

# PFS GREENAWAY FUND

Annual Report  
30 April 2011  
(Audited)

## PFS GREENAWAY FUND

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### Trustee

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The Bank of New York Mellon Centre  
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(Authorised and regulated by the Financial Services Authority)

### Auditor

Shipleys LLP  
Chartered Accountants & Statutory Auditors  
10 Orange Street, Haymarket, London, WC2H 7DQ

## Manager's Report

for the year from 01 May to 30 April 2011

**PFS Greenaway Fund has two Investment Managers: Eden Financial Limited and EFG Private Bank**

### Investment Objective and Policy

The investment objective of the scheme is to provide Unitholders with capital growth and a measure of income growth through diversified investment in UK and overseas equities and bonds. There will be no particular emphasis on any geographic area, economic or industrial sector. From time to time the Trust may also invest in collective investment schemes, money market instruments and cash.

### Eden - Manager's Report

#### Summary and conclusions

General stalemated. The whiff of inflation is a powerful tonic for equities, which is why they have been withstanding the flesh-crawling news background relatively well. Contrarian purchases of uranium and Japan are in order. However, a sensible war-chest of cash also looks a good idea in case cataclysm does materialise. Corporate bonds have some ongoing role in portfolios. Government bonds, though, remain bad value, being perennially supported by pension fund and commercial bank purchases.

#### Primary global trends

#### Prologue - Limitations of economic and strategy commentary

Space precludes the full essay which this topic deserves. Few quarters such as the most recent have witnessed such a confluence of major imponderables. One has lived much of a lifetime in anticipation of apocalypse in the Middle East, fully fledged earthquake in Japan, and nuclear catastrophe – though collapse of the Eurozone is a more recent addition to such panoply. Now all these loom simultaneously amounting to, in the words of Harold Macmillan, “events, dear boy, events” – potential or actual. Rarely has one seen such an illustration of the most basic truth in markets – namely that you can analyse value, but you cannot predict price. Anyone who claims to be able to do the latter, as has been observed by one colourful commentator, is either a charlatan or a fool – or, perhaps, just a hapless employee of some large financial conglomerate which insists on him publishing spurious “year-end FTSE targets”. In conclusion – the “macro” can only sensibly be regarded as the hand dealt to us by fate. It gives us the opportunities to buy the good value in markets or sell the bad.

#### Economics roundup - *More inflationary*

Since last edition, 2011 GDP forecasts have increased across the board (save for the egregious UK), by 0.3% for the globe *in toto*. Currently, behind the scenes they are said to be experiencing downward revision by circa 0.6-0.8% - however, developed nation yield curves, which combine growth and inflation expectations, remain pretty firmly upwards. Consensus inflation numbers have, of course, increased, fairly decisively, and by 0.9% for the globe.

## Manager's Report

continued

### Economics roundup - *More inflationary (continued)*

Very broadly speaking, the inflation/deflation debate has moved in the inflation direction in recent months. The economic douche from public spending curtailments which one was writing about so assiduously a year ago does not appear to be asserting itself too forcefully yet. And a discussion one quarter ago as to whether US "QE2" would prove adequate has seemed quite superfluous. There again, let us approach the matter of potential oil shortage – a permanent obsession with someone who, in three separate episodes, has queued at the petrol pumps. This problem is not going to go away. Satellite television and the internet have empowered the Arab world's thwarted young populations, and the digital revolution has reintegrated its fragmented entities in ways not seen since mediaeval and Ottoman times. Of course, new regimes will still need to pump oil to meet welfare and armaments indulgences – but intermediate disruption to supplies can last years, as we saw (*looking aside from the Arab world*) with Iran. Suddenly, we are all armchair experts. There seems every possibility of collapse in Saudi Arabia, whose rulers one has been thoroughly alarmed to see making concessions to the populace ("give them an inch...."). Though crude oil represents only 2.8% of global GDP (as against a combined 0.4% for iron ore and copper), this would mean a severe jolt to the world economy. Nonetheless, the assumption in financial markets can be summarised along the lines that economically purist backwoodsmen ("Tea Party" folk, for example) have been successfully sidelined and the Federal Reserve, for one, can be counted on to do whatever might be necessary by way of "QE3" to offset any oil spike. And, to look further on the bright side, at least, presumably, the mooted aerial attack on Iran can be considered less likely for the time being, albeit the acceleration of West bank settlements continues, with US support now in enhanced silhouette. Moreover, any prospect of developed world interest rates rising by any more than token steps can, in the context of humungous debt mountains, be now considered even more remote.

In these circumstances, one does find oneself starting to ponder to a greater a degree the final strategy for exit from quantitative easing. All major monetary authorities, even the Japanese and European central banks, have massively expanded their balance sheets. What is needed is for them to gradually wind them down so that steady growth of, say, 2% plus similar inflation can gradually erode the debt mountains over a decade or so. Unfortunately, government deficits continue a rake's progress. It thus becomes more relevant to contemplate the vigilante view that if controlled wind-down of central bank balance sheets by any chance fails to materialise, we may face severe inflation.

That said, one has begun this edition avowing the impossibility of forecasting events. In the Eurozone, deflationary possibilities certainly still lurk. Yes, the overall assumption still grows in acceptance that, owing to the sheer number of snouts in the euro trough, whatever is necessary will be done to avoid Euro collapse and a banking crisis that would make Lehman Brothers look like the proverbial Sunday-school picnic. On this view, ultimate political disintegration, after years of miserable deflation in the fringe (as forecast by no less a commentator than Samuel Brittan, to say nothing of Tim Martin of JD Wetherspoon) can well be accommodated over time, somewhat like the relatively controlled wind-down of the Holy Roman Empire. It is just that others, notably including the Financial Times' Wolfgang Munchau, who surely ought to know, consider that the political strains are liable to sweep all before them on a much more immediate timescale. John Redwood (one of our definitely-listen-to's) seems not to be in disagreement. The Zone's machinations have become Byzantine in complexity.

