments have been valued in accordance with note (g) of the Accounting Policies and are Guernsey Incorporated Cell Companies.

All investments are currently delisted.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 MARCH 2017

There were no purchases made during the year.

**Total sales for the year £'000 (note 15)** **8,924**

Sales	Proceeds £'000
SPL Realisation	5,883
SPL Parallel Private Equity (PE2) – GBP	2,774
SPL Private Finance (PF2) – GBP	247
SPL Private Finance (PF2) – EUR	20

The summary of material portfolio changes represents all of the sales during the year.

CF ARCH CRU INVESTMENT PORTFOLIO  
 FINANCIAL STATEMENTS  
 STATEMENT OF TOTAL RETURN  
 FOR THE YEAR ENDED 31 MARCH 2017

	Notes	£'000	31.03.17 £'000	£'000	31.03.16 £'000
Income:					
Net capital gains/(losses)	2		7,505		(2,396)
Revenue	3	1		-	
Expenses	4	(18)		(18)	
Net expense before taxation		(17)		(18)	
Taxation	5	-		-	
Net expense after taxation			(17)		(18)
<b>Total return before distributions</b>			7,488		(2,414)
Distributions	6		-		-
<b>Change in net assets attributable to shareholders from investment activities</b>			7,488		(2,414)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
 FOR THE YEAR ENDED 31 MARCH 2017

	31.03.17 £'000	31.03.16 £'000
<b>Opening net assets attributable to shareholders</b>	24,698	32,606
Change in net assets attributable to shareholders from investment activities	7,488	(2,414)
Return of capital to shareholders	(8,896)	(5,494)
<b>Closing net assets attributable to shareholders</b>	23,290	24,698

BALANCE SHEET  
 AS AT 31 MARCH 2017

	Notes	31.03.17 £'000	31.03.16 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		23,248	24,667
<b>Current assets</b>			
Debtors	9	-	4,766
Cash and bank balances		9,006	810
<b>Total assets</b>		32,254	30,243
<b>LIABILITIES</b>			
<b>Creditors</b>			
Bank overdrafts		(52)	(35)
Return of capital payable		(8,896)	(5,494)
Other creditors	10	(16)	(16)
<b>Total liabilities</b>		(8,964)	(5,545)
<b>Net assets attributable to shareholders</b>		23,290	24,698

## CF ARCH CRU INVESTMENT PORTFOLIO

Financial Statements (continued)

STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2017

	Notes	£'000	31.03.17 £'000	£'000	31.03.16 £'000
<b>Operating activities</b>					
Loss before tax		(17)		(18)	
Interest received		(1)		-	
Decrease in creditors		-		(2)	
Net cash flow used in operating activities	7		(18)		(20)
<b>Financial investment</b>					
Disposal of investments		8,924		5,514	
Decrease/(increase) in debtors		4,766		(4,766)	
Interest received		1		-	
Net cash flow from financial investment activities			13,691		748
<b>Financing</b>					
Return of capital payable		(5,494)		(2,194)	
Net cash flow used in financing activities			(5,494)		(2,194)
<b>Change in cash and cash equivalent</b>					
<b>Cash and cash equivalent at the start of the year</b>	8		8,179		(1,466)
<b>Cash and cash equivalent at the end of the year</b>			775		2,241
			8,954		775

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

### 1. ACCOUNTING POLICIES

The accounting policies described on pages 12 and 13 have been applied to the financial statements of the Fund in the current and prior year.

	31.03.17 £'000	31.03.16 £'000
<b>2. NET CAPITAL GAINS/(LOSSES)</b>		
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	7,505	(2,396)
Net capital gains/(losses)	7,505	(2,396)
<b>3. REVENUE</b>		
Bank interest	1	-
Total revenue	1	-
<b>4. EXPENSES</b>		
Payable to the ACD, associates of the ACD and agents of either of them:		
Typesetting costs	5	3
Other expenses*	13	15
Total expenses	18	18

\* Included within other expenses are audit fees paid to Ernst & Young LLP of £11 thousand (31.03.16 : £11 thousand).

