

25 March 2019

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. FOR ISA HOLDERS IT SHOULD BE READ IN CONJUNCTION WITH THE CITY FINANCIAL ISA TERMS AND CONDITIONS THAT HAVE PREVIOUSLY BEEN PROVIDED TO YOU. IF YOU DO NOT UNDERSTAND IT OR ARE IN ANY DOUBT AS TO THE ACTION YOU ARE TO TAKE YOU SHOULD CONSULT IMMEDIATELY WITH YOUR FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

Dear Shareholder,

IMPORTANT CHANGES TO CITY FINANCIAL DIVERSIFIED FIXED INTEREST FUND (the "Sub-Fund") A SUB-FUND OF CITY FINANCIAL INVESTMENT FUNDS (the "Company")

We are writing to you as an investor in the Sub-Fund to inform you about some important changes that affect the Company, the Sub-Fund and the City Financial ISA (the "**City Financial ISA**").

As you may be aware, City Financial Investment Company Limited ("**City Financial**") has unfortunately encountered financial difficulties and as a result of this various changes have taken place in respect of the Sub-Fund and Company.

In accordance with the Financial Conduct Authority ("FCA") Rules, we hereby give you notice (in the appendix hereto) of the changes that have already occurred. This includes the following as well as other ancillary changes:

- **Authorised Corporate Director ("ACD"):** City Financial has retired as the ACD of the Company in favour of Valu-Trac Investment Management Limited ("**VT**").
- **Investment Manager:** VT has replaced City Financial as the Company's investment manager. VT has appointed Garraway Capital Management LLP to act as the new investment manager.
- **Fund Name:** As a result of the change from City Financial to VT, the Company will be renamed VT Investment Funds.
- **Sub-fund name:** As a result of the change from City Financial to VT, the Sub-Fund will be renamed VT Garraway Diversified Fixed Interest Fund.
- **Administrator:** Following a short hand-over period, we expect the administrator of the Company to change from Link Fund Administrators Limited to VT.
- **Auditor:** the Company's auditor will change to Johnston Carmichael LLP.
- **Valuation Point:** As a result of the change the valuation point will change to 12 noon

The legal transfer of the ACD role to VT has been completed and was effective from 18.00pm on Monday 25 March 2019 (the "**Effective Date**"). The Company is now operated by VT.

Please note that there have been no changes to the mandate of the Sub-Fund or any changes to the charges associated with the Sub-Fund. The depositary of the Company remains The Bank of New York Mellon (International) Limited.

Unless you hold your shares through a City Financial ISA or invest in the Sub-fund via a regular monthly investment there is no need for you to take any action as a result of these changes. **VT will contact those shareholders who are regular savers into the Sub-Fund and/or those whose City Financial ISAs are being transferred to VT separately in order to make provision for the continuation of such arrangements**

Should you have any queries in respect of the Company going forward, please call Valu-Trac on 01343 880 344 between 8:30am to 5:30pm on any business day, or write to Valu-Trac Investment Management Limited, Orton, Moray, IV32 7QE.

Thank you for investing in the City Financial Diversified Fixed Interest Fund.

Yours faithfully,

City Financial Investment Company Limited
Authorised Corporate Director of City Financial Investment Funds

Important changes to City Financial Investment Funds

It is important that you read this notice carefully as it contains information about your investment. However, none of these changes will affect the structure, the investment objective or policy of the Company or your ability to exercise your rights in connection with your investment.

Summary of the changes

Only a limited number of changes to the way in which the Company is operated will be made. There will be no change to the investment objective or policy of the Company as a result of the change in ACD.

1. Change of authorised corporate director (“ACD”) of the Company

The ACD, which is the organisation responsible for the management and operation of the Company, will change from us, City Financial, to Valu-Trac Investment Management Limited (“VT”) on the Effective Date.

About VT

VT is a company incorporated in England & Wales. VT's registered office is at Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW. However, its head office and principal place of business is at Mains of Orton, Orton, Moray IV32 7QE. VT currently acts as the ACD for a range of other UK collective investment schemes similar to the Company.

