

# CF OCTOPUS PARTNER FUND (ABSOLUTE RETURN)



MONTHLY UPDATE

JANUARY 2010

## MONTHLY COMMENTARY

The Fund had a good month returning +2.5% versus the FTSE All-Share return of -3.5%. The main contributor to performance was running a relatively neutral net position with a bias towards cyclical companies in our short book.

We saw good performance on our long positions in the UK consumer facing sector such as house builders, pub stock and travel companies after a bad fourth quarter in 2009. We cut back some of these positions during the month on expectations of more difficult trading conditions later in 2010. We had been running a short position in large cap miners which was painful in previous months but started to work on news that China is seeking to slow its economy in order to prevent excess inflation. The mining sector was up 10% in the first week and then fell 15% to finish the month down 6.5%. We were positioned well for the fall in the latter part of January. Having moved to become more neutral on the banking sector, our shorts fell by more than our long positions, thus adding to our performance. During the fourth quarter, we had also actively focused our long positions in smaller companies and some of these stocks had a good January including Imagination Technologies, Gulfsands Petroleum and Borders & Southern.

After a difficult few months for all investors in the Fund we are pleased to post a good return at the start of 2010 and we aim to continue this positive performance for the remainder of the year.

Information Hotline:

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[www.octopusinvestments.com/absolutereturn](http://www.octopusinvestments.com/absolutereturn)

To view David's blog visit:

[www.octopusinvestments.com/blogs](http://www.octopusinvestments.com/blogs)

## FUND DETAILS

Launch Date	10 March 2008
Launch Price	100p
<b>A Shares Acc Price - 31 January 2010</b>	<b>179.95p</b>
<b>B Shares Acc Price - 31 January 2010</b>	<b>183.24p</b>
<b>Fund Size</b>	<b>£196m</b>

## PORTFOLIO STRUCTURE

	% of NAV
Long Equity Position	92.87%
Short Equity Position	-56.48%
Long Gold Position	3.30%
Index Position	-31.52%
Currency Overlay	0.0%
Net Market Exposure Position	10.39%
Gross Investment	192.53%

## TOP TEN NET LONG SECTOR POSITIONS

Financial Services	14.6%
Mining	5.5%
Oil & Gas Producers	4.0%
Food Producers	3.9%
Oil Equipment, Services & Dist	3.1%
Non-Life Insurance	2.3%
Pharmaceuticals & Biotechnology	1.6%
Media	1.5%
Real Estate Investment	1.0%
Construction & Materials	0.7%

## TOP TEN STOCK POSITIONS

Drax Group plc	-3.1%
Paragon Group Companies plc	3.1%
Lonmin plc	-3.0%
Intermediate Capital Group	2.7%
Randgold Resources Ltd	-2.3%
Lloyds Banking Group plc	2.0%
Cadbury plc	1.9%
Antofagasta plc	-1.9%
Thomas Cook Group plc	1.8%
Hays plc	-1.7%

## OCTOPUS PARTNER FUND (ABSOLUTE RETURN) MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2008</b>			0.1%	7.1%	5.2%	11.5%	-6.7%	-0.2%	2.6%	2.1%	5.6%	-3.2%	25.5%
<b>2009</b>	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%
<b>2010</b>	2.5%												2.5%

These performance figures are based on monthly performance of the Absolute Return Fund, launched on 10 March 2008.  
Source: Octopus Investments (internal), 31 January 2010, Total Return, bid to bid basis.

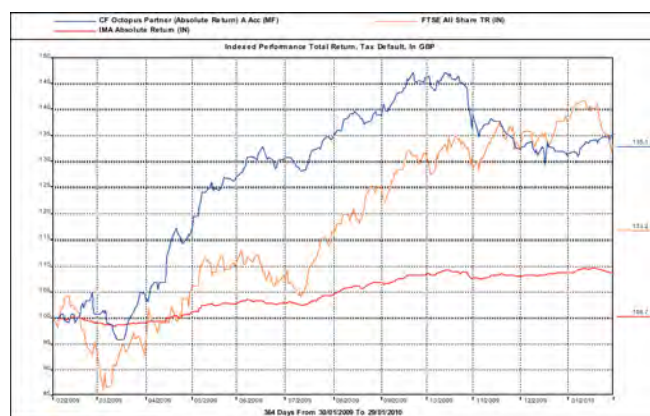
## CF OCTOPUS PARTNER FUND (ABSOLUTE RETURN) INFORMATION

### 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 JANUARY 2009



Source: Lipper, 31 January 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**.

	31 January 2009 - 31 January 2010
CF Octopus Partner Fund (Absolute Return)	35.1%
IMA Absolute Return Sector	8.7%
FTSE All-Share	33.2%

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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