## Manager's Report

continued

### **Economics roundup - *More inflationary (continued)***

In Japan, the principal financial consequence of current developments stands to be yet further postponement of fiscal rectitude. Meanwhile, the emerging economies have well and truly bifurcated from the developed, and remain locked in a toxic late cycle inflation and credit tightening phase. There continue to be many who opine that this is now at a late stage and even that, by extension commodity prices are near a peak. The author, from having underestimated the inflationary Chinese sour spot, retains an agnostic stance.

### **Currencies - *Little of note***

Trade weighted index for the dollar, a secular weak currency for all the well rehearsed reasons, continues to plumb fresh multi-decade lows.

### **Fixed interest - *Reduced allure***

Government bonds remain much out of favour with investors at large. However, this does not mean they offer latent value. They remain levitated to unattractive levels by massive scale purchases on the part of pension funds, fuelled by an orgy of correctness on the part of trustees seeking to “cover their liabilities”. Banks also are compelled to buy. Thus, despite the inflationary background, ten-year yields in all major developed economies still stand well below those prevailing five years ago. **Corporate bonds** still have some role in portfolios to provide income and a little ballast. However, there seems much to be said, among funds, for emphasising the “tactical” type where the manager has scope to hedge against onset of mangle in government bonds.

### **Equities - *Hold***

London and New York equities stand at premia to long run mid value trend of 12% and 21% respectively, supported by high corporate profits. Meanwhile, however, in developed world bond markets, long dated yields stand resolutely higher than at the short end, meaning that bond market participants see no prospect of deflation (“yield curves are upward sloping”). Hence, we rate equities an emphatic Hold. And that, as one always says, is all that the private investor really requires to know amid the welter of conflicting comment. Equity risk premia remain attractive.

For those seeking an explanation of recent equity market resilience, though – a little inflation is very good for equities. You may be scared stiff by Saudi Arabia and so forth, but do you really want to go back into fixed interest with bills rising? Rather, you have no option but to stay in equities and take your chance, a little like the snail hunkering down in the hedgerow for winter. At all costs avoid looking at prices on screens, or reading newspapers, let alone watching mind-addling TV news to spoil your evening.

Buying **oil shares** as a hedge has proved very disappointing. To accomplish much you would have to buy quite huge amounts and, anyway, they have correlated exceedingly poorly with the oil price. Longer term though, they show excellent correlation with the progressive denudation of world resources, and one perennially recommends a reasonable weighting. Actually, the performance of the sector is remarkable when one considers recurring episodes of world class mismanagement at both Shell and BP, plus the recent US mob law attack on the latter. Contrarian purchase of **uranium shares** has appeal. An emerging markets weighting of 20% within the equity section of portfolios looks about right for conservative investors.

## Manager's Report

continued

### **Doomsters, manias, panics, pestilence, war, climate change**

Dealt with in the preceding sections.

### **“Alternative” investments**

The environment remains perfect for **Gold** comprising a cocktail of still cheap money, mystique, and the sudden tidal wave of participation by the lay public via exchange-traded funds. It is not possible to argue any level to which the metal will not ultimately rise. The central banks can be relied upon to become increasingly aggressive buyers the more prices rise. Globally, **property** remains sluggish owing to famine of bank finance, but ultimately good value, while **infrastructure funds** represent another equity-type alternative offering slowly growing income. Continuing privatisations and offloading of assets by banks mean continuing good scope for infrastructure funds with the extensive level of necessary expertise.

### **Regional notes - Good recovery, poor finances**

In terms of growth, the US remains the best of developed economies and, moreover, this is at no detriment in terms of relative inflation rate. This favourable “trade-off” is actually quite an achievement considering that the performance is not flattered by a strong exchange rate. In fact, the dollar trade weighted index stands at fresh multi-decade lows. And, as usual, the negative side to things is in the trade account, ever forlorn despite the low dollar, plus the public sector deficit. Behind the latter, the main villains of the piece are arguably municipalities, followed by defence spending (up from 3% to 5% of GDP since 2001). The public sector deficit is not altogether egregious in the way that general commentary makes out, being merely second worst in the developed economies league in 2010 and as consensually forecast for the next two years. However, the ire of the markets is aroused by the lack of cogent plans for its reduction. Manifestly, what is needed for this purpose is a very steep increase in taxation on the top tier, which has its hands so grotesquely in the till. (Pretax income share of the top 1% had already risen from 10% in 1979 to a staggering 21% by 2008, and presumably may soon surpass 25%. What when it reaches 50%?).

In the light of relative economic buoyancy, quantitative easing is due to be removed in June. However, new home sales are at new lows in at least a 40 year context. What is actually needed is to *maintain* quantitative easing, while cutting the government deficit. Equities have been buoyed up by particularly strong profits, and stand relatively high versus intrinsic value as noted earlier. By way of digression – while around half of S&P 500 revenues are nowadays from abroad, it is less than 10% in the case of after-tax profits, according to Smithers & Co (FT 14.1.11). For 2012, the Democrats have shortened slightly further in the betting, to only 8/13.

## Manager's Report

continued

### **Developed Europe - *Not out of the woods***

With huge individual variations, overall Eurozone economic estimates remain satisfactory, with current year GDP at +1.6% versus +1.7% in December, albeit the consensus for 2011 inflation rate is now 2.2%, up from 1.7%. The collective current account remains near breakeven, though it is a little sad to look back to the strong surplus one applauded back in January 2001's edition.

We shall have to see how all this now gets revised. If high oil prices damage global growth, this may be particularly detrimental to German capital goods exports. There again though, the Germans may now be in a position to steal a march on their Japanese competitors.

The European Central bank started hiking interest rates during April.