2. Change to the Investment Manager

VT will delegate day to day management responsibilities in respect of the Sub-Fund to Garraway Capital Management LLP (“**Garraway**”).

About Garraway

Garraway is a limited liability partnership registered in England & Wales. Its registered office is at 36 Old Jewry, London, EC2R 8DD. Garraway currently manages a number of other UK collective investment schemes. Garraway is a boutique asset management firm that provides innovative investment strategies across traditional and alternative asset classes. Further details can be found at: <http://www.garrawaycm.com/>

3. Change of name of the Company and Sub-Fund

With effect from the Effective Date, the Company and Sub-Fund will be renamed to include reference to VT rather than City Financial, in order to reflect the change of ACD, as follows:

Current name	Name from the Effective Date
City Financial Investment Funds	VT Investment Funds
City Financial Diversified Fixed Interest Fund	VT Garraway Diversified Fixed Interest Fund

4. Change of Head Office

From the Effective Date, the Head Office of the Company will also change to Level 13 Broadgate Tower, 20 Primrose Street London EC2A 2EW which is also the registered office of VT. The address for all correspondence relating to the Company and Sub-Fund from the Effective Date will be Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray IV32 7QE.

5. Change of Administrator and Registrar of the Company

The administrator and registrar will, after a short transition period, change from Link Fund Administrators Limited to VT, which in turn results in some changes to dealing arrangements and charges as follows:

- VT do not ordinarily accommodate telephone dealing (other than for additional subscriptions);
- VT's preferred method of payment is electronic payments as opposed to cheques; and
- VT administer regular savers using Standing Orders and Direct Debits. **Any Direct Debit mandate you currently have in place with City**

Financial will terminate on the Effective Date and anyone requiring a monthly savings facility after the Effective Date will need to arrange a new Standing Order or Direct Debit with VT.

From the Effective Date, all communications concerning the Company and Sub-Fund (including complaints and dealing instructions) should be referred to the Compliance Office of VT at Mains of Orton, Orton, Moray IV32 7QE (Telephone 01343 880344). In due course, the register of the Company will be held at Mains of Orton, Orton, Moray IV32 7QE once Link cease being the Administrator and Registrar.

6. Price Publication

From the Effective Date, you will be able to find the most recent price of shares in the Company at www.valu-trac.com or by calling 01343 880 344 during the ACD's normal business hours.

7. Valuation Point

From the Effective Date, the valuation point of the Sub-Fund will change from 7am to 12 noon. Requests to deal in your shares must be received by VT by 12 noon.

8. Depositary

The Depositary of the Company will remain The Bank of New York Mellon (International) Limited.

9. Fees

The fees payable in respect of the Company and Sub-Fund will remain unchanged for the time being although these will be reviewed in due course. The cost of the changes will not be paid from the Fund or Sub-Fund

10. Change of Auditor

With effect from the Effective Date, the current auditors, namely Grant Thornton UK LLP, will retire and Johnston Carmichael LLP will be appointed by VT.

11. Contact Details

	Pre Effective Date	Post Effective Date
Fund administration address	City Financial Investment Company Limited, PO Box 391, DARLINGTON, DL1 9UH	Valu-Trac Investment Management Limited, PO Box 391, DARLINGTON, DL1 9UH
Contact number for dealing and enquiries	0345 300 2107	01343 880 344

DATA PROTECTION

As a result of the proposed change of ACD, Shareholders' personal details will be transferred to VT, a company that is not within the same group of companies as City Financial. City Financial will retain personal details in order to comply with the FCA's record keeping rules but will not keep your personal data longer than is necessary and will take all reasonable steps to destroy, or erase from its systems, all data which is no longer required. Details of how VT processes personal data are set out in its privacy policy which can be found at www.valu-trac.com.

ISA

If your investment in the Company is through a City Financial ISA, please read the information contained in the Schedule carefully as action may need to be taken. If you hold shares in the Company other than through a City Financial ISA you need not take any action and can ignore the Schedule.

