

ANNUAL REPORT AND FINANCIAL STATEMENTS

30 APRIL 2014

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*Authorised and regulated by the
Financial Conduct Authority No. 189302*

CITY FINANCIAL INVESTMENT FUND SERIES IV ANNUAL REPORT – 30 APRIL 2014

CityFinancial

CITY FINANCIAL INVESTMENT FUND SERIES IV
Head Office: 62 Queen Street,
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(Authorised and regulated by the
Financial Conduct Authority)

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DIRECTORS OF THE ACD

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M.L. Stein
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INDEPENDENT AUDITOR

Ernst & Young LLP
1 More London Place
London SE1 2AF
(to 31 October 2013)

Grant Thornton UK LLP
Chartered Accountants and
Statutory Auditor
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London EC2P 2YU
(from 1 November 2013)

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ACD'S REPORT FOR THE YEAR ENDED 30 APRIL 2014

AUTHORISED STATUS

City Financial Investment Funds Series IV ('the Company') is an open-ended investment company ('OEIC') with variable capital incorporated under the OEIC Regulations. The Company is a Non-UCITS Retail Scheme ('NURS') as defined in the Collective Investment Schemes Sourcebook ('COLL') and is also an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with registered number IC000534. The Company was authorised by an order made by the Financial Conduct Authority with effect from 31 May 2007.

Shareholders are not liable for the debts of the Company.

The base currency for the Company is Pounds Sterling.

IMPORTANT INFORMATION

We have updated the Prospectus to comply with the new Financial Conduct Authority rules introducing 'protected cells' for umbrella OEICs in the UK. The Company is an umbrella OEIC. Previously, each sub-fund of a UK umbrella OEIC effectively had its own pool of assets but could not be treated as a separate legal entity. As such, each of the sub-funds' assets were not legally ring-fenced and consequently it was possible that if the liabilities of another sub-fund within the same umbrella exceeded its assets, a creditor could pursue one or more other sub-funds in that umbrella to satisfy its debt. The effect of the new rules is to legally protect assets in each sub-fund from the creditors of other sub-funds and, as such, these changes are deemed to be in the investors' interest. Additionally, the investment and borrowing powers of the Company have been amended to allow a sub-fund to now invest in, or dispose of, shares in another sub-fund in the Company, providing that the second sub-fund does not invest in any other sub-fund in the Company.

CITY FINANCIAL ABSOLUTE EQUITY FUND

With effect from 30 April 2013 a High Water Mark was introduced to the performance fee payable.

Effective 17 May 2014, the following changes took place in relation to the Fund:

- The Fund changed from a NURS to a UCITS structure;
- The Fund was renamed to be City Financial Absolute Equity Fund, as previously advised;
- The name of the 'B' shares changed to 'I' shares; and
- For new investors the original investment minima for the 'A' share classes increased from £1,000 to £10,000, subsequent investment minima increased from £0 to £1,000 and minimum holdings increased from £1,000 to £10,000.
- Original investment minima for the 'I' share classes increased from £1,000 to £1,000,000, subsequent investment minima increased from £0 to £10,000 and minimum holdings increased from £1,000 to £1,000,000;
- Decrease in the initial charge from 5% to 0% for the 'A' share class; and

Ordinary operating expenses incurred by the Fund may be paid out of the scheme property. However, to protect the shareholders from fluctuations in these expenses the ACD has agreed to fix the total amount of these expenses to be borne by each share class as set out below, subject to a minimum fee of GBP £40,000 per annum.

Fixed expenses will be calculated and accrued daily and deducted monthly, in arrears, from each share class. The ACD will bear any excess of the actual operating expenses of the Fund above the levels of fixed expenses charged in accordance with the levels given. Conversely, the ACD will be entitled to retain any amount by which the levels of fixed expenses specified exceed the actual operating expenses incurred by the Company. In some instances, shareholders will receive less of the benefit than others from the ACD. The levels of fixed expenses to be borne by each share class will be reviewed in exceptional circumstances and, in any event, annually to ensure that they remain fair to shareholders.

A change in treatment of expenses from variable to fixed costs provides clarity and ensures consistency across the City Financial fund range. An annual expenses and fee review will be undertaken by the Product Governance Committee to ensure all customers are being treated fairly. City Financial would calculate and analyse the fixed expenses on an annual basis. Any change would be reviewed at that time and, depending on the materiality and likely permanence of any change may result in a reduction or increase. Any fee increase will be treated as a significant change, where investors will be given 60 days' notice.