A further set of fudged bank "stress tests" is scheduled for later this year, doubtless miraculously exonerating the teetering Spanish *cajas*.

### **The UK - *Augean Stables***

More positive attempts are being made in the UK than the US to tackle the public sector deficit, but this still does not mean any actual cut in spending. The recent Budget text embodied slower than expected growth, with yet worse inflation, cumulative public borrowing up to 2014-15 worse by £34bn, and higher government debt. In total, over the next five years the government will need to raise a further £485bn of debt on higher than expected spending.

Even these numbers rest heavily on an assumption of above trend growth in 2012-15! Yet the "supply side" performance remains nothing short of catastrophic. Amazingly, commentators *still* attempt to explain away the inflation figures in terms of 2008's fall in the Pound. A more legitimately cited "supply side" shortfall arises from the UK's over-dependence on parasitic financial sector activity. In these circumstances, it is no wonder that the coalition (which may not survive much beyond May's voting system referendum) wishes to concentrate on cutting restrictive regulation. The trouble is, loath as Mr Cable is to admit it, that most of this comes out of the Brussels rule factory anyway. But one dramatic and long overdue possibility has finally arisen. Consideration is being given to allowing Northern Ireland to cut corporation tax to 12.5% to match Eire's. Huge UK economic inefficiency does, after all, arise from the persistent attempt over 100 years to drain the entire population and economy into the area within the M25. It would seem manifestly obvious that what is really required is 10% corporation tax everywhere north of Watford (plus, perhaps, closure of the Heathrow magnet?).

## Manager's Report

continued

### Japan - *Contrarian buy*

Economic statistics remain in too much of a state of flux to be worth discussing this edition.

In the short term, the economic news is bleak. The damage done to nuclear power stations temporarily leaves Japan short of power. A system of planned blackouts affects industry as well as homes. Many large companies are shutting their works altogether while families and communities pick themselves up after the blow to their islands. The nuclear incident remains critical and could still lead to worse trouble with further meltdown and fallout. Output and incomes will be lower for the first half of 2011 as a result. There will be a two-way pull on the yen. The Bank of Japan has created more money immediately to take some of the pressure out of the markets. This will tend to depress the value of the currency. Meanwhile, Japanese companies and individuals may sell foreign bonds and other investments and repatriate money to help them pay the bills for the disaster, serving to prop the yen.

Yet the economic news is considerably better than the human misery created by the natural forces. The damage is confined to a limited part of the north, well beyond the crucial Tokyo heartland of the Japanese economy. The great technical and industrial power of the Japanese will be able to move the debris, clear the roads, and start the task of rebuilding. Later this year and next, there will be a stimulus from the extra money spent on new roads and railway lines, homes and factories, as they set about the massive job of reconstruction.

### Emerging markets - *The future: buy on setbacks*

Events on the Arab axis have been dealt with above, except to say that their ingredient in common with emerging markets at large is riots about high food prices, which represent a far higher proportion of the cost of living than in developed economies. Emerging nations remain mired in severe inflation generally. Brazil, for example, has a worse problem than China, with inflation and interest rates of 10%+.

China having been first into this problem may well be first to emerge. Its equity market is cheap, on a 2011 PE of 11.6 and yield 3.0% albeit enterprise value/sales is 1.6x (World Index: 1.5x). Few topics illustrate so well as China the limitations of "macro" comment, as per this edition's introductory theme. Cheerleaders abound, with Anthony Bolton currently in the van. But according to the army of doomsters, China is always the place where The Great Big Horrible Something is about to happen. Why, just lately one suddenly discovered that discussion had been raging for weeks about China being about to embark on civil war and split into half a dozen entities. Favourite topic, though, is property. A pending huge crash stands to derail not merely the Chinese but the world economy. Yet according to Henny Sender in the FT (18.01.11) virtually nobody in China thinks there is any chance of such a crash. The market lacks the classic symptoms of a bubble, with little held on borrowed money. Fundamental measures of affordability stand only where they did in Japan in the 1950s. In equities, a comparison with Japan is highly important. When Japan was finally forced to cease featherbedding its industry with an undervalued currency, so severe was the "cold turkey" that ultra-loose policy was necessary. Combined with hubris, this fuelled the Japanese equity bubble in the 1980s. This was arguably just the warm-up act for a culturally and economically exact re-run in China.

A final, contrarian thought for this review, in November, New York Times columnist, Thomas Friedman, mused: "What if – for all the hype about China, India and globalisation – they're all actually underplayed?" What if, I muse in return, for all the criticism of Chinese state capitalism, the bears aren't bearish enough?

## Manager's Report

continued

### EFG - Manager's Report

Economic volatility in the last twelve months has been far from market friendly. The fragility of the economic outlook in many major economies and a whole raft of unique events has cast uncertainty on the strength and longevity of economic growth globally. After the slowdown in activity during the summer of 2010, the Fed's QE2 program, combined with stronger indicators lent support to greater optimism. Political unrest that spread throughout the Middle East pushed oil prices higher, pressed inflation and seemed to dampen expectations. The Tsunami in Japan then dented global supply chains causing temporary manufacturing shutdowns and again slowing growth globally. At the same time policy tightening in China and the rest of Asia started to impact activity. The whole year has been overshadowed by deteriorating fiscal situations in so called peripheral countries with Ireland and Portugal following Greece into an IMF/EU bailout in 2010. The lack of any long term solution has significantly compromised the economic outlook in Europe.

The UK economy has characterized many of the problems facing the global economy, namely higher inflation, slower growth and fiscal consolidation. The Bank of England have stuck to the core view that inflation remains disconnected from the underlying strength of the economy and that inflation will normalise in 2012. Expectations of rate increases have been extended as GDP figures and activity indicators have disappointed and it looks unlikely that the MPC will tighten policy in 2011. At the same time the coalition continue to press ahead with budget tightening and spending cuts. With cuts in progress and inflation running at elevated levels, uncertainty has proved to contain investment and consumption in the private sector.

