

CF OCTOPUS ABSOLUTE UK EQUITY FUND



MONTHLY UPDATE

AS AT 31 OCTOBER 2011

FUND DETAILS

Launch Date	10 March 2008
Fund Type	OEIC
IMA Sector	Absolute Return
Launch Price	100p
Fund Price	
A Shares Acc Price	156.40p
B Shares Acc Price	161.72p
Fund Size	£54.2m
Minimum Investment	
A Share Class	£1,000
B Share Class	£250,000
Fund Charges	
Initial Fee	5%
Management Fee	1.5%
Performance Fee	20% of outperformance of 3 month LIBOR with a high water mark
SEDOL	
A Shares Acc	B2PX171
B Shares Acc	B2PX1C6
Dealing	Daily 08459 220044
ISA/SIPP Qualifying	Yes
Monthly Savings Available	Yes

FUND MANAGER



David Crawford
David has 13 years of investment experience and joined Octopus in 2006 having previously worked at Hermes Investment Management and M&G Investments. Whilst at Hermes, David co-managed a £500m UK smaller companies portfolio which demonstrated significant out performance of the FTSE Small-Cap and AIM benchmark.

To view David's blog visit:
www.octopusinvestments.com/blogs

Information Hotline:
0800 316 2394
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MONTHLY COMMENTARY

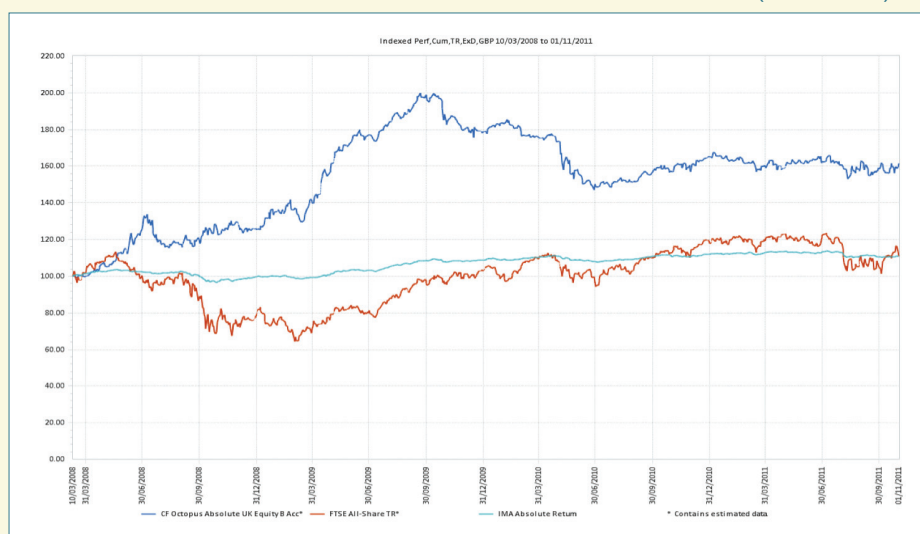
The volatility of UK equity markets continued in October but in the opposite direction, with the major indices rallying almost 20% from their lows at the start of the month. The fund finished the month with a positive return of 1.5%, while the FTSE All-Share rose by 7.8%, a good result considering the fund was net short on a beta-adjusted basis for the whole month.

This market is throwing up lots of opportunities. Risk aversion from investors and the fall in price of many stocks has allowed us to add about half a dozen new long ideas from within the financials and industrials sectors. These stocks have considerable potential for gain, with an upside to fair value of 60-100%, which is very attractive. They may get cheaper but that would give us opportunity to add at even more favourable prices.

Two stocks proved significant winners in the month. Our long position in Encore Oil, which we initiated at around 45p, saw a bid of 70p from Premier Oil, we had initially considered it as a short at greater than 100p and assessed fair value to be around 50-70p. A great return for the fund especially considering we only bought the stock three months ago. In addition, our short in a US coffee seller Green Mountain Coffee Roasters rewarded us when a well-known value investor delivered a 110 page short thesis at a recent investment congress. We are showing a 30% return and we believe the stock could fall another 20-50% as it starts to disappoint on profits and growth.