	31.03.17 £'000	31.03.16 £'000
<b>5. TAXATION</b>		
a) Analysis of charge for the year		
Corporation tax at 20%	-	-
Current tax charge	-	-
Deferred tax – origination and reversal of timing differences (note 5c)	-	-
Total taxation (note 5b)	-	-



## CF ARCH CRU INVESTMENT PORTFOLIO

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 March 2017

### 5. TAXATION (continued)

#### b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.16 : 20%). The difference is explained below:

	31.03.17 £'000	31.03.16 £'000
Net expense before taxation	(17)	(18)
Corporation tax at 20%	(3)	(4)
Effects of:		
Unutilised excess management expenses	3	4
Corporation tax charge	–	–
Total tax charge (note 5a)	–	–

#### c) Deferred tax

At the year end there is a potential deferred tax asset of £1,151 thousand (31.03.16 : £1,148 thousand) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

	31.03.17 £'000	31.03.16 £'000
6. DISTRIBUTIONS		
Distributions	–	–
Total distributions	–	–
Distributions represented by:		
Net expense after taxation	(17)	(18)
Allocations to capital:		
Revenue deficit	17	18
Net distributions for the year	–	–

31.03.17  
£'000

31.03.16  
£'000

### 7. RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets attributable to shareholders from investment activities	7,488	(2,414)
Net capital (gains)/losses	(7,505)	2,396
Decrease in creditors	–	(2)
Interest received	(1)	–
Net cash flow used in operating activities	(18)	(20)

### 8. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET OTHER ASSETS

Change in cash and cash equivalent (Decrease)/increase in debtors	8,179	(1,466)
Decrease in creditors	(4,766)	4,766
Change in return of capital payable	–	2
Change in return of capital payable	(3,402)	(3,300)
Movement in net other assets in the year	11	2
Net other assets at the beginning of the year	31	29
Net other assets at the end of the year	42	31

### 9. DEBTORS

Sales awaiting settlement	–	4,766
Total debtors	–	4,766

### 10. OTHER CREDITORS

Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Typesetting costs	2	2
Other expenses	14	14
Total other creditors	16	16

### 11. RELATED PARTY TRANSACTIONS

Typesetting costs payable to Capita Sinclair Henderson Limited (as associate of the ACD) are disclosed in note 4 and amounts due at year end are disclosed in note 10.

## CF ARCH CRU INVESTMENT PORTFOLIO

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 March 2017

### 11. RELATED PARTY TRANSACTIONS (continued)

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited or its associates) held the following shareholdings in the Fund:

	<b>31.03.17</b>	<b>31.03.16</b>
Income shares	3,261,953	1,405,799
Accumulation shares	<u>35,398,526</u>	<u>35,649,839</u>

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Fund:

Transact Nominees Limited	30.45% (31.03.16 : 30.51%)
---------------------------	----------------------------

### 12. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.03.16 : none).

### 13. SHARES IN ISSUE

	'A' Income	'A' Accumulation	'B' Income
Annual Management Charge*	–	–	–
Opening shares in issue	5,463,726	87,947,665	36,398,778
Closing shares in issue	<u>5,463,726</u>	<u>87,947,665</u>	<u>36,398,778</u>
	'B' Accumulation	'C' USD Income	'C' USD Accumulation
Annual Management Charge*	–	–	–
Opening shares in issue	90,477,697	3,997	289,356
Closing shares in issue	<u>90,477,697</u>	<u>3,997</u>	<u>289,356</u>

### 13. SHARES IN ISSUE (continued)

	'D' Income	'D' Accumulation
Annual Management Charge*	–	–
Opening shares in issue	366,013	14,088,501
Closing shares in issue	<u>366,013</u>	<u>14,088,501</u>

\* Since 1 April 2009 the Annual Management Charge has been waived by the ACD.