Rates markets have been volatile, reflecting economic concerns and a safe haven during periods of "event" risk. The 10 year Gilt has traded in line with global sentiment for the most part and somewhat surprisingly ended April 2011, 30bps lower than in 2010. The overall direction only tells part of the story as the bond traded between 2.80% and 3.9% in the course of just 6months. Against a backdrop of uncertainty and modest economic growth, returns in the market as a whole were stronger than may have been anticipated at the start of the year. The Citigroup UK Government Bond Index was up 6.6% from April 2010 to April 2011, with longer dated bonds outperforming. Credit as measured by the Citigroup Eurosterling Bond Index 3-5year added a healthy pick up on Gilts with a total return of 6.18% for the year, versus 4.2% for the equivalent in government bonds.

Whilst resolution to peripheral solvency issues is clearly an ongoing issue that will present a headwind to growth in the region. US growth is likely to remain sluggish, however, we believe positive, whilst EM economic performance should remain more robust. Remaining in short dated bonds will protect from any unexpected increases in yields, however, we expect short term UK interest rates to remain low for some time to come. We continue to run the portfolio extremely cautiously, however, a lack of short dated paper in the market means that reinvestment of maturities has increased the average maturity of the portfolio.

## PFS GREENAWAY FUND

### Portfolio Statement

as at 30 April 2011

Holding	Security	Value	% of Total	
		(Note 1g) £	2011	2010
<b>Debt Securities</b>				
AUS\$175,000	Australian Government 5.75% 15/6/2011	114,934	3.36	
EUR50,000	Eskom 4% 7/03/2013	44,860	1.31	
EUR60,000	Hutchison Whampoa 5.875% 8/07/2013	56,240	1.64	
NZ\$150,000	New Zealand Government 6.5% 15/04/2013	76,946	2.25	
USD50,000	Rabobank 5.25% Variable Perpetual	30,276	0.88	
USD100,000	Swiss Re Capital 6.854% Variable Perpetual	59,158	1.73	
GBP100,000	Abu Dhabi Commercial Bank 5.625% 16/11/2011	100,893	2.95	
GBP175,000	Barclays Bank Plc Float 18/03/2013	175,107	5.11	
GBP50,000	BMW Finance NV 5.25% 21/11/2013	53,607	1.57	
GBP100,000	BP Capital Markets 4% 29/12/2014	103,754	3.03	
GBP30,000	Cable & Wireless 8.625% 25/03/2019	31,333	0.92	
GBP50,000	Citigroup 5.5% 18/11/2015	53,445	1.56	
GBP60,000	E. ON International 6.375% 29/05/2012	63,072	1.84	
GBP100,000	Fidelity International 6.75% 19/10/2020	106,546	3.11	
GBP60,000	Gazprom 6.58% 31/10/2013	63,741	1.86	
GBP110,000	GE Capital UK 4.75% 15/06/2011	110,443	3.23	
GBP70,000	Goldman Sachs 6.125% 14/02/2017	75,728	2.21	
GBP100,000	Lloyds TSB Bank 6.625% 30/03/2015	103,297	3.02	
GBP50,000	Marks & spencer 5.875% 29/05/2012	51,855	1.51	
GBP50,000	Old Mutual 7.125% 19/10/2016	55,107	1.61	
GBP100,000	QBE Insurance 6.125% 28/09/2015	106,988	3.13	
GBP50,000	Rabobank 4% 10/09/2015	51,751	1.51	
GBP75,000	Royal Bank of Scotland Float 13/07/2012	76,014	2.22	
GBP50,000	Scottish & Southern Energy 5.75% 5/02/2014	53,967	1.58	
GBP110,000	Skandinaviska Enskilda 6.625% 9/07/2014	121,769	3.56	
GBP75,000	Suncorp-Metway 4% 16/01/2014	78,417	2.29	
GBP30,000	UK Treasury 4.75% 7/12/2038	32,865	0.96	
GBP60,000	Unicredit Bank Austria 5.625% 12/07/2011	60,340	1.76	
GBP35,750	Standard Chartered 8.525% Perpetual	40,755	1.19	
GBP25,000	Linde Finance 6.5% 29/01/2016	28,266	0.83	
GBP50,000	Nordea Bank Finance 6.25% Variable Perpetual	50,617	1.48	
GBP25,000	La Poste 5.625% 19/12/2016	27,024	0.79	
GBP25,000	Citigroup Inc 5.125% 12/12/2018	24,090	0.70	
GBP50,000	Bupa Finance 6.125% Variable Perpetual	44,350	1.30	
GBP50,000	Barclays Bank 6% Variable Perpetual	42,602	1.24	
GBP50,000	BNP Paribas 5.945% Variable Perpetual	45,917	1.34	

PFS GREENAWAY FUND

**Portfolio Statement**

continued

Holding	Security	Value	% of Total	
		(Note 1g) £	2011	2010
<b>Debt Securities (continued)</b>				
GBP60,000	RSA Insurance 6.701% Variable Perpetual	56,254	1.70	
GBP50,000	Mellon Ca;pital 111 6.369% Variable 05/09/2066	46,500	1.36	
GBP50,000	Investec Finance 6.25% Variable Perpetual	40,000	1.17	
GBP50,000	Clydesdale Bank 5.75% Variable 30/03/2012	50,012	1.46	
GBP50,000	Scottish & Southern 5.453% 01/10/2015	48,652	1.42	
GBP50,000	William Hill 7.125% 11/11/2016	52,132	1.52	
GBP25,000	Roche Holdings 5.5% 04/03/2015	27,341	0.80	
		2,738,963	80.01	81.14
<b>Utilities</b>				
8,750	National Grid	53,681	1.57	
4,250	Scottish & Southern Energy	57,628	1.68	
		111,309	3.25	0.73
<b>Investment Companies</b>				
40,211	Artemis High Income Fund	28,385	0.83	
32,163	Baillie Gifford Bonad Fund -Investment Grade-A-Inc	26,287	0.77	
400	iShare GBP Corporate Bond ETF	47,612	1.39	
7,000	iShare FTSE UK Dividend Plus Fund	55,090	1.61	
12,500	iShare FTSE EPRA/NAREIT UK Property	53,800	1.57	
US\$850	iShare iBoxx \$ High Yield Corporate Bond Fund ETF	47,260	1.38	
		258,433	7.55	9.29
<b>Support Services</b>				
10,000	G4S	27,620	0.81	
		27,620	0.81	0.00
<b>Telecommunications</b>				
3,750	Inmarsat	22,838	0.67	
		22,838	0.67	0.00
<b>Banks</b>				
14,956	Lloyds Banking	8,861	0.26	
		8,861	0.26	0.29

