

CF OCTOPUS PARTNER FUND (ABSOLUTE RETURN)



MONTHLY UPDATE

FEBRUARY 2010

MONTHLY COMMENTARY

The Fund had a down month with a fall of 0.7%. We had a good start to February as our net short positions continued to pay off. This all changed in the second week of the month when the market picked up strongly and kept going through to the month end. The move up was driven largely by commodity and resource stocks and we lost money in our short positions in stocks such as Lonmin, Randgold Resources and Antofagasta. The long book has a bias towards smaller companies and financials which did not participate to the same extent in the market rally.

Despite the recent market highs, we're taking a more bearish view as we see some major issues ahead for the global economy. The key is to get the timing right on moving short. As can be seen from recent performance, we've been a little too early. We have recently moved back to being more 'market neutral', with a combination of long and short positions, while we wait for a better opportunity to move to being net short again.

Whilst we are frustrated by recent performance we remain confident in our long/short strategy and believe that our target returns of 10-15% per annum are more than achievable.

Information Hotline:

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www.octopusinvestments.com/absolutereturn

To view David's blog visit:

www.octopusinvestments.com/blogs

FUND DETAILS

Launch Date	10 March 2008
Launch Price	100p
A Shares Acc Price - 26 February 2010	178.69p
B Shares Acc Price - 26 February 2010	182.16p
Fund Size	£197m

PORTFOLIO STRUCTURE

	% of NAV
Long Equity Position	91.13%
Short Equity Position	-71.06%
Long Gold Position	0.30%
Index Position	-24.60%
Currency Overlay	0.0%
Net Market Exposure Position	-2.05%
Gross Investment	197.51%

TOP TEN NET LONG SECTOR POSITIONS

Financial Services	17.6%
Oil & Gas Producers	3.5%
Banks	3.3%
Media	2.2%
Pharmaceuticals & Biotechnology	1.8%
Gas, Water & Multiutilities	1.6%
Real Estate Investment	1.2%
Construction & Materials	1.1%
Food Producers	0.8%
Non-Life Insurance	0.6%

TOP TEN STOCK POSITIONS

Lonmin plc	-3.5%
Randgold Resources Ltd	-3.3%
Paragon Group Companies plc	3.4%
Intermediate Capital Group	3.3%
Lloyds Banking Group plc	2.8%
Barclays plc	2.4%
Natixis	2.3%
3i Group plc	2.2%
Teck Resources Ltd - CLS B	-2.2%
Royal Bank of Scotland Group	2.1%

OCTOPUS PARTNER FUND (ABSOLUTE RETURN) 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%											1.8%

These performance figures are based on monthly performance of the Absolute Return Fund, launched on 10 March 2008.
Source: Octopus Investments (internal), 26 February 2010, Total Return, bid to bid basis.

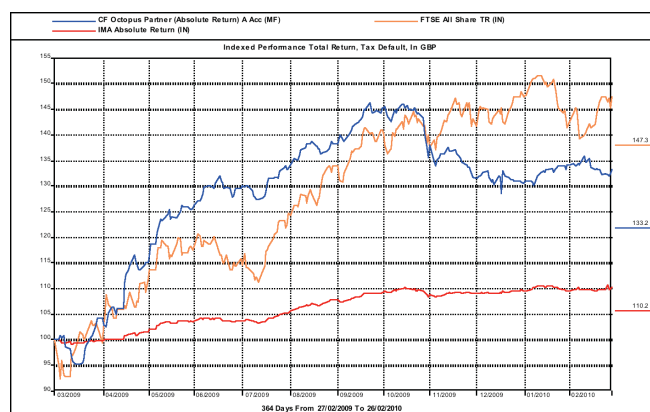
CF OCTOPUS PARTNER FUND (ABSOLUTE RETURN) INFORMATION

FUND OBJECTIVES

CF Octopus Partner Fund (Absolute Return) aims to achieve a positive absolute return for investors through investment in UK equities. The Fund is managed against a cash benchmark rather than any UK equity index, reflecting the aim to deliver a positive return in all stock market conditions. The Fund invests primarily in a portfolio of equities and equity related securities of companies with a UK listing (including through derivatives and units in collective investment schemes), although from time to time, cash, near cash and non UK securities may be held. The Fund may also invest in other transferable securities, money market instruments, deposits and units in collective investment schemes.

In order to achieve the investment objective, the Fund will employ a variety of investment strategies and invest in various instruments. It intends to take advantage of the ability to invest in derivatives providing both long (bought) and synthetic short (sold) positions principally through the use of contracts for difference. Therefore, the Fund could be referred to as a 'long/short' Fund. At times, the Fund will also use index futures (long or short) in order to achieve an overall level of market exposure. The Manager seeks to invest in company shares that, after analysis, are deemed to be mispriced by the stock market. 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. The Manager also aims to ascertain over what time-period the correction will take place. This will result in positions being held for various time horizons.

CF OCTOPUS PARTNER FUND (ABSOLUTE RETURN) VS FTSE ALL-SHARE AND IMA ABSOLUTE RETURN SECTOR SINCE FEBRUARY 2009



User may have modified the original chart and axis data provided by Lipper.

Source: Lipper, 26 February 2010. Past performance is no guide to future performance.

FUND MANAGER



David Crawford has 12 years of investment experience. David joined Octopus in 2006 having previously worked at Hermes Investment Management and M&G Investments.

Supported by **Jack Markham**.

	26 February 2009 - 26 February 2010
CF Octopus Partner Fund (Absolute Return)	33.8%
IMA Absolute Return Sector	10.2%
FTSE All-Share	47.3%

The above table only shows performance for complete 12 month periods.

KEY DETAILS

Dealing Line	08459 220044
SEDOL A Shares Acc	B2PX171
SEDOL B Shares Acc	B2PX1C6
Fund Type	OEIC
IMA Sector	Absolute Return
Initial Fee	5%
Management Fee	1.5%
Performance Fee	20% of annualised returns above LIBOR
ISA/PEP/SIPP Qualifying	Yes
Minimum Investment (A Shares)	£1,000
Monthly Savings Available	Yes

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