### 14. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

#### i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

The Fund only sells securities in response to corporate action events issued by the Cells. Those transactions that the Fund enters into expose it to the risk that the Cells will not deliver the cash after the Fund has fulfilled its obligations.

#### ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund, through its investments in investment companies, has very limited indirect interest rate exposure.

## CF ARCH CRU INVESTMENT PORTFOLIO

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 March 2017

### 14. RISK MANAGEMENT POLICIES (continued)

#### ii. Interest rate risk (continued)

The table below shows the direct interest rate risk profile:

	31.03.17 £'000	31.03.16 £'000
Floating rate assets:		
Euros	19	–
Pounds sterling	8,987	810
	9,006	810
Floating rate liabilities:		
Pounds sterling	(52)	(35)
Assets on which interest is not paid:		
Euros	35	112
US dollars	–	2,019
Pounds sterling	23,213	27,302
	23,248	29,433
Liabilities on which interest is not paid:		
Pounds sterling	(8,912)	(5,510)
Net assets	<u>23,290</u>	<u>24,698</u>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

#### iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value.

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £3 thousand on the net assets of the Fund (31.03.16 : £107 thousand).

### 14. RISK MANAGEMENT POLICIES (continued)

#### iii. Foreign currency risk (continued)

The table below shows the direct foreign currency risk profile:

	31.03.17 £'000	31.03.16 £'000
Currency:		
Euros	54	112
US dollars	–	2,019
	54	2,131
Pounds sterling	23,236	22,567
Net assets	<u>23,290</u>	<u>24,698</u>

#### iv. Leverage

The Fund did not employ any significant leverage during the current or prior year.

#### v. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

As previously advised, dealings in the Fund were suspended on 13 March 2009. The suspensions took place because of concerns about illiquidity in the Cells which all sub-funds are substantially invested in.

#### vi. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

The Fund is substantially invested in the shares of the Cells. Please refer to note (g) of the Accounting Policies.

The underlying assets of these Cells, taken as a whole, are investments in a limited range of assets, such as private equity, hedge funds, real estate linked investments, and other investments.

#### vii. Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value, or valuation at cost less impairment.

#### viii. Derivatives

The Fund held no derivatives during the current or prior year.

## CF ARCH CRU INVESTMENT PORTFOLIO

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 March 2017

### 15. PORTFOLIO TRANSACTION COSTS

There were no purchases in the current or prior year. Investments have been sold at the dealt price with no further transaction costs deducted from sales.

### 16. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the assets.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31.03.17</b>				
<b>Assets</b>				
Investment Companies	—	—	23,248	23,248

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31.03.16</b>				
<b>Assets</b>				
Investment Companies	—	—	24,667	24,667

## CF ARCH CRU SPECIALIST PORTFOLIO

ACD'S REPORT

FOR THE YEAR ENDED 31 MARCH 2017

### IMPORTANT INFORMATION

Refer to 'Important Information' section on page 6.

### INVESTMENT OBJECTIVE AND POLICY

Given that CF Arch cru Specialist Portfolio ('the Fund') is being terminated on an orderly realisation basis, and given the illiquidity of the Cells, the management of the Fund does not involve active investment management of the assets. The investment management required for the Fund is essentially limited to a cash management role, i.e. receiving distributions/realisation proceeds from the Cells and passing these on to shareholders in the Fund.

### INVESTMENT MANAGER'S REPORT

In a letter to investors dated 26 February 2010, Capita Financial Managers Limited ('CFML') informed investors that it had applied to the Financial Conduct Authority ('FCA') in December 2009 for approval of the commencement of termination of CF Arch cru Investment Funds ('the Company') with effect from 1 February 2010. The FCA granted this approval and the winding up of the Company on an orderly realisation basis commenced with effect from 1 February 2010. As such, CFML's, investment management activity for the Company continues to be principally focused on decision-making regarding whether to participate in corporate events proposed by the Guernsey Incorporated Cell Companies ('the Cells'), and cash management (i.e. receiving distributions/realisation proceeds from the Guernsey Cells and passing these on to shareholders in the CF Arch cru Investment Funds). CFML is not charging any fees for performing this role.

