

FUND FACTSHEET


CF IM CAPITAL GLOBAL STRATEGY FUND

Q3 Quarterly Review - October 2011

FUND AIM AND PROCESS

The aim of the fund is to provide long-term capital growth. The CF IM Capital Global Strategy Fund utilises our strategy of 'strategic thinking' by investing in stocks that have positive earnings and price momentum combined with our proprietary timing technique. Our analysis confirms that by combining these factors the probability of superior performance is enhanced.

MARKET BACKGROUND

The third quarter was brutal for risk assets. Global equities and high yield bonds suffered their greatest losses since the fourth quarter of 2008 driven by fears of a global recession, EU debt default and policy impotence. Commodity prices collapsed, the 10-year Treasury yield fell to a record low, and equity volatility surged to its highest level since March 2009.

Over the medium term, we remain convinced that a backdrop of low growth, low interest rates, and high liquidity to offset deleveraging means portfolios must be tilted toward assets that generate high growth, high yields and high quality. In the short term, while we acknowledge the downside risk to markets, we believe the biggest reasons to underweight equities and commodities today – a disorderly Greek debt default, a hard landing in China, or a slump in global earnings growth – are still low probability events. And, as stated recently, in the absence of a full-blown global recession, we believe we are close to levels in global risk markets that represent good entry points rather than exit points. A new policy easing cycle has begun, sentiment is already very bearish and valuations argue that the relative opportunity in equities over bonds will soon be much more attractive.

The following three factors could trigger a reversal of fortune and a recovery in equity and commodity prices relative to fixed income:

Economic data in the US, Europe and Asia has failed to validate the recession fears embedded in the prices of government bonds and bank stocks. US consumer spending has been resilient in recent months, aided by lower oil and gasoline prices. Indeed, recent macro data in the US has actually surprised to the upside – particularly on manufacturing and employment – suggesting that the next move in government bond yields will be up rather than down.

Central bank liquidity continues to expand dramatically with the aim of supporting asset prices and alleviating the impact of consumer, bank and government deleveraging. This liquidity is the key reason equity and commodity prices did not fall a lot further this summer.

Valuations across risk assets are consistent with a recessionary outlook. Relative to the 2% level of 10-year government bond yields in the US, UK and Germany, equity and corporate bond yields look attractive assuming the macro backdrop can be stabilized: the global equity dividend yield is 3%, US investment grade and high yield bond yields are 4% and 10% respectively, the earnings yield on EM equities is 12%, and the EM corporate bond yield is 14%.

One of the big questions on everyone's mind is what happens if Greece defaults. A disorderly default has the potential to derail the base case of no recession and would lead to a European banking crisis and massive global contagion. We believe there will be an orderly resolution to the crisis in the European periphery. An orderly outcome would present an entry point into risk assets; a disorderly Greek default would cause a mass exit.

FUND PERFORMANCE

	Q3 2010 - Q3 2011	Q3 2009 - Q3 2010	Q3 2008 - Q3 2009	Q3 2007 - Q3 2008	Q3 2006 - Q3 2007
CF IM Capital Global Strategy Fund	-12.30%	+5.54%	N/A	N/A	N/A

Source: Financial Express

Based on single price after deduction of fees, with net income reinvested.

FUND FACTS

AT 30 SEPTEMBER 2011

Fund Aim

To seek long-term capital growth

Launched

15/06/2009

IMA Sector

IMA Active Managed Sector

Mid Price

98.29p

Fund Size

£33.8M

Type of Shares

Accumulation or Income

Fund Charges

1.4% annual management charge

Tax Efficient Schemes

ISA: Eligible

Initial Charge

Up to 5%

Administrator

Capita Financial Administrators Limited
Ibex House
42-47 Minorities
London, EC3N 1DX

Authorised Corporate Director

Capita Financial Managers Limited

Registered/Operating Address

Ibex House
42-47 Minorities
London, EC3N 1DX

Domicile

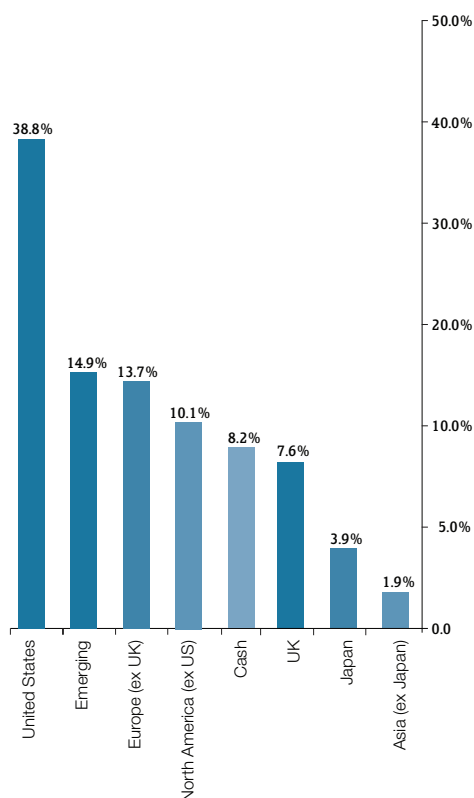
UK. The fund is structured as an open-ended Investment Company (OEIC) and complies with the EU requirements relating to Undertaking for Collective Investment in Transferable Securities (UCITS).