PFS GREENAWAY FUND

**Portfolio Statement**

continued

Holding	Security	Value	% of Total	
		(Note 1g) £	2011	2010
	<b>Construction &amp; Building</b>			
4,500	Abbey	20,430	0.60	
		20,430	0.60	0.54
	<b>General Retailers</b>			
12,500	Morrison (WM) Supermarkets	36,850	1.08	
		36,850	1.08	1.28
	<b>Health</b>			
2,500	Smith & Nephew	16,425	0.48	
		16,425	0.48	0.00
	<b>Housing Goods &amp; Textiles</b>			
5,000	Thorpe (FW)	39,000	1.13	
		39,000	1.13	0.86
	<b>Insurance</b>			
4,000	Jardine Lloyd Thompson	28,020	0.82	
		28,020	0.82	0.00
<b>Total Value of Investments</b>		<b>3,308,749</b>	<b>96.66</b>	<b>94.52</b>
<b>Net Other Assets</b>		<b>114,682</b>	<b>3.34</b>	<b>5.48</b>
<b>Total Value of the Fund as at 30 April 2011</b>		<b>3,423,431</b>	<b>100.00</b>	<b>100.00</b>

## Statement of the Manager's Responsibilities

The Manager is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Financial Services Authority's Collective Investment Schemes Sourcebook ("the COLL Sourcebook") requires the Manager to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the fund and of the net income/expenses and of the net gains/losses on the property of the fund for that year. In preparing the financial statements the Manager is required to:

- select suitable accounting policies, as described in the attached financial statements, 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, which are required to be disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in business.

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the fund and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The Manager is also responsible for safeguarding the assets of the fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Manager is aware:

- there is no relevant audit information of which the fund's auditors are unaware; and
- the Manager has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Certification of accounts by the Manager

In accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Services Authority, we hereby certify the Report on behalf of the Managers, Phoenix Fund Services (UK) Limited.

**J M Rice**  
**S D Mathieson**

Directors  
Phoenix Fund Services (UK) Limited  
31 August 2011

## **Statement of the Trustee's Responsibilities in Respect of the Fund**

The Trustee is responsible for the safekeeping of all of the property of the Fund (other than tangible movable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Fund is managed in accordance with the Financial Services Authority's Collective Investment Scheme sourcebook, as amended ("the Sourcebook"), the Fund's trust deed and prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Fund, the application of income of the Fund, and the investment and borrowing powers and restrictions applicable to the Fund.

## **Report of the Trustee to the Unitholders of the PFS Greenaway Fund**

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion based on the information available to us and the explanations provided, that in all material respects the Manager:

- (i) has carried out the issue, sale, redemption, cancellation and calculation of the price of the Fund's units, and the application of the scheme's income in accordance with the Sourcebook and, where applicable, the trust deed and prospectus, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

### **BNY Mellon Trust & Depositary (UK) Limited**

Trustee and depositary services  
31 August 2011

## **Independent Auditor's report to the shareholders of PFS Greenaway Fund**

We have audited the financial statements of the Fund for the period ended 30 April 2011, which comprise the statement of total return, the statement of change in net assets attributable to shareholders, together with the related notes and the distribution tables. The financial reporting framework that has been applied in their preparations is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Fund's unitholders as a body, in accordance with rule 4.5.12 of the Collective Investment Scheme Sourcebook issued by the Financial Services Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Manager and the Auditors**

As explained more fully in the Manager's responsibilities statement set out on page X, the Manager 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 (APB'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 Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Investment Adviser's report to identify material inconsistencies with the audited financial statements. 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 state of the Fund's affairs as at 30 April 2011 and of the net expense and the net gains on the property of the Fund for the period then ended;
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds; the rules of the Collective Investment Schemes Sourcebook issued by the Financial Services Authority and United Kingdom Generally Accepted Accounting Practice;

## **Independent Auditor's report to the shareholders of PFS Greenaway Fund (continued)**

### **Opinion on other matters**

The information given in the Investment Adviser's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters, where we are required to report, if in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Guy Fisher**

**Senior Statutory Auditor**

**Shipleys LLP**

Chartered Accountants and Statutory Auditors

31 August 2011

## Comparative Tables

### Fund Size

Year	Net Asset Value £	No. of units in issue	Net Asset Value pence per unit
2010	3,032,215	4,370,455	69.38
2011	3,354,982	4,370,455	76.77
2011*	3,423,431	4,370,455	78.33

\*As at 30 April 2011

### Price History

The table below shows the highest buying and lowest selling prices on a calendar year basis in pence per unit for the last five full calendar years. Past performance is not necessarily a guide to the future performance.

Year	Income Units	
	Highest (pence)	Lowest (pence)
2007	89.13	78.02
2008	85.37	69.90
2009	83.28	54.53
2010	84.36	75.30
2011*	79.16	76.65

\*As at 30 April 2011

### Distribution Record

Year	Income Units
	Income per unit (pence)
2007	0.3273
2008	2.8480
2009	2.2409
2010	1.5944
2011*	1.5912

\*As at 30 April 2011

### Total Expense Ratio

The total expense ratio is annualised based on the fees charged during the accounting period.

