

CAPITA

Update for investors in the Arch Funds - Announcement of £54million payment scheme

On 21st June 2011, the Financial Services Authority ('FSA') and Capita Financial Managers Limited ('CFM') announced that CFM has agreed voluntarily to contribute to and administer a £54 million payment scheme for investors holding shares in sub funds of the CF Arch cru Investment Funds or CF Arch cru Diversified Funds (together the 'Arch Funds'). The payment scheme is being funded by voluntary contributions from CFM and the depositaries to the Arch Funds (BNY Mellon Trust & Depositary (UK) Limited and HSBC Bank plc).

The payment scheme will help return a substantial part of investors' investments in the Arch Funds to them. When added to the £54.1 million of distributions already made to investors since the commencement of the orderly realisation of the Arch Funds in February 2010 and to the remaining assets of the Arch Funds which are to be returned through future distributions in the orderly realisation (valued at approximately £148.9 million as at 31 March 2011), the £54 million payment scheme is currently estimated to return to investors approximately 70% of the net asset value of the Arch Funds, as published as at the suspension of dealings on 13 March 2009.

The FSA stated in its announcement that it considers that this package is a fair and reasonable outcome which is in the best interests of investors. Investors will have a choice whether to accept the offer of payment out of the payment scheme. If they do accept the offer, which will be made without admissions, it will be in full and final settlement of any claims they may have against CFM, BNYM and HSBC and their group companies.

Full details of how the payment scheme will work are currently being finalised. This includes the FSA discussing the payment scheme with the Financial Ombudsman Service ("FOS"), with a view to the FOS following the rules of the payment scheme when considering complaints by investors to the FOS against CFM, BNYM or HSBC regarding the Arch Funds. CFM will write to all investors in the Arch Funds by 31 August 2011 with full details of the scheme, including details of who is eligible for the payment scheme, how applications should be made and by when.

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A trading name of Capita Financial Managers Ltd

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The FSA will, in due course, be publishing a statement of its findings in relation to CFM's role regarding the Arch Funds. No financial penalty will be imposed by the FSA on CFM.

CFM wrote to investors on 21st June 2011 to notify them of the payment scheme and to provide information on other matters in relation to the Arch Funds. A copy of that letter can be found on our website, www.capitafinancial.com, by entering the "Investor Services" section of the website and following the link "Investor Communications" (<http://www.capitafinancial.co.uk/Investor-services-Investor-Communications-CF-Arch-Cru-Fund-Suspensions.aspx>).

If, in the meantime, you have any further questions, please contact the technical helpdesk on:

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