Investment Manager

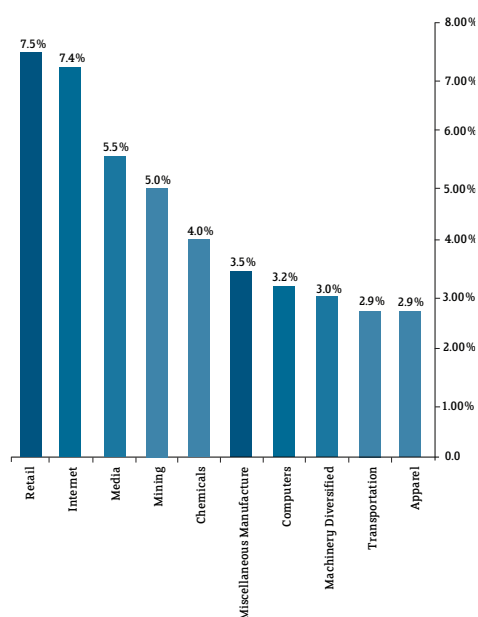
IM Asset Management Limited

Important Information: Past performance is not a guide to future performance and may not be repeated. The value of investments and income from them can go down as well as up and investors may not get back the amounts originally invested.

FUND ALLOCATION (%)



TOP SECTORS (%)



INVESTMENT THEMES

The signal to reduce equity exposure which was generated in late July saw no follow through and so although cash levels were allowed to rise to higher levels than normal we held back from additional measures. There were a number of reasons for this including the high dividend yields we can obtain on equities, especially in the UK, when compared to cash or fixed income investments, the widespread pessimism acting as a contrarian indicator and signs of improving economic activity in the US and other parts of the World.

This approach has been vindicated, at least in the short term, as we got a buy signal for a number of major markets in the third week of October as confidence began to return based on attention being paid to better economic numbers and limited progress to address the problems in Europe. If, as seems likely at the moment, the risk of another global recession can be avoided in the short term then a combination of low relative valuations, positive earnings and improving sentiment should see equity markets provide a positive return over the final quarter of the year.

TOP 10 HOLDINGS (%) AS AT 30 SEPTEMBER 2011

1. AMAZON.COM INC	2.5
2. WYNN RESORTS LTD	2.4
3. STARBUCKS CORP	2.2
4. PRICELINE.COM INC	2.1
5. EL PASO CORP	2.1
6. HUGO BOSS-PFD	2.1
7. CBS CORP-CLASS B NON VOTING	2.0
8. CAMPBELL BROTHERS LTD	2.0
9. KANSAS CITY SOUTHERN	2.0
10. VIACOM INC-CLASS B	1.9

SECTOR AND STOCK SELECTION

It has been a very difficult year for Global equities buffeted as they have been by the conflicting forces of economic slowdown and fear of recession in Europe which stand in contrast to developments in the Far East were governments are trying to slow the pace of economic activity. This has translated into much volatility within the Global equity class and indeed within the fund.

Cash levels were allowed to rise to approximately 30% during August as the political situation in Europe and the US deteriorated. Fortunately, the economy doesn't appear to have been unduly effected and financial markets have turned their attention to the attractive valuations available and strong earnings being reported. We have taken advantage of the low valuations and put the cash to work back in the equity markets since mid October. We have been buying out standing companies like IBM and Caterpillar both of which, among others, are reporting good current earnings and forecasting favourable conditions into 2012.

IMPORTANT INFORMATION

This document is issued by IM Asset Management Limited. The CF IM Capital Global Strategy Fund is authorised by the Financial Services Authority in the UK and qualifies as a UCITS scheme under its rules. A simplified prospectus and full prospectus are available and can be obtained from Capita Financial Administrators Limited. Should you require the current price or details of the fund holdings please contact Capita Financial Managers Limited, Ibex House, 42-47 Minories, London, EC3N 1DX.

Nothing on this factsheet should be construed as advice and it is therefore not a recommendation to buy or sell shares in the fund. Please note that prior to 17 September 2010, the name of the fund was CF IM Global Strategy Fund.

FOR MORE INFORMATION PLEASE CONTACT US ON:

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IM Asset Management

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