Expense Type	30 April 2011 %	30 April 2010 %
Managers' periodic charge	1.70	1.70
Other expenses	0.64	0.68
<b>Total expense ratio</b>	<b>2.34</b>	<b>2.38</b>

## PFS GREENAWAY FUND

### Statement of Total Return

for the year ended 30 April 2011

	Note	2011		2010	
		£	£	£	£
Income					
Net capital gains	2		68,395		322,768
Revenue	3	163,788		159,008	
Expenses	4	(79,243)		(77,608)	
Finance costs: Interest	6	(16)		–	
Net revenue before taxation		84,529		81,400	
Taxation	5	(14,932)		(13,669)	
Net revenue after taxation			69,597		67,731
<b>Total return before distributions</b>			<b>137,992</b>		<b>390,499</b>
Finance costs: Distributions	6		(69,543)		(67,732)
<b>Increase in net assets attributable to unitholders from investment activities</b>			<b>68,449</b>		<b>322,767</b>

### Statement of Change in Net Assets Attributable to Unitholders

for the year ended 30 April 2011

	2011		2010	
	£	£	£	£
<b>Opening net assets attributable to unitholders</b>		<b>3,354,982</b>		<b>3,032,215</b>
Increase in net assets attributable to unitholders from investment activities (see Statement of Total Return above)		68,449		322,767
<b>Closing net assets attributable to unitholders</b>		<b>3,423,431</b>		<b>3,354,982</b>

PFS GREENAWAY FUND

**Balance Sheet**

as at 30 April 2011

	Note	2011		2010	
		£	£	£	£
<b>ASSETS</b>					
<b>Investment assets</b>			3,308,749		3,171,192
Debtors	7	82,448		67,858	
Bank balances		<u>109,369</u>		<u>176,222</u>	
<b>Total other assets</b>			<b>191,817</b>		<b>244,080</b>
<b>Total assets</b>			<b>3,500,566</b>		<b>3,415,272</b>
<b>LIABILITIES</b>					
<b>Other liabilities</b>					
Creditors	8	(50,309)		(27,006)	
Distribution payable		<u>(26,826)</u>		<u>(33,284)</u>	
<b>Total liabilities</b>			<b>(77,135)</b>		<b>(60,290)</b>
<b>Net assets attributable to Unit holders</b>			<b>3,423,431</b>		<b>3,354,982</b>

## Notes to the Financial Statements

as at 30 April 2011

### 1. Accounting Policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ("SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

#### (b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following basis:

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Interest on debt securities and bank and short-term deposits is recognised on an earned basis.

In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation.

#### (c) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, and the annual Management fee to payable to the Investment Adviser are charged against revenue for the year on an accruals basis.

#### (d) Taxation

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

Where overseas tax has been deducted from overseas income that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

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.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

#### (e) Distribution policy

The net revenue after taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders as dividend distributions. Any revenue deficit is funded from capital.

Interim distributions may be made at the Manager's discretion and the balance of income is distributed in accordance with the regulations.

Distributions not claimed within a six year period will be forfeited and added back to the capital of the Fund.

## Notes to the Financial Statements

continued

<b>2. Net capital gains</b>	<b>30.04.11</b>	<b>30.04.10</b>
	£	£
Non-derivative securities	66,829	327,660
Currency gains/(losses)	3,739	(3,967)
Transaction charges	(1,662)	(925)
<b>Net capital gains</b>	<b>68,906</b>	<b>322,768</b>
<hr/>		
<b>3. Revenue</b>	<b>30.04.11</b>	<b>30.04.10</b>
	£	£
<b>Revenue from non-derivative investments:</b>		
UK dividends: Ordinary	10,377	11,833
Overseas Dividends	14,774	1,199
UK Unfranked Dividends	–	2,139
UK Unfranked Interest	–	30,767
Interest on debt securities	138,622	112,987
Bank interest	15	24
AMC rebates from underlying investments	–	59
<b>Total revenue</b>	<b>163,788</b>	<b>159,008</b>
<hr/>		

**Notes to the Financial Statements**

continued

<b>4. Expenses</b>	<b>30.04.11</b>	<b>30.04.10</b>
	<b>£</b>	<b>£</b>
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's fee	57,851	55,362
Registration fees	753	501
	<hr/> 58,604	<hr/> 55,863
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fee (including VAT)	8,598	10,408
Safe custody and other bank charges	1,611	2,804
	<hr/> 10,209	<hr/> 13,212
Other expenses:		
Audit fee (including VAT)	9,340	8,226
FSA fee	37	36
Publication cost	–	271
Printing costs	1,053	–
	<hr/> 10,430	<hr/> 8,533
<b>Total expenses</b>	<hr/> <b>79,243</b>	<hr/> <b>77,608</b>

## Notes to the Financial Statements

continued

5. Taxation	30.04.11 £	30.04.10 £
(a) Analysis of charge in the year:		
Corporation tax at 20%	14,830	13,529
Adjustments in respect of prior periods	–	510
Overseas tax	102	232
Double taxation relief	–	(232)
	<hr/>	<hr/>
Current tax charge (note 5b)	14,932	14,039
Deferred tax - origination and reversal of timing differences (note 5c)	–	(370)
	<hr/>	<hr/>
<b>Total tax charge (note 5b)</b>	<b>14,932</b>	<b>13,669</b>
<hr/>		
(b) Factors affecting taxation charge for the year		
Net revenue before taxation	84,529	81,400
	<hr/>	<hr/>
Corporation tax at 20%	16,906	16,280
Effects of:		
UK dividends	(2,076)	(2,367)
Adjustments in respect of prior periods	–	510
Overseas tax expensed	102	–
Non-taxable overseas earnings	–	(754)
Movement in revenue accruals	–	370
	<hr/>	<hr/>
<b>Current tax charge (note 5a)</b>	<b>14,932</b>	<b>14,039</b>
<hr/>		
(c) Provision for deferred taxation		
Provision at the start of the year	–	370
Deferred tax in profit and loss account (note 5a)	–	(370)
There was no liability to deferred tax at the balance sheet date.		