CFML maintains a close watch on the activity of the Cells to understand the likelihood and timing of further distributions from the Cells. On 5 July 2017 the Cells published their Report and Financial Statements in which the Chairman's Statement provides an overview of the past year and forward looking comment on the ability of the Cells to make further distributions. In summary, the Chairman has noted that during the past year the Cells made a £15.49 million distribution to investors (Note: this amount includes distributions to investors other than the CF Arch Cru Funds); settlement was reached with another insurer; and supported by other investors, they persuaded the board of JPEL Private Equity Limited ('JPEL') to change JPEL's objectives to that of orderly realisation and appoint a new chairman to oversee the process; uncertainty still remains in respect of the judgment of the Royal Court of Guernsey in the case against Robert Addison a director (and a partner of Arch FP) of all the Guernsey Cells from 2007 to the end of 2009; the case for recovery from the last significant insurer will go to arbitration; a number of investments will not prove easy to realise; and matters in Greece in relation to Mr Koros, where a UK judgement for US\$86 million has been recognised, but it is claimed that Mr Koros has no assets. The Chairman further notes that the combined assets of the Cells as at 31 March 2017, 66% relates to JPEL Private Equity Limited, 18% was held in cash with smaller allocations to various hedge funds (7%), and property (9%). In respect of other matters the Chairman notes that the Cells will continue with its actions in respect of the significant issue of

## CF ARCH CRU SPECIALIST PORTFOLIO

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 March 2017

the failed Greek shipping venture, but that the case is not due to be heard in the Greek courts until 2020. However, the Chairman does note that, subject to markets and difficult matters that are still in process, the Board does intend to make a further capital distribution before March 2018.

CAPITA FINANCIAL MANAGERS LIMITED

Investment Manager

28 July 2017

## FUND INFORMATION

### FUND PERFORMANCE

Due to the suspension of the Fund on 13 March 2009, no Fund Performance is reported for the year to 31 March 2017.

### RISK AND REWARD PROFILE

Due to the suspension of the Fund on 13 March 2009, no Risk and Reward Profile is reported.

### INCOME DISTRIBUTIONS

There were no income distributions in the current or prior year.

### COMPARATIVE TABLES

Due to the suspension of the Fund on 13 March 2009, no highest and lowest prices are reported.

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'A' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.09	13.27	13.49
Return before operating charges*	3.12	(1.00)	0.57
Operating charges	(0.14)	(0.12)	(0.13)
Return after operating charges	2.98	(1.12)	0.44
Return of capital	(3.39)	(2.06)	(0.66)
Closing net asset value per share	9.68	10.09	13.27
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	29.53%	(8.44)%	3.26%
<b>Other Information</b>			
Closing net asset value (£'000)	12	13	17
Closing number of shares	128,413	128,413	128,413
Operating charges	1.37%	0.98%	0.99%
Direct transaction costs	–	–	–

## CF ARCH CRU SPECIALIST PORTFOLIO

ACD's Report (continued)

Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'A' Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.13	13.32	13.53
Return before operating charges*	3.13	(1.01)	0.58
Operating charges	(0.14)	(0.12)	(0.13)
Return after operating charges	2.99	(1.13)	0.45
Return of capital	(3.40)	(2.06)	(0.66)
Closing net asset value per share	9.72	10.13	13.32
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	29.52%	(8.48)%	3.33%
<b>Other Information</b>			
Closing net asset value (£'000)	443	462	607
Closing number of shares	4,556,439	4,556,439	4,556,439
Operating charges	1.37%	0.98%	0.99%
Direct transaction costs	-	-	-

