PHOENIX
Fund Services

PFS TWENTYFOUR INVESTMENT FUNDS - MONUMENT BOND

Annual Short Report
31 March 2011

Directory

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Directors of the Authorised Corporate Director
R. Elliott (appointed 11 April 2011)
S. A. King
S. D. Mathieson
J. Rice (appointed 22 February 2011)

Investment Adviser
TwentyFour Asset Management LLP
24 Cornhill, London, EC3V 3ND
(Authorised and regulated by the Financial Services Authority)

Depositary
BNY Mellon Trust & Depositary (UK) Limited
The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA
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Auditor
PricewaterhouseCoopers LLP
Statutory Auditors
7 More London Riverside, London, SE1 2RT

Investment Objective

for the year 01 April 2010 to 31 March 2011

The Sub-Fund aims to provide an attractive level of income relative to prevailing interest rates whilst maintaining a strong focus on capital preservation.

Investment Policy

The investment policy is to invest in a diversified portfolio of European and Australian residential mortgage-backed securities ("RMBS") rated at least AA- (or equivalent) at the time of investment by one or more of Standard & Poor's, Moody's Investor Services and Fitch although it is expected that the majority of the RMBS will be rated AAA (or equivalent) at the time of investment. From time to time it is possible that a significant portion of the portfolio may be invested in securities from a particular geographical region. A portion of the portfolio may be held in cash or cash equivalents, such as treasury bills and government bonds, in order to further enhance the Sub-Funds liquidity. The Sub-Fund will aim to minimise currency risk by materially hedging the Sub-Funds exposure in the foreign exchange markets and the Sub-Fund will have the ability to use derivatives in order to mitigate other risks.

The Investment Adviser has overall responsibility for investment policy and authority to select service providers pursuant to the Investment Management Agreement entered into with the ACD.

Securities may be traded over-the-counter, although any RMBS that the Sub-Fund will invest in will be listed on Eligible Markets and will be cleared through a major clearing system such as Euroclear or Clearstream.

The Monument Bond will not invest in any Collective Investment Schemes.

Investment Adviser's Report

for the year to 31 March 2011

Market Review

The macroeconomic scenario over the year to 31 March 2011 has not been supportive to the wider fixed income markets. The continuation of the peripheral European sovereign debt concerns has cast a shadow over the market, with Ireland and Portugal joining Greece in receiving EU/IMF emergency loans. These bailouts have not removed the spectre of a potential restructuring by a peripheral sovereign, worsened when some Irish politicians unsuccessfully called for all bondholders, including senior bondholders, to "burden-share" on the bailout of their financial sector.

Alongside this continuing crisis we have seen significant popular demonstrations and uprisings across parts of North Africa and the Middle East, resulting in regime changes in a number of countries, leading to volatility in oil prices and associated financial markets. Also the Japanese earthquake/nuclear disaster created additional votability for a time.

Closer to home, while the implementation of the coalition's austerity plans have been well received by the IMF and the rating agencies, inflation continues to run well above the target rate of 2%, and at the same time the prevailing data releases do not offer much sign of a sustained and strong recovery at the moment. This limits the options for the MPC members as regards the currently extraordinarily low rate environment, and to date the market continues to push back its expectations for rate rises.

Against this backdrop the RMBS markets have continued to perform and show their resilience to contagion from external shocks. The new issue market has allowed banks to access an alternative source of funding, with AAA-rated tranches publicly placed in deals for a variety of issuers including new entrants to the market such as Yorkshire Building Society and Skipton Building Society. Alongside this there has been a continued compression of spreads with corresponding price performance for the lower rated tranches of pre-credit crunch deals.

Fundamentally the mortgage pools backing the market continue to perform well in general. This is despite the still constrained mortgage market reducing borrowers' ability to refinance, and the housing market's stagnation making selling in a stressed scenario more difficult.

Performance Review

The Sub-Fund's aim is to produce an attractive level of income relative to prevailing interest rates whilst maintaining a strong focus on capital preservation. The Sub-Fund is benchmarked to 3 month sterling LIBOR, meaning that in a rising rate environment the yield on the Sub-Fund will exhibit a positive trend as all the bonds held pay a yield based on prevailing interest rates (refixing every 3 months at least). LIBOR had increased from 0.65% to 0.82% by the period end, illustrating the market's expectations for an upward trending yield curve and rate rises.

Performance over the period in question has been led by a limited number of factors, due to the narrow remit of the Sub-Fund to invest in European and Australian AAA and AA rated RMBS only. This is an asset class that in general has exhibited a consistent degree of price performance over the year as more investors seek to access the asset class, attracted by its floating rate nature and its highly robust credit profile. We have rebalanced the portfolio over the period to take a higher allocation to AA-rated securities, and with a greater exposure to Buy to Let and Non Conforming mortgage pools. These moves have meant that the market-wide rally has been better reflected in the Sub-Fund's share prices. The RMBS market has not exhibited a significant degree of correlation with the peripheral sovereign problems, with the exception of the deals backed by collateral from those jurisdictions. As such we have seen a small amount of negative price performance from the 3 deals we held from Ireland and Portugal, although we did reduce holdings prior to the Irish bailout.

