

29 July 2009

CAPITA FINANCIAL MANAGERS TO SUSPEND COLLECTION OF ANNUAL MANAGEMENT CHARGE ON CF ARCH CRU FUNDS

Capita Financial Managers (CFM) is notifying investors in the CF Arch Cru funds, and other interested parties, that the collection of the annual management charge (AMC) payable to CFM in its capacity as authorised corporate director will be suspended. In addition the collection of all other charges which are calculated by reference to the net asset value of the funds, such as depositary, custody and accounting fees, will also be suspended.

The onward payment of part of the AMC to the investment manager of the funds, Arch Financial Products LLP, and payment of renewal/trail commission to independent financial advisers (IFAs) is also being suspended. The suspension applies to fees accruing from 1 April 2009, pending the outcome of CFM's ongoing review in to the funds.

Commenting on the suspension of payment of these sums, Chris Addenbrooke, chief executive officer of CFM said: "While we regret the temporary loss of income to IFAs that our decision will involve, our priority has to be the needs of shareholders. We don't think that shareholders would consider it justifiable for fees to continue to be paid out of the funds while shareholders themselves are unable to access or realise their investments.

"We recognise that IFAs may be spending more time advising shareholders in relation to the fund at present, but we do not consider that this justifies the ongoing payment of renewal commission. In addition, renewal commission is calculated by reference to the value of investments in the fund and, until our review is complete we cannot accurately calculate that value.

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“We will re-assess the position in relation to the various suspended fees once the outcome of our review is known - including, if appropriate, payment of any outstanding fees that may have accrued and be payable in respect of the period from 1 April 2009.”

CFM also notes that it was announced earlier in the week that the listing of the shares of the Guernsey incorporated cell companies, which are listed on the Channel Islands Stock Exchange (CISX) and in which the UK CF Arch Cru Funds are substantially invested, was suspended.

Commenting on the suspension of the listing of the cells on the CISX, Mr Addenbrooke said: “The suspension of the listing of the cells prevents the UK CF Arch Cru funds from trading their holdings in the shares of the cells on the CISX. However, these investments were in any event illiquid in nature – their illiquidity contributed to the original suspension of dealings in the UK funds in March 2009. While the suspension of the CISX listings of the cells is therefore unlikely to impact significantly the ability of the CF Arch Cru Funds to realise their investments in them, we believe that the suspension of the CISX listings may assist in providing some stability while the issues we are addressing as part of our review of the funds and their assets are resolved.”

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Notes to Editors

Capita Financial Group operates in the UK, Ireland, Gibraltar, Jersey and Guernsey. The business administers in excess of £28 billion of assets on behalf of more than 100 investment management groups. It is the second largest administrator of closed ended funds.

The Capita Group Plc is the UK's leading provider of BPO and integrated professional support service solutions. With 36,000 people at more than 300 sites, including 62 business centres across the UK, Ireland, the Channel Islands and India, the Group uses its expertise, infrastructure and scale benefits to transform its client's services, driving down costs and adding value. Capita is quoted on the London Stock Exchange (CPI.L), and is a constituent of the FTSE100 with revenues for 2008 of £2,441 million.

Further information on The Capita Group Plc can be found at: <http://www.capita.co.uk>