On the opposite side of the fund we are excited as some of our short positions are starting to bear fruit. A rising tide carries all boats but a falling tide leaves many stranded. Current economic uncertainties and the deterioration in investor sentiment means that many of the companies we have shorted are being viewed in a more realistic light. Consequently, their share prices are falling to what we hope will be a much lower fair value.

CF OCTOPUS ABSOLUTE UK EQUITY FUND VS FTSE ALL-SHARE AND IMA ABSOLUTE RETURN SECTOR SINCE 10 MARCH 2008 (LAUNCH)



Source: Lipper, 31 October 2011. Past performance is no guide to future performance.

OCTOPUS ABSOLUTE UK EQUITY FUND MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008			0.1%	7.1%	5.2%	11.5%	-6.7%	-0.2%	2.6%	2.1%	5.6%	-3.2%	25.5%
2009	7.8%	0.6%	2.7%	13.3%	8.5%	3.0%	3.3%	3.0%	5.4%	-5.2%	-4.7%	-0.3%	42.6%
2010	2.5%	-0.7%	-3.6%	-1.3%	-9.1%	-5.3%	1.5%	0.3%	3.9%	-0.5%	0.1%	4.6%	-8.2%
2011	-1.1%	-0.7%	-1.4%	0.6%	1.0%	0.5%	-1.0%	1.0%	-1.9%	1.5%			-1.6%

These performance figures are based on monthly performance of the Octopus Absolute UK Equity Fund (B Shares Acc), launched on 10 March 2008. Source: Lipper, 31 October 2011, Total Return, bid to bid basis.



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FUND OBJECTIVES

The CF Octopus Absolute UK Equity Fund is a long/short equity fund with an aim to deliver positive returns over a rolling 12 month timeframe and outperform the equity market over the full stock market cycle (approximately 5-10 years). It is managed against a cash benchmark, rather than any UK equity index. In order to achieve this investment objective, the fund invests in derivatives providing both long and short equity positions and will at times also use index futures (long or short) in order to achieve an overall level of market exposure.

The fund manager uses a bottom-up investment approach within a macro-economic framework. This creates opportunities to buy (long) underpriced stocks and to sell (short) overpriced stocks. The manager looks for a catalyst that will see the mispricing being corrected and aims to ascertain the time period over which the correction will take place resulting in positions being held for various time horizons.

PORTFOLIO STRUCTURE

	% of NAV
Long Equity Position	86.95%
Short Equity Position	-91.46%
Index Position	0.00%
Fund Beta	-0.208
Net Equity Exposure	8.56%
Gross Investment	191.49%

TOP TEN NET LONG SECTOR POSITIONS

Non Life Insurance	9.60%
General Financial	9.34%
Support Services	7.94%
Chemicals	4.93%
Health Care Equipment & Service	3.86%
Fixed Line Telecommunications	3.74%
Technology Hardware & Equipment	2.99%
Industrial Metals	2.40%
Banks	1.99%
Aerospace & Defense	1.85%

Source: Octopus Investments, figures subject to rounding.

FUND PERFORMANCE SINCE LAUNCH (%)

	Launch 10/03/08 – 31/10/11	Annual 30/09/10 – 31/10/11
CF Octopus Absolute UK Equity Fund	61.72	2.99
IMA Absolute Return Sector	10.89	-0.50
FTSE All-Share TR	13.34	0.63

The above table shows performance (B Shares Acc) including figures for the 12 month period. In May 2010 the fund valuation point was moved to 7am and the price therefore reflects the movement of the previous day. Fund performance is shown with a day lag compared with the FTSE All-Share and IMA Absolute Return Sector index which has no lag to make the numbers comparable.

TOP TEN STOCK POSITIONS

Hiscox Ltd	8.41%
GKN	-6.04%
CPP Group	5.95%
Lululemon Athletica Inc	-5.7%
Bayer Ag-Reg	5.51%
JD Sports Fashion	5.38%
Salesforce.com Inc	-5.34%
Fossil Inc	-4.75%
Intermediate Capital Group	4.39%
Lo-Q	4.16%

FOR UK RETAIL INVESTORS ONLY

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