

CF OCTOPUS UK MICRO CAP GROWTH FUND



MONTHLY UPDATE

AS AT 30 SEPTEMBER 2011

FUND DETAILS

Launch Date	12 July 2007
Fund Type	OEIC
IMA Sector	UK Smaller Companies
Fund Size	£18.393m
Type of Shares	Accumulation
Fund Price	
A Share Class	94.66p
S Share Class	98.94p
P Share Class	97.97p
Minimum Investment	
A Share Class	£1,000
S Share Class	£1,000
P Share Class	£250,000
Fund Charges (A Share)	
Initial Fee	5%
Management Fee	1.5%
Performance Fee	20% of annualised returns above LIBOR
SEDOL	
A Share Class	B1VKID5
Dealing	Daily
	08459 220044
ISA/SIPP Qualifying	Yes
Monthly Savings Available	Yes

FUND MANAGER



Richard Power
Richard has 14 years' experience in smaller company investing. Richard joined Octopus in 2004 having previously worked at Duncan Lawrie and Close Brothers. Whilst at Duncan Lawrie, Richard ran the number one performing UK smaller companies fund over one, three and five years to February 2000.

Supported by **Edward Griffiths** and **Paul Stevens**.

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



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MONTHLY COMMENTARY

The Fund was down 1.1% during September against falls of 5.2% for the FTSE All-Share Index, 7.6% for the FTSE SmallCap Index and 9.2% for the FTSE AIM All Share Index.

Despite some positive newsflow over the month, share prices struggled to make progress due to the macroeconomic headwinds. The main contributors to performance were **DDD Group** (+20.4%), which announced a new five-year license agreement and interim results suggesting that the forecasts for its full year results would be exceeded. **Restore** (+20.8%) announced a further bolt-on acquisition and interim profits up 42.9%. **Entertainment One** (+16.3%) confirmed it had received bid interest from three parties and is now considering its strategic options. **Hargreaves Services** (+10.5%) announced final results ahead of expectations and a recent planning approval resulted in significant earnings upgrades for the next financial year. **Advanced Medical Solutions** (+15.2) reported an 82% rise in first half profits and **Allocate Software** (+16.2%) reported record year-end profits. The main disappointment was **Motivcom** (-28.6%) which lowered its forecasts following lower levels of business from a major customer and a slowdown in its 'venue find' division. **Renew Holdings** (-13.3%), **Avingtrans** (-13.9%) and **Redhall Group** (-18.1%) all had weaker share prices, although none of these reported negative news to the market.

The underlying companies in the Fund continue to deliver growth, although this is not yet being reflected in share prices. This is not too surprising with the crisis surrounding the Euro playing out in slow motion in the foreground and the threat of worsening global economic conditions waiting in the background. Closer to home, the CEOs of the investee companies we have been meeting are considerably less gloomy about life. Their companies are continuing to grow their bottom line and we expect share prices will follow once market sentiment improves.

CF OCTOPUS UK MICRO CAP GROWTH FUND VS FTSE ALL-SHARE SINCE 12 JULY 2007 (LAUNCH)



Source: Lipper, 30 September 2011. Past performance is no guide to future performance.

PERFORMANCE SINCE LAUNCH (%)

	Launch 12/07/07 – 30/09/11	Annualised 30/09/10 – 30/09/11
CF Octopus UK Micro Cap Growth Fund (A Share)	-5.45%	14.08%
FTSE AIM TR	-40.09%	-9.77%
FTSE Small Cap (X IT) TR	-32.17%	-4.52%
IMA UK Smaller Companies	-10.03%	3.00%

The above table shows performance including annualised figures for a complete 12 month period.



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FUND OBJECTIVES

The CF Octopus UK Micro Cap Growth Fund aims to achieve capital growth by investing in a portfolio of 40-60 high quality UK smaller companies quoted on the official list of the London Stock Exchange, AIM and PLUS Markets.

Over 70% of quoted UK companies have a market value of less than £100m and in comparison to larger companies this is a relatively under researched area of the UK market. We believe that this smaller end of the market is becoming increasingly inefficient providing the opportunity to invest in fast growing companies at attractive valuations which have the potential to offer investors substantial upside.

ASSET ALLOCATION

Equities	£18.194m	98.53%
Cash	£0.199m	1.47%
Index Short	0	0.0%

Total number of holdings	55
Fund size	£18.393m

SECTOR BREAKDOWN

Support Services	30.0%
Software & Computer Services	16.1%
Healthcare	10.0%
Media	9.5%
Engineering	7.6%
Pharmaceuticals & Biotechnology	6.1%
Construction & Building Materials	3.9%
General Retailers	3.7%
Oil Equipment & Services	2.5%
Other Financial	2.4%

Source: Octopus Investments (internal), 30 September 2011.

TOP TEN HOLDINGS

Hamworthy	Engineering	4.0%
Hargreaves Services	Support Services	3.7%
IDS	Healthcare	3.4%
Staffline Group	Support Services	3.1%
Endace	Software & Computer Services	3.1%
Silverdell	Support Services	3.0%
May Gurney	Support Services	2.9%
Renew Holdings	Construction & Materials	2.9%
Matchtech	Support Services	2.9%
Mycelx	Oil Equipment & Services	2.9%

STOCK IN FOCUS

Renew Holdings		Engineering				
Price (p)	57.00	BUSINESS PROFILE Renew provides specialist engineering and construction services throughout the UK. The Group's key activities include land remediation, nuclear decommissioning, flood alleviation, new build social housing, restoration and refurbishment.				
Shares in Issue (m)	59.90					
Market Cap (£m)	34.14					
Net Cash (£m)	(6.70)					
Enterprise Value (£m)	40.84					
Broker	Brewin Dolphin					
Year End September	Sales (£m)	PBT (£m)	EPS (p)	PE	DPS (p)	Yield (%)
2010A	290.4	4.6	6.00	9.5	3.00	5.3%
2011E	350.0	7.3	9.20	6.2	3.00	5.3%
2012E	340.0	9.5	11.60	4.9	3.00	5.3%

Source: Brewin Dolphin, September 2011

FOR UK RETAIL INVESTORS ONLY

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