



IM Matterley Regular High Income Fund

Matterley

October 2011

Fund Managers

Chris Evans – Chris has over 40 years of experience in private client stockbroking and fund management. He has spent the last 25 years at Charles Stanley and has been running the Regular High Income fund in both its current and original form since 1997.

Chris Harris – Chris graduated from Southampton University in 1998 and joined Charles Stanley as a graduate trainee. He has worked alongside Chris Evans for more than 10 years.

Commentary

Bond and equity markets were in somewhat better heart by the end of October and the Regular High Income Fund gained 2.3% in value which, although positive, was behind the average rise of 3.6% recorded by our peers in the (IMA) Cautious Managed sector. (Source: Financial Express Analytics, as at 31st October 2011, total return, £pounds sterling, net income reinvested)

October began with uncomfortable falls in both equity and bond markets as the talks by EU leaders to rescue Greece from default rumbled on. Dexia Bank in Belgium which carried large amounts of Greek debt became a casualty of the crisis and sought their government's support. Economic figures relating to the UK economy tended to disappoint on the downside as indeed they have for most of the summer, but in the USA there were signs that the economy was starting to grow albeit modestly.

The Governor of the Bank of England surprised U.K. markets with the announcement of a second round of quantitative easing which cheered both equity and bond markets. The main reason for our underperformance during the month was the fact that we still retain 68% of the Fund in corporate and government bonds, and therefore missed out to some extent on the boom in equities which saw the FTSE 100 Share Index rise by more than 8% during the month.

Despite this enthusiasm for equities we used the sharp rise as an excuse to sell our holding of Man Group and Henderson High Income Trust where the ability to maintain relatively high dividend payments was in doubt. At the same time we made small reductions in the holdings of British American Tobacco and Legal & General. Part, but certainly not all, of the cash raised was employed to purchase a new position of Sainsbury's where the gross yield is 5.65% and the current price of 300p is close to net asset value. Recent publication of like-for-like sales compared to twelve months ago showed a rise of more than 1% compared to a small drop recorded by Tesco.

Although it has been encouraging to see markets rise strongly following the agreed bail-out of Greece, we remain cautious and somewhat suspicious of the recent strong rally especially in equity markets.

Fund Facts at 31/10/11

Fund Objective & Policy

The objective of the IM Matterley Regular High Income Fund (RHI) is to generate a high income with the potential for capital growth from a portfolio consisting predominantly of UK bonds, government securities, high yielding equities and preference shares. There may be occasions when we choose to hold collective investment schemes and a high level of cash and money market instruments.

Price :

Retail Acc	121.87p
Retail Income	93.93p

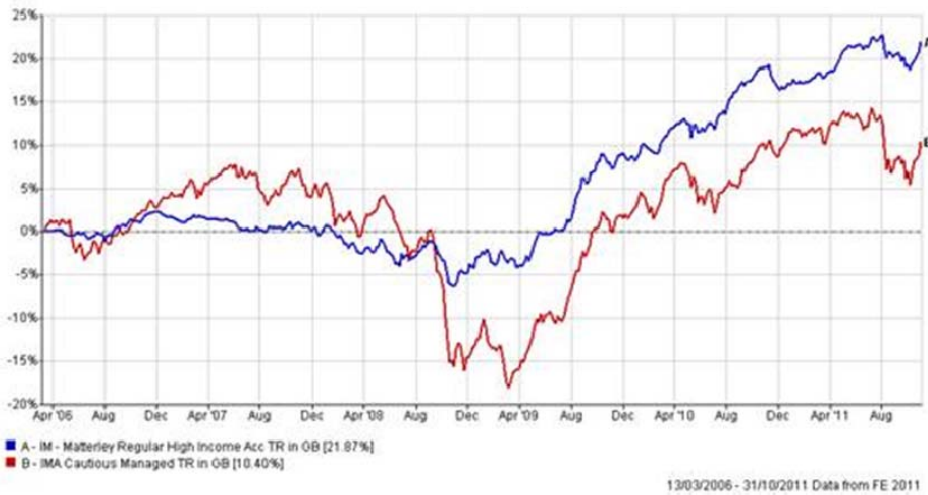
Yield :

Retail Acc	4.9%
Retail Income	5.2%

Launched	13/03/2006
IMA Sector	UK Cautious Managed
Base Currency	GBP
Benchmark	None
Fund Size	£41.0m
ACD	IFDS Managers Limited
Depository	State Street Trustees Limited
Auditors	Deloitte LLP

Performance	6 mth	3 yr	31/10/10-31/10/11	31/10/09-31/10/10	31/10/08-31/10/09	31/10/07-31/10/08	31/10/06-31/10/07	Since inception*
IM Matterley Regular High Income	1.0	29.7	3.0	9.6	14.9	-7.0	-0.7	21.9
Quartile Ranking	1	3	1	3	3	1	4	1
(IMA) Cautious Managed	-2.8	28.9	0.9	9.2	17.0	-20.1	4.9	10.4

IM Matterley Regular High Income Fund

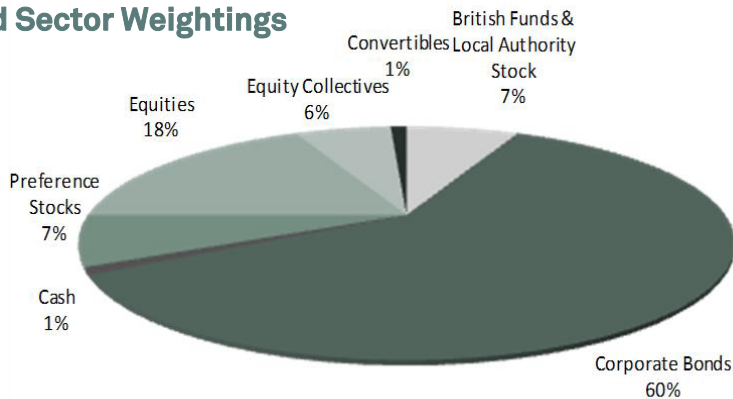


Portfolio Statistics

As at 31st October 2011. Source: Matterley. Figures subject to rounding.

Top 10 Holdings	(%)
Motability 6.625% 2019	2.1
British Telecom 8.625% 2020	1.9
Allied Domecq 6.625% 2014	1.9
B.A.T. Int 6.375% 2019	1.7
Vodafone Group Plc	1.7
UK Treasury 5% 2025	1.5
Rolls Royce 7.375% 2016	1.5
Rolls Royce 6.75% 2019	1.5
Kraft Foods 7.25% N2018	1.5
British Airways 8.75% 2016	1.5

Fund Sector Weightings



Initial Charge Up to 5%
0% charge for Charles Stanley clients

Annual Management Charge 1%

Minimum Initial Investment £1,000

Identification

SEDOL
Retail Accumulation B09CC33
Retail Income B09CC11

Dealing Information

Dealing Time Daily at 12 noon
Main Dealing Desk IFDS (UK) Ltd
Address IFDS Managers Ltd – Matterley PO BOX 10818 Chelmsford CM99 2BL
Telephone 0844 9310031

ISA and SIPP Applications

Contact the Matterley team

Tel: 0207 149 6129
Email: info@matterley.com

Fund Availability

Please see www.matterley.com

Matterley is a division of Charles Stanley

Disclaimer

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