

The **co-operative** asset management

CIS Corporate Bond Income Trust

Fund review and outlook as at 28 February 2011

Continued signs of sustainable economic recovery led to the upward move in global government Bond yields persisting into the beginning of February. However, as investor focus shifted increasingly to the ongoing unease in the Middle East and North Africa, the core government Bond markets began to benefit from a modest flow of safe-haven seeking capital. In Europe, pressure on the peripheral bond markets has gradually intensified after a period of calm early in the year.

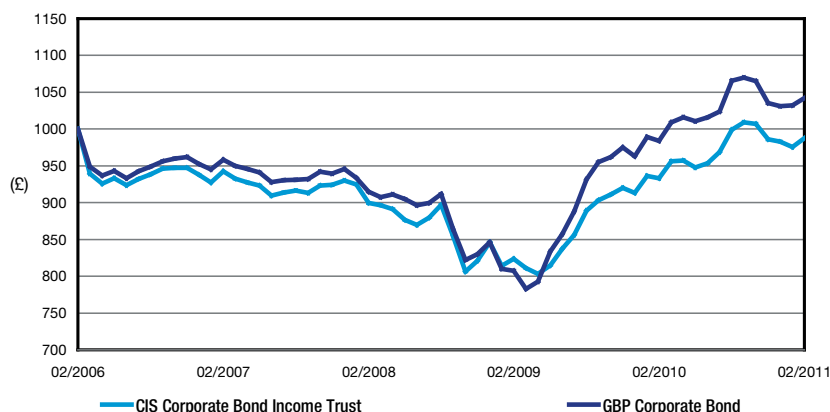
In the UK, Gilt yields closed modestly lower with the 10-year benchmark at 3.60%, having been as high as 3.90% around the middle of the month. Shorter-dated yields rose during the month as increasing inflationary pressures caused investors to bring forward their expectations for the timing of an upward move in interest rates.

Corporate Bond markets have remained well supported despite the ongoing geopolitical uncertainty. The Financial sector has performed especially well of late and some of the undervaluation versus Non-Financials has been unwound. We expect this trend to continue over the medium-term but are conscious that such a move is unlikely to be straightforward.

Following a sustained period of positive capital appreciation for Corporate Bonds, as they recovered in the aftermath of the financial crisis, current market valuations make further significant gains unlikely. However, through careful credit selection and timely sector rotation it will remain possible, in our opinion, to produce a relatively attractive income from

investing in Corporate Bonds.

Performance of £1000 invested over 5 years



Value to latest month end, total return, bid to bid price, Net income re-invested.
Past performance is not a guide to future performance and the value of this investment can go down as well as up. This is not a guaranteed investment and you may get back less than you have put in.

Cumulative performance (% change)

	1 year	3 years	5 years	Since Launch (29/09/03)
Fund	6.1	10.6	5.2	21.7
Sector Median	6.2	16.1	9.1	25.9
Quartile Ranking	3	4	3	3

Percentage Growth to latest month end, total return, bid to bid price, Net income re-invested.

Single year performance (% change)

	28/02/10 - 28/02/11	28/02/09 - 28/02/10	29/02/08 - 28/02/09	28/02/07 - 29/02/08	28/02/06 - 28/02/07
Fund	6.1	13.5	-8.2	-4.4	-0.5
Sector Median	6.2	22.7	-12.5	-4.7	-0.2

Percentage Growth for discrete 1 year periods, bid to bid price, Net income re-invested.

Fund aims

The investment aim of the fund is to produce an attractive and consistent monthly income commensurate with long term capital stability.

Key facts

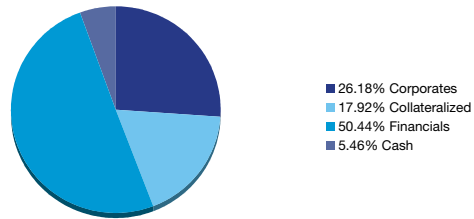
Fund Manager	Danny Fox
Fund launch date	29/09/03
Fund size 28/02/11	GBP 375.55m
IMA sector	GBP Corporate Bond
Sedol code	3358342
Lipper Id	60088476
Risk rating	Defensive
Base currency	GBX
Unit prices	83.31
Type of share	Distribution
Number of holdings	61
Distribution dates	Monthly, 17th
PTR (as at 31/03/10)	626.89%
TER (as at 31/03/10)	1.04%
Distribution yield	5.2%
Underlying yield	4.6%

Portfolio structure

Credit breakdown 28/02/11

Credit rating	% of fund
AAA	4.63%
AA	5.47%
A	38.48%
BBB	45.36%
Not Rated	0.60%
Cash	5.46%

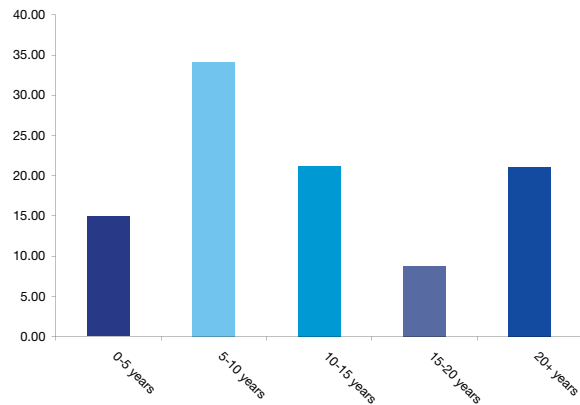
Sector allocation 28/02/11



Top ten holdings 28/02/11

Co-operative Group Limited (5.625%, 16/11/2021)	3.45%
Santander UK Plc (11.5%, 04/01/2017)	3.42%
BAE Systems Plc (10.75%, 24/11/2014)	2.92%
Coventry Bldg Society (6.0%, 16/10/2019)	2.74%
Tesco Plc (5.801%, 13/10/2040)	2.71%
Gatwick Funding Ltd (6.125%, 02/03/2028)	2.67%
Legal & General Grp Plc (10.0%, 23/07/2041)	2.64%
Friends Provident Life (12.0%, 21/05/2021)	2.61%
Suncorp-Metway Ltd (5.125%, 27/10/2014)	2.41%
Rolls-Royce Plc (6.75%, 30/04/2019)	2.24%
Total	27.81%

Portfolio maturity distribution 28/02/11



Dealing information

Valuation point - 12:00

Initial charge - 5.00%

Annual management charge - 1.00%

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Company profile

The Co-operative Asset Management is the fund management arm of The Co-operative Financial Services which is part of The Co-operative Group, responsible for managing over £19 billion of funds, including over £2 billion from retail unit trusts. The Co-operative Asset Management specialises in active UK equities and bonds and gains further insight into alternatives and overseas equities via strategic partnerships. We offer a distinctive responsible investment approach which fully integrates consideration of financial and ESG (environmental, social and governance) issues throughout the investment process.

We offer our Corporate Bond Income Trust to independent financial advisers through Cofunds, Hargreaves Lansdown and Fidelity Funds Network.

Danny Fox - Fund Manager

Danny took over management of the Corporate Bond Income Trust in 2009, having previously managed corporate bond portfolios and a range of retail and income funds for Insight Investment. He has been in the industry since 1993.