Investment Adviser's Report

continued

Performance Review (continued)

Two significant deal-specific drivers of performance were LEEK and RMS 16. LEEK is a UK non-conforming deal backed by mortgages from Co-op Bank. In March Co-op announced that they would not be calling these deals on the due date as the market had been expecting. This led to a sharp repricing of the outstanding bonds lower, far beyond that required, as market participants sought to understand the implications, although following a simultaneously announced restructuring they have recovered part of that drop, and with expected upgrades for the junior tranches there could be further price performance in the next few months. RMS 16 in contrast was a deal purchased as we thought there was a good chance the market was mispricing the deal, undervaluing the size of the reserve fund and the likelihood the deal would get called. When Investec announced the deal would be called in June the bonds rallied strongly to par. While this might seem to highlight call probability as a key driver of the market these scenarios are rare, but it emphasizes that the work done on maturity assumptions can be extremely valuable.

Investment Outlook

While fundamental factors look set to be supportive going forward, the macro economy and peripheral sovereign issues look set to continue as we approach summer. Rates are expected to remain on hold until at least the fourth quarter of this year, but then we would expect to see a steady upward trend, which will negatively impact holders of duration sensitive bonds, but which will have a significant positive impact on this Sub-Fund.

We expect to see a continued and enlarged functioning of the European ABS market in all its forms, although principally RMBS. With this we expect to see more issuance from the established sponsors, new issuers and expanded deals that include non-AAA tranches. This return to full operation will increase the likelihood of calls being exercised, although we expect that retaining a conservative approach to maturity expectations is wise.

Mortgage finance availability continues to be constrained, and the housing market remains stagnant, however the performance of the mortgages backing most RMBS deals in our universe continues to improve or at least exhibit very stable qualities. The key downside risk to this will be unemployment and rate rises, although with the latter we think there will be significant offset to this as banks come under pressure to reduce their margins on consumer finance products. Offsetting any potential underperformance on mortgage lending is the continued strength of the structures that the Sub-Fund is investing in, with most continuing to build loss-absorbing features that enable the securities to withstand default rates and loss severities far in excess of anything that the portfolio management team believe to be credible as a worst case scenario.

We expect the Sub-Fund to continue to offer a good yield that will be supplemented by rate rises, with the potential for a degree of capital growth all the while displaying a lack of volatility that may well continue in the wider markets.

Fund Facts

Accounting and Distribution Dates

	Accounting	Distribution
Final	31 March	31 May
Interim	30 September	30 November

Net Asset Values

31.03.10	Accumulation shares Net Asset Value (£)	Accumulation shares No. of shares in issue	Accumulation shares Net Asset Value (pounds per share)	Income shares Net Asset Value (£)	Income shares No. of shares in issue	Income shares Net Asset Value (pounds per share)
Class A Gross	1,779,321	172,349	10.32	2,590,550	248,137	10.44
Class A Net	4,142,801	396,820	10.44	2,752,130	263,614	10.44
Class I Gross	285,445	2,715	105.14	6,365,039	60,539	105.14
Class I Net	36,533,578	347,476	105.14	48,385,019	460,196	105.14
31.03.11						
Class A Gross	1,728,158	159,692	10.82	5,129,973	495,857	10.35
Class A Net	3,624,034	336,607	10.77	4,328,743	418,411	10.35
Class I Gross	23,226,983	213,188	108.95	7,009,092	67,590	103.70
Class I Net	40,921,425	377,852	108.30	50,709,407	489,001	103.70

Price History

The table below shows the highest buying and lowest selling prices on a calendar year basis in pence per share since launch.

Past performance is not necessarily a guide to the future performance.

	Accumulation shares		Income shares	
2009	**Highest**	**Lowest**	**Highest**	**Lowest**
Class A Gross*	10.39	10.00	10.39	10.00
Class A Net**	10.39	9.97	10.39	9.97
Class I Gross*	103.84	100.00	103.84	100.00
Class I Net**	103.84	99.71	103.84	99.71
2010				
Class A Gross	10.76	10.39	10.66	10.34
Class A Net	10.74	10.39	10.66	10.31
Class I Gross	108.33	103.76	106.82	103.68
Class I Net	107.76	103.76	106.82	103.38
2011* **				
Class A Gross	10.86	10.76	10.50	10.40
Class A Net	10.80	10.70	10.49	10.40
Class I Gross	109.46	108.30	105.57	104.45
Class I Net	108.73	107.71	105.34	104.36

* 1 December 2009 to 31 December 2009

** 13 August 2009 to 31 December 2009

*** As at 31 March 2011

Fund Facts
continued

Distribution Record

2010	Accumulation shares Net revenue per share (pounds)	Income shares Net revenue per share (pounds)
Class A Gross	38.8135	38.5160
Class A Net	30.7807	30.5760
Class I Gross	419.3063	415.7910
Class I Net	339.5091	336.9700
2011*		
Class A Gross	12.4480	12.0388
Class A Net	11.8981	11.5610
Class I Gross	142.6488	137.5756
Class I Net	126.9634	123.0125

*As at 31 March 2011

Total Expense Ratio
The Total Expense Ratio is annualised based on the expenses incurred during the year.