Should you have any queries concerning your holding please contact Sandy Howie Tel: 01343 880344. Email: gy@valu-trac.com

COSTS

The costs of implementing the proposals will not be borne by the Fund or the sub-Fund.

If you have any doubt as to the action you should take in relation to this, we strongly recommend that you contact your professional adviser in the first instance.

SCHEDULE

IMPORTANT – ACTION MAY BE REQUIRED IF INVESTING IN THE COMPANY VIA A CITY FINANCIAL ISA

If you currently have an investment in the Sub-Fund through a City Financial ISA, it is important that you read the below information. Please note that, if you have an investment in the Company through an ISA other than a City Financial ISA, this section is not relevant.

Important changes regarding your City Financial ISA:

- **Change of Plan Manager**

Following the appointment of VT as the ACD of the Company, it is no longer possible to hold shares in the Sub-Fund through the City Financial ISA as its terms permit investment only in funds managed or operated by City Financial. This means that with effect from the Effective Date City Financial has had to retire as the ISA plan manager. Our retirement will coincide with the appointment of VT as your new ISA plan manager and the administrator to the ISA. Your VT ISA will remain invested in the Sub-Fund but the units will be re-registered in the name of VT (or its nominee).

The ISA transfer will occur at no cost to investors. The transfer of your ISA to VT is intended to maintain the tax-free wrapper around your investment whilst minimising the amount of paperwork you need to complete.

- **Regular withdrawals**

If you have currently arranged to receive regular withdrawals from your ISA account, this arrangement will cease. If you wish to continue receiving regular withdrawals from your ISA account arrangements will need to be made with VT for this.

- **City Financial ISA Terms and Conditions**

The terms and conditions of the City Financial ISA have ceased to apply and the VT ISA Terms & Conditions are effective, a copy of which is enclosed. In the circumstances, you are deemed to have accepted the VT ISA Terms & Conditions.

There are very few material differences between your current City Financial ISA Terms and Conditions and those which apply from the Effective Date.

If you are content for your City Financial ISA to transfer from City Financial to VT, then you need take no further action.

Alternatively if you do not want your City Financial ISA to be transferred to VT, action must be taken as outlined below.

- **Communications & Dealing for your ISA account**

Please note that from the Effective Date all communications concerning your ISA account (including complaints) should be addressed to Valu-Trac Investment Management Limited, Orton, Fochabers, Moray, Scotland IV32 7QE.

From the Effective Date all dealing instructions concerning your ISA account should be addressed to Valu-Trac at the address noted above or be made by telephoning Valu-Trac on +44(0) 1343 880 344, although the instruction must be confirmed in writing.

- **Alternative Arrangements**

If for any reason you do not wish to transfer your City Financial ISA to VT, the following alternative options are available:

A. You may transfer your ISA to another ISA plan manager of your choice. If you choose this option you will need to contact your chosen ISA plan manager who will make the necessary transfer arrangements for you.

Please note that it will only be possible for shares in the Sub-Fund held under your ISA to be re-registered with your new ISA plan manager where your new ISA plan manager offers the Sub-Fund. If your new ISA plan manager does not offer the Sub-Fund, it may be necessary for the shares to be sold and to transfer the cash proceeds to your new ISA manager. In such case you will need to tell your new ISA plan manager which fund(s) you want to invest the cash proceeds into.

It is important that you do not redeem your ISA to use cash to effect such a transfer as this will result in the loss of the tax benefit of your investment.

B. You may decide to redeem your investment in the Sub-Fund held through your ISA. This will result in the loss of any future tax benefits of your investment. If you choose to redeem your investment you will instruct Valu-Trac in writing . The redemption proceeds will then be sent to you.

Please note that you cannot transfer your ISA into a cash ISA.

The purpose of the deemed transfer to Valu-Trac is to ensure (insofar as possible) that you retain all the benefits associated with your investment.