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'B' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.25	13.49	13.70
Return before operating charges*	3.17	(1.02)	0.59
Operating charges	(0.14)	(0.13)	(0.13)
Return after operating charges	3.03	(1.15)	0.46
Return of capital	(3.44)	(2.09)	(0.67)
Closing net asset value per share	9.84	10.25	13.49
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	29.56%	(8.52)%	3.36%
<b>Other Information</b>			
Closing net asset value (£'000)	161	168	221
Closing number of shares	1,638,603	1,638,603	1,638,603
Operating charges	1.37%	0.98%	0.99%
Direct transaction costs	-	-	-

## CF ARCH CRU SPECIALIST PORTFOLIO

ACD's Report (continued)

Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'B' Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.34	13.60	13.82
Return before operating charges*	3.19	(1.02)	0.59
Operating charges	(0.14)	(0.13)	(0.14)
Return after operating charges	3.05	(1.15)	0.45
Return of capital	(3.47)	(2.11)	(0.67)
Closing net asset value per share	9.92	10.34	13.60
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	29.50%	(8.46)%	3.26%
<b>Other Information</b>			
Closing net asset value (£'000)	523	545	716
Closing number of shares	5,267,194	5,267,194	5,267,194
Operating charges	1.37%	0.98%	0.99%
Direct transaction costs	-	-	-

	31.03.17 (US\$/share)	31.03.16 (US\$/share)	31.03.15 (US\$/share)
<b>'C' USD Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	0.1470	0.1987	0.2272
Return before operating charges*	0.0195	(0.0195)	(0.0167)
Operating charges	(0.0018)	(0.0019)	(0.0020)
Return after operating charges	0.0177	(0.0214)	(0.0187)
Return of capital	(0.0427)	(0.0303)	(0.0098)
Closing net asset value per share	0.1220	0.1470	0.1987
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	12.04%	(10.77)%	(8.23)%
<b>Other Information</b>			
Closing net asset value (£'000)	-	-	-
Closing number of shares	964	964	964
Operating charges	1.37%	0.98%	0.99%
Direct transaction costs	-	-	-

## CF ARCH CRU SPECIALIST PORTFOLIO

ACD's Report (continued)

Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.03.17 (US\$/share)	31.03.16 (US\$/share)	31.03.15 (US\$/share)
<b>'C' USD Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	0.1488	0.2013	0.2299
Return before operating charges*	0.0197	(0.0198)	(0.0168)
Operating charges	(0.0018)	(0.0019)	(0.0020)
Return after operating charges	0.0179	(0.0217)	(0.0188)
Return of capital	(0.0432)	(0.0308)	(0.0098)
Closing net asset value per share	0.1235	0.1488	0.2013
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	12.03%	(10.78)%	(8.18)%
<b>Other Information</b>			
Closing net asset value (£'000)	3	3	4
Closing number of shares	27,529	27,529	27,529
Operating charges	1.37%	0.98%	0.99%
Direct transaction costs	-	-	-

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'D' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.21	13.43	13.65
Return before operating charges*	3.16	(1.02)	0.58
Operating charges	(0.14)	(0.12)	(0.13)
Return after operating charges	3.02	(1.14)	0.45
Return of capital	(3.43)	(2.08)	(0.67)
Closing net asset value per shares	9.80	10.21	13.43
* after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after charges	29.58%	(8.49)%	3.30%
<b>Other Information</b>			
Closing net asset value (£'000)	9	9	12
Closing number of shares	91,983	91,983	91,983
Operating charges	1.37%	0.98%	0.99%
Direct transaction costs	-	-	-



## CF ARCH CRU SPECIALIST PORTFOLIO

ACD's Report (continued)  
Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.03.17 (p/share)	31.03.16 (p/share)	31.03.15 (p/share)
<b>'D' Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	10.23	13.45	13.67
Return before operating charges*	3.16	(1.02)	0.58
Operating charges	(0.14)	(0.12)	(0.13)
Return after operating charges	3.02	(1.14)	0.45
Return of capital	(3.43)	(2.08)	(0.67)
Closing net asset value per share	9.82	10.23	13.45
* after direct transaction costs of:	-	-	-