Share Class	Expense Type	31 March 2011	31 March 2010
Class A Gross	Investment Adviser's charge	1.05	1.07
	Other expenses	0.26	0.74
	Total expense ratio	**1.31**	**1.81**
Class A Net	Investment Adviser's charge	1.05	1.07
	Other expenses	0.26	0.74
	Total expense ratio	**1.31**	**1.81**
Class I Gross	Investment Adviser's charge	0.75	0.75
	Other expenses	0.26	0.58
	Total expense ratio	**1.01**	**1.33**
Class I Net	Investment Adviser's charge	0.75	0.75
	Other expenses	0.26	0.58
	Total expense ratio	**1.01**	**1.33**

Fund Facts

continued

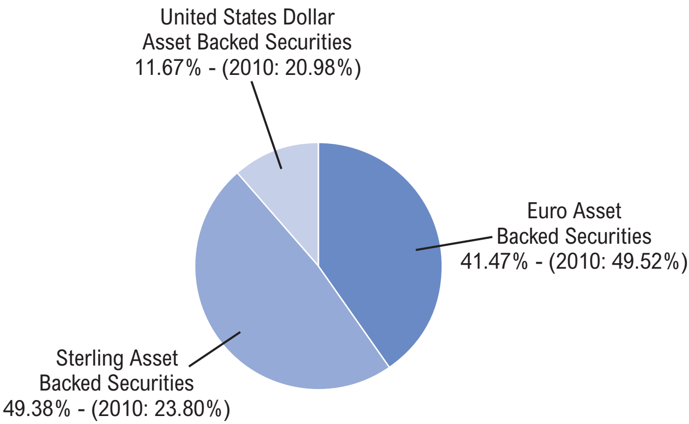
Risk Warning

An investment in an investment company with variable capital should be regarded as a medium to long term investment. Investors should be aware that the price of shares 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 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.

As a Fund is not a legal entity, if the assets of one Fund are insufficient to meet the liabilities attributable to it, the ACD may re-allocate such liabilities between the Funds then in existence in a manner which is fair to shareholders generally. This re-allocation will normally be performed on the basis of the respective net asset values of the Funds.

Fund Facts
continued

Spread of Investment at 31 March 2011



Not shown on the graph are liability positions of:
Derivatives: Forward Currency Contracts (1.51%) - (2010: (0.12%))
Net other (liabilities)/assets (1.01%) - (2010: 5.82%)

Major Holdings
The top ten holdings at the end of the year are shown below.

Holding	% of Fund as at 31.03.11
Lanark Master Series 2007-1X 4A1	7.96
Mound Financing Series 5X 3A1	5.01
Arran Residential Series 2007-3X BA	4.97
Arran Residential Mortgages 2010-1X MB	4.56
Arran Residential Mortgage Series 2006-2A BB	4.29
Residential Mortgage Securities Series 25 A1	3.98
Auburn Securities Series 3 M	3.81
Paragon Mortgages Series 10X A2B	3.78
Rams Mortgage Securities Series 2003-1E B	3.75
Permanent Financing Series 9X 4B	3.66

General Information

Buying and Selling Shares

The dealing office of the Manager is open from 8.30 a.m. until 4.30 p.m. on each Dealing Day to receive requests for the purchase or redemption of shares. Shares can be bought either by sending a completed application form to the Manager at PO Box 10534, Chelmsford, Essex CM1 9NT, or by telephoning the Manager on 0845 026 4286 Fax 0845 280 0963.

Requests to redeem shares may be in writing to the Manager at PO Box 10534, Chelmsford, Essex CM1 9NT, or by telephone on 0845 026 4286 Fax 0845 280 0963. Shares will be issued or redeemed at a price calculated by reference to the next Valuation Point following receipt of the application.

A contract note giving details of the number and price of shares bought or redeemed will be issued no later than the end of the business day following the later of receipt of the application to buy shares and the Valuation Point by reference to which the price is determined.

Report and Accounts

This document is a short report of the PFS TwentyFour Investment Funds - Monument Bond for the year ended 31 March 2011. The full Report and Accounts for the Fund is available free of charge upon written request to Phoenix Fund Services (UK) Limited, PO Box 10534, Chelmsford, Essex, CM1 9NT.

Other Information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the year it covers and the results of those activities at the end of the year.

Phoenix Fund Services (UK) Ltd.
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