## Notes to the Financial Statements

continued

6. Finance costs	30.04.11	30.04.10
	£	£
<b>Distributions</b>		
<b>Accumulation Units</b>		
Interim	42,717	34,448
Final	26,826	33,284
	69,543	67,732
<b>Finance costs: Distributions</b>	<b>69,543</b>	<b>67,732</b>
Finance costs: Interest	16	–
<b>Total finance costs</b>	<b>69,559</b>	<b>67,732</b>
<b>Reconciliation of net revenue after taxation to net distributions for the period:</b>		
Net revenue after taxation per statement of total return	69,597	67,731
Undistributed income brought forward	4	5
Undistributed income carried forward	(58)	(4)
<b>Finance costs: Distributions</b>	<b>69,543</b>	<b>67,732</b>

**Notes to the Financial Statements**

continued

<b>7. Debtors</b>	<b>30.04.11</b>	<b>30.04.10</b>
	<b>£</b>	<b>£</b>
Sales awaiting settlement	24,745	–
Interest on debt securities	55,383	66,179
Unfranked interest	–	281
Overseas dividends	1,277	534
Overseas tax recoverable	303	–
Bank interest receivable	–	3
AMC rebates on underlying funds	–	59
Prepaid expenses:		
Safe custody charge	184	–
ACD fees prepaid	556	–
Taxation recoverable:		
Income tax	–	682
Overseas withholding tax	–	120
<b>Total debtors</b>	<b>82,448</b>	<b>67,858</b>

## Notes to the Financial Statements

continued

<b>8. Creditors</b>	<b>30.04.11</b>	<b>30.04.10</b>
	<b>£</b>	<b>£</b>
Purchases awaiting settlement	17,721	–
Registration fee	668	42
	<hr/>	<hr/>
	18,389	42
	<hr/>	<hr/>
Amounts payable to the Investment Adviser, associates of the Investment Adviser and agents of either of them:		
Investment Adviser's fee	6,787	3,794
	<hr/>	<hr/>
	6,787	3,794
	<hr/>	<hr/>
Amounts payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee fees	884	695
Transaction charges payable	266	64
	<hr/>	<hr/>
	1,150	759
	<hr/>	<hr/>
Other expenses:		
Listing fee	37	–
Audit fee payable	8,060	8,602
Printing & Stationery fees	1,054	–
	<hr/>	<hr/>
	9,151	8,602
	<hr/>	<hr/>
Taxation payable:		
Income tax payable	14,828	13,290
	<hr/>	<hr/>
	14,828	13,290
	<hr/>	<hr/>
<b>Total creditors</b>	<b>50,305</b>	<b>27,006</b>

## 9. Related Party Transactions

Manager and other fees payable to Phoenix Fund Services (UK) Limited (the Manager) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Management fees payable to (the Managers) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Trustee and other fees payable to BNY Mellon Trust & Depository (UK) Limited are disclosed in note 4 and amounts due at the period end are shown in note 8.

## Notes to the Financial Statements

continued

### 10. Contingent Liabilities

There were no contingent liabilities or outstanding commitments at the balance sheet date.

### 11. Derivatives and other Financial Instruments

In pursuing its investment objectives, the Fund may hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Funds' operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

The Fund may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the Fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the Manager.

The main risks arising from financial instruments and the Manager's policies for managing these risks are stated below. These policies have been applied throughout the year under review.

#### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. This means the value of an investors' holding may go down as well as up and an investor may not recover the amount invested. Investors should consider the degree of exposure of the Fund in the context of all their investments.

The Funds' investment portfolio is exposed to market price fluctuations, which are monitored by the Manager as per the policies as set out in the prospectus. The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the prospectus and in the Financial Services Authorities Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Fund will be exposed.

Where the fund invests in smaller companies it should be noted that these investments may be less liquid than larger capitalised stocks and can be more sensitive to economic and other factors.

## Notes to the Financial Statements

continued

### 11. Derivatives and other Financial Instruments (continued)

#### Interest rate risk

Interest rate risk, being the risk that the value of investments will fluctuate as a result of interest rate changes. The majority of the Fund's assets comprise equity shares which neither pay interest nor have a maturity date.

Interest rate risk is the risk that the value of the Funds' investments will fluctuate as a result of changes in interest rates. The Fund invests in floating rate securities. The revenue of these Funds may be affected by changes in interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The tables below detail the interest rate risk profile at the balance sheet date.

Currency 2011	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total net assets £
Australian dollars	0	114,934	0	114,934
Euro	0	101,100	0	101,100
New Zealand dollar	0	76,946	0	76,946
Pounds sterling	777,496	1,686,420	606,974	3,070,891
United States dollar	89,435	-	47,260	136,695
	<b>866,932</b>	<b>1,979,400</b>	<b>654,234</b>	<b>3,500,566</b>

Currency 2011	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total net liabilities £
Pounds sterling	0	0	(77,135)	(77,135)
	<b>0</b>	<b>0</b>	<b>(77,135)</b>	<b>(77,135)</b>

## Notes to the Financial Statements

continued

### 11. Derivatives and other Financial Instruments (continued)

#### Interest rate risk

(continued)