### Performance

Return after charges	29.52%	(8.48)%	3.29%
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### Other Information

Closing net asset value (£'000)	37	39	51
Closing number of shares	378,566	378,566	378,566
Operating charges	1.37%	0.98%	0.99%
Direct transaction costs	-	-	-

### PORTFOLIO STATEMENT AS AT 31 MARCH 2017

Holding	Portfolio of Investments	Value £'000	31.03.17 %
	INVESTMENT COMPANIES – 97.64% (31.03.16 – 98.71%)		
450,358	SPL Parallel Private Equity (PE2)	426	35.86
12,248	SPL Private Finance (PF2) – GBP	3	0.25
2,049,246	SPL Realisation	731	61.53
	TOTAL INVESTMENT COMPANIES	1,160	97.64
	Portfolio of investments	1,160	97.64
	Net other assets	28	2.36
	Net assets	1,188	100.00

The investments have been valued in accordance with note (g) of the Accounting Policies and are Guernsey Incorporated Cell Companies.

All investments are currently delisted.

## CF ARCH CRU SPECIALIST PORTFOLIO

ACD's Report (continued)

### SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 MARCH 2017

There were no purchases made during the year.

**Total sales for the year £'000 (note 14)** **444**

<b>Sales</b>	<b>Proceeds £'000</b>
SPL Realisation	309
SPL Parallel Private Equity (PE2) – GBP	133
SPL Private Finance (PF2) – GBP	2

The summary of material portfolio changes represents all of the sales during the year.

## FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN FOR THE YEAR ENDED 31 MARCH 2017

	<b>Notes</b>	<b>£'000</b>	<b>31.03.17 £'000</b>	<b>£'000</b>	<b>31.03.16 £'000</b>
Income:					
Net capital gains/(losses)	2		382		(123)
Revenue		–		–	
Expenses	3	(17)		(15)	
Net expense before taxation		(17)		(15)	
Taxation	4	–		–	
Net expense after taxation			(17)		(15)
<b>Total return before distributions</b>			<b>365</b>		<b>(138)</b>
Distributions	5		–		–
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>365</b>		<b>(138)</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2017

	<b>31.03.17 £'000</b>	<b>31.03.16 £'000</b>
<b>Opening net assets attributable to shareholders</b>	1,239	1,628
Change in net assets attributable to shareholders from investment activities	365	(138)
Return of capital to shareholders	(416)	(251)
<b>Closing net assets attributable to shareholders</b>	<b>1,188</b>	<b>1,239</b>

## CF ARCH CRU SPECIALIST PORTFOLIO

Financial Statements (continued)

### BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	31.03.17 £'000	31.03.16 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		1,160	1,222
<b>Current assets</b>			
Debtors	8	–	229
Cash and bank balances		507	86
<b>Total assets</b>		<u>1,667</u>	<u>1,537</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Bank overdrafts		(49)	(33)
Capital distribution		(416)	(251)
Other creditors	9	(14)	(14)
<b>Total liabilities</b>		<u>(479)</u>	<u>(298)</u>
<b>Net assets attributable to shareholders</b>		<u>1,188</u>	<u>1,239</u>

### STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2017

	Notes	£'000	31.03.17 £'000	£'000	31.03.16 £'000
<b>Operating activities</b>					
Loss before tax		(17)		(15)	
Net cash flow used in operating activities	6		(17)		(15)
<b>Financial investment</b>					
Disposal of investments		444		267	
Decrease/(increase) in debtors		229		(229)	
Net cash flow from financial investment activities			673		38
<b>Financing</b>					
Return of capital payable		(251)		(81)	
Net cash flow used in financing activities			(251)		(81)
<b>Change in cash and cash equivalent</b>	7		405		(58)
<b>Cash and cash equivalent at the start of the year</b>			53		111
<b>Cash and cash equivalent at the end of the year</b>			<u>458</u>		<u>53</u>

## CF ARCH CRU SPECIALIST PORTFOLIO

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 MARCH 2017

### 1. ACCOUNTING POLICIES

The accounting policies described on pages 12 and 13 have been applied to the financial statements of the Fund in the current and prior year.

	31.03.17 £'000	31.03.16 £'000
2. NET CAPITAL GAINS/(LOSSES)		
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	382	(123)
Net capital gains/(losses)	<u>382</u>	<u>(123)</u>
3. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Typesetting costs	5	3
Other expenses*	12	12
Total expenses	<u>17</u>	<u>15</u>

\* Included within other expenses are audit fees paid to Ernst & Young LLP of £12 thousand (31.03.16 : £12 thousand).

	31.03.17 £'000	31.03.16 £'000
4. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	-	-
Current tax charge	-	-
Deferred tax – origination and reversal of timing differences (note 4c)	-	-
Total taxation (note 4b)	<u>-</u>	<u>-</u>

### 4. TAXATION (continued)

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.16 : 20%). The difference is explained below:

	31.03.17 £'000	31.03.16 £'000
Net expense before taxation	(17)	(15)
Corporation tax at 20%	(3)	(3)
Effects of:		
Unutilised excess management expenses	3	3
Corporation tax charge	-	-
Total tax charge (note 4a)	<u>-</u>	<u>-</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £92 thousand (31.03.16 : £89 thousand) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

	31.03.17 £'000	31.03.16 £'000
5. DISTRIBUTIONS		
Distributions	-	-
Total distributions	<u>-</u>	<u>-</u>
Distributions represented by:		
Net expense after taxation	(17)	(15)
Allocations to capital:		
Revenue deficit	17	15
Net distributions for the year	<u>-</u>	<u>-</u>
6. RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets attributable to shareholders from investment activities	365	(138)

## CF ARCH CRU SPECIALIST PORTFOLIO

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 March 2017

	31.03.17 £'000	31.03.16 £'000
6. RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES (continued)		
Net capital (gains)/losses	(382)	123
Decrease in creditors	-	(1)
Net cash flow used in operating activities	<u>(17)</u>	<u>(16)</u>
7. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET OTHER ASSETS		
Change in cash and cash equivalent (Decrease)/increase in debtors	405 (229)	(58) 229
Change in return of capital payable	(165)	(171)
Movement in net other assets in the year	11	-
Net other assets at the beginning of the year	17	17
Net other assets at the end of the year	<u>28</u>	<u>17</u>
8. DEBTORS		
Sales awaiting settlement	-	229
Total debtors	<u>-</u>	<u>229</u>
9. OTHER CREDITORS		
Accrued expenses: Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Typesetting costs	2	3
Other expenses	12	11
Total other creditors	<u>14</u>	<u>14</u>

### 10. RELATED PARTY TRANSACTIONS

Typesetting costs payable to Capita Sinclair Henderson Limited (as associate of the ACD) are disclosed in note 3 and amounts due at year end are disclosed in note 9.

### 10. RELATED PARTY TRANSACTIONS (continued)

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers or its associates) held the following shareholdings in the Fund:

	31.03.17	31.03.16
Income shares	180,807	180,807
Accumulation shares	<u>1,537,838</u>	<u>1,562,158</u>

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Fund:

Transact Nominees Limited	40.99% (31.03.16 : 40.25%)
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### 11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.03.16 : none).

### 12. SHARES IN ISSUE

	'A' Income	'A' Accumulation	'B' Income
Annual Management Charge*	-	-	-
Opening shares in issue	128,413	4,556,439	1,638,603
Closing shares in issue	<u>128,413</u>	<u>4,556,439</u>	<u>1,638,603</u>
	'B' Accumulation	'C' USD Income	'C' USD Accumulation
Annual Management Charge*	-	-	-
Opening shares in issue	5,267,194	964	27,529
Closing shares in issue	<u>5,267,194</u>	<u>964</u>	<u>27,529</u>

## CF ARCH CRU SPECIALIST PORTFOLIO

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 March 2017

### 12. SHARES IN ISSUE (continued)

	'D' Income	'D' Accumulation
Annual Management Charge*	–	–
Opening shares in issue	91,983	378,566
Closing shares in issue	<u>91,983</u>	<u>378,566</u>

\* Since 1 April 2009 the Annual Management Charge has been waived by the ACD.