<b>Currency 2010</b>	<b>Floating rate financial assets £</b>	<b>Fixed rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total net assets £</b>
Australian dollars	0	106,536	1,142	107,678
Euro	17,026	101,181	2,743	120,950
New Zealand dollar	0	75,352	191	75,543
Swiss Francs	0	0	120	120
Pounds sterling	312,090	2,249,564	423,610	2,985,264
United States dollar	30,272	92,941	2,504	125,717
	<b>359,388</b>	<b>2,625,574</b>	<b>430,310</b>	<b>3,415,272</b>

  

<b>Currency 2010</b>	<b>Floating rate financial liabilities £</b>	<b>Fixed rate financial liabilities £</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total net liabilities £</b>
Pounds sterling	0	0	(60,290)	(60,290)
	<b>0</b>	<b>0</b>	<b>(60,290)</b>	<b>(60,290)</b>

Floating rate interest-bearing assets at the balance sheet date consist of bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent; and floating rate notes, on which inte

## Notes to the Financial Statements

continued

### 11. Derivatives and other Financial Instruments (continued)

#### Interest rate risk

(continued)

	Weighted average gross interest rate of fixed interest-bearing assets		Weighted average period for which interest rates are fixed*	
	30.04.11 %	30.04.10 %	30.04.11 years	30.04.10 years
Australian dollars	5.75	5.25	0	1
Euros	5.04	5.07	2	3
New Zealand dollars	6.50	6.50	2	3
Pounds sterling	5.80	5.80	4	5
US dollar	0.00	6.33	0	5

\* Assuming the earliest maturity date for those assets with variable maturity dates.

#### Credit risk

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including Commercial Paper (CP) and Floating Rate Notes (FRN)) there is the possibility of default of the issuer and default in the underlying assets meaning that a Fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities, which could result in the Fund suffering a loss. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

## Notes to the Financial Statements

continued

### 11. Derivatives and other Financial Instruments (continued)

#### Liquidity risk

Liquidity risk is the risk that a Fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised. Recent market issues following the credit crunch resulted in a significant reduction in liquidity of the bond markets and FRN markets in particular.

Under normal circumstances, a Fund will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemptions in the Fund, the Fund may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

#### Currency risk

Although the Fund's capital and income are denominated in sterling, a proportion of the Fund's investments have currency exposure and, as a result, the income and capital value of the Fund are affected by currency movements.

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates. For those funds where a proportion of the net assets of the funds are denominated in currencies other than

The table below details the foreign currency risk profile at the balance sheet date.

<b>Currency</b>	<b>30.04.11</b>	<b>30.04.10</b>
Australian dollars	114,934	107,678
Euros	101,100	120,950
New Zealand dollars	76,946	75,543
Swiss francs	-	120
US dollar	136,695	125,717
	429,675	430,008
Pound sterling	2,993,757	2,924,974
<b>Net assets</b>	<b>3,423,431</b>	<b>3,354,982</b>

**Notes to the Financial Statements**

continued

<b>12. Portfolio Transaction Costs</b>	<b>30.04.11</b>	<b>30.04.10</b>
	£	£
Analysis of purchases		
Purchases before transaction costs	1,144,356	1,248,038
Transaction costs:		
Commissions	825	1,519
Stamp duty and other charges	1,011	1,097
	<hr/> 1,836	<hr/> 2,616
<b>Total purchase cost</b>	<hr/> <b>1,146,192</b>	<hr/> <b>1,250,654</b>
Analysis of sales		
Sales before transaction costs	1,085,955	1,209,202
Transaction costs:		
Commissions	581	(1,248)
Other charges	160	(252)
	<hr/> 741	<hr/> (1,500)
<b>Net sales proceeds</b>	<hr/> <b>1,086,696</b>	<hr/> <b>1,207,702</b>

## Distribution Table

for the year ended 30 April 2011

### Interim

Income Units	Net Revenue	Equalisation	Amount distributed	
			31.12.10	31.12.09
	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Group 1	0.9774	–	0.9774	0.7882
Group 2	0.9774	–	0.9774	0.7882

**Interim:** Group 1 – Units purchased prior to 1 May 2010

Group 2 – Units purchased on or after 1 May 2010 to 31 October 2010

### Final

Income Units	Gross Revenue	Tax	Net	Equalisation	Amount distributed	
					30.06.11	30.06.10
	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Group 1	0.7672	0.1534	0.6138	–	0.6138	0.7615
Group 2	0.7672	0.1534	0.6138	–	0.6138	0.7615

**Final:** Group 1 – Units purchased prior to 1 November 2010

Group 2 – Units purchase on or after 1 November 2010 to 30 April 2011

### Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents the accrued revenue included in the purchase price of the units. After averaging, it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the units for Capital Gains Tax purposes.

## General Information

### Authorised Status

The PFS Greenaway Fund (formerly CF Greenaway Fund) is a unit trust scheme authorised by the Financial Services Authority with effect from 22 April 1999. The first creation of units was on 18 April 2000

### Base Currency

The base currency of the Trust is Pounds Sterling.

### Structure of the Company

### Valuation Point

The valuation point of the Trust is 10:00 on each business Tuesday. Valuations may be made at other times with the Trustees' approval.

### Buying and Selling of Units

The Manager will accept orders for the purchase and sale of units on normal business days between 8:30am and 4:30pm. Instructions to buy or sell units may either be in writing to:

Phoenix Fund Services (UK) Ltd  
PO Box 10603, Chelmsford, Essex, CM1 9PE  
Or by telephone to:  
0845 026 4288

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

### Other Information

The Trust Deed, the most recent version of the Prospectus, the most recent long and short annual and half yearly reports of the Trust may be inspected free of charge during normal business hours on any business day at the offices of the Manager and the Trustee. Unitholders may obtain copies of the above documents from the Manager and the Trustee.

Complaints concerning the operation or marketing of the Trust may be referred to the Compliance Officer at Phoenix Fund Services (UK) Ltd, Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW or if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

### Risk Warning

An investment into a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not necessarily 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.



Phoenix Fund Services (UK) Ltd.

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