### 13. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

#### i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

The Fund only sells securities in response to corporate action events issued by the Cells. Those transactions that the Fund enters into expose it to the risk that the Cells will not deliver the cash after the Fund has fulfilled its obligations.

#### ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund, through its investments in investment companies, has very limited indirect interest rate exposure.

### 13. RISK MANAGEMENT POLICIES (continued)

#### ii. Interest rate risk (continued)

The table below shows the direct interest rate risk profile:

	31.03.17 £'000	31.03.16 £'000
Floating rate assets:		
Pounds sterling	507	86
Floating rate liabilities:		
Pounds sterling	(49)	(33)
Assets on which interest is not paid:		
US dollars	–	147
Pounds sterling	1,160	1,304
	1,160	1,451
Liabilities on which interest is not paid:		
Pounds sterling	(430)	(265)
Net assets	<u>1,188</u>	<u>1,239</u>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

#### iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value.

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £nil on the net assets of the Fund (31.03.16 : £7 thousand).

The table below shows the direct foreign currency risk profile:

	31.03.17 £'000	31.03.16 £'000
Currency:		
US dollars	–	147
Pounds sterling	1,188	1,092
Net assets	<u>1,188</u>	<u>1,239</u>

## CF ARCH CRU SPECIALIST PORTFOLIO

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 March 2017

### 13. RISK MANAGEMENT POLICIES (continued)

#### iv. Leverage

The Fund did not employ any significant leverage during the current or prior year.

#### v. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

As previously advised, dealings in the Fund were suspended on 13 March 2009. The suspensions took place because of concerns about illiquidity in the Cells which all sub-funds are substantially invested in.

#### vi. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

The Fund is substantially invested in the shares of the Cells. Please refer to note (g) of the Accounting Policies.

The underlying assets of these Cells, taken as a whole, are investments in a limited range of assets, such as private equity, hedge funds, real estate linked investments, and other investments.

#### vii. Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value, or valuation at cost less impairment.

#### viii. Derivatives

The Fund held no derivatives during the current or prior year.

### 14. PORTFOLIO TRANSACTION COSTS

There were no purchases in the current or prior year. Investments have been sold at the dealt price with no further transaction costs deducted from sales.

### 15. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31.03.17</b>				

#### Assets

Investment Companies	–	–	1,160	1,160
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	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31.03.16</b>				

#### Assets

Investment Companies	–	–	1,222	1,222
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## GENERAL INFORMATION

**Head Office:** 40 Dukes Place, London EC3A 7NH.

**Address for Service:** The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

**Base Currency:** The base currency of the Company is Pounds Sterling. Each sub-fund and share class is designated in Pounds Sterling.

**Share Capital:** The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the sub-funds.

### STRUCTURE OF CF ARCH CRU INVESTMENT FUNDS

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary.

The sub-funds are operated separately and the assets of each sub-fund are managed in accordance with the investment objective and policy applicable to that sub-fund.

It is not the intention of the ACD to launch any further sub-funds.

On 1 February 2010 the FCA granted permission to wind up the Company.

### CLASSES OF SHARES

Holder of Income shares are entitled to be paid the income attributable to such shares, in respect of each annual or interim accounting period.

Holder of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

### BUYING AND SELLING SHARES

Dealing is currently suspended as the sub-funds are being wound up on an orderly realisation basis.

### OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, [www.capitafinancial.com](http://www.capitafinancial.com), by following the link 'Fund Information'.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

### DATA PROTECTION ACT

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.

### RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.