The ongoing charges figures have been projected to truly reflect the change from NURS to UCITS to 1.85% for 'A' shares and 0.94% for 'I' shares.

With effect from 2 June 2014, the following changes were made to the Fund:

- Two new share classes, 'R' Acc and 'R' Inc were launched.

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

With effect from 17 May 2014 the following changes were made to the Fund:

- Fund changed from a NURS to a UCITS structure.
- The investment objective and policy is amended to align as required for UCITS scheme.
- The Fund will cease publication of prices in the *Financial Times*. Share prices are published on www.fundlistings.com. Prices of shares may also be obtained by calling 0845 300 2102 during the ACD's normal business hours.

CITY FINANCIAL INVESTMENT COMPANY LIMITED

ACD of City Financial Investment Funds Series IV

16 July 2014

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority and modified by a direction given by the Financial Conduct Authority where the ACD has opted to provide a NURS KII document, a Key Investor Information Document for Non-UCITS Retail Schemes.

R.C. HAIN

A.N. WILLIAMS

CITY FINANCIAL INVESTMENT COMPANY LIMITED
ACD of City Financial Investment Funds Series IV
16 July 2014

STATEMENT OF ACD'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company for that year. In preparing those financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in accordance with the requirements of the IMA SORP; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The ACD is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended (the 'OEIC Regulations'), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers applicable to the Company.

REPORT OF THE DEPOSITARY FOR THE YEAR ENDED 30 APRIL 2014

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with COLL and, where applicable, the OEIC Regulations, the Instrument of Incorporation and the Prospectus of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED
Depositary of City Financial Investment Funds Series IV
16 July 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CITY FINANCIAL INVESTMENT FUNDS SERIES IV

We have audited the financial statements of City Financial Investment Funds Series IV ('the Company') for the year ended 30 April 2014. These financial statements consist of the aggregated financial statements of the Company, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet and the related notes, and for each of the Company's sub-funds, the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association in October 2010.

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes Sourcebook. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE AUTHORISED CORPORATE DIRECTOR AND THE AUDITOR

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 6, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 30 April 2014 and of the net expense and net capital gains on the scheme property of the Company and the net expense and net capital gains of each of the sub-funds for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association in October 2010, the Collective Investment Schemes Sourcebook, and the Instrument of Incorporation.

OTHER REPORTING RESPONSIBILITIES

OPINION ON OTHER MATTERS PRESCRIBED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Corporate Director's Report (which comprises the information on the inside cover, the Authorised Status, the Important Information, the Investment Objectives and Policies, the Investment Manager's Reports, the Synthetic Risk and Reward Indicators, the Portfolio Statements and the Summaries of Material Portfolio Changes) is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if in our opinion:

- proper accounting records for the Company or a sub-fund have not been kept, or
- the financial statements are not in agreement with the accounting records.

GRANT THORNTON UK LLP

Statutory Auditor, Chartered Accountants

London, United Kingdom

16 July 2014

AGGREGATED FINANCIAL STATEMENTS
AGGREGATED STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 30 APRIL 2014

	Notes	£	30.04.14 £	£	30.04.13 £
Income:					
Net capital gains	2		24,887,150		13,693,408
Revenue	3	1,384,205		1,515,214	
Expenses	4	(5,838,807)		(1,945,712)	
Finance costs: Interest	6	(261,242)		(179,003)	
Net expense before taxation		(4,715,844)		(609,501)	
Taxation	5	(32,197)		(5,873)	
Net expense after taxation			(4,748,041)		(615,374)
Total return before distributions			20,139,109		13,078,034
Finance costs: Distributions	6		–		(284,919)
Change in net assets attributable to shareholders from investment activities			<u>20,139,109</u>		<u>12,793,115</u>

AGGREGATED STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 30 APRIL 2014

	Notes	£	30.04.14 £	£	30.04.13 £
Opening net assets attributable to shareholders			47,502,677		60,285,200
Amounts receivable on issue of shares		47,898,376		2,196,248	
Amounts payable on cancellation of shares		(13,165,476)		(28,048,468)	
			34,732,900		(25,852,220)
Dilution levy charged	1(k)		38,363		77,471
Stamp duty reserve tax	1(g)		(59,840)		(8,853)
Change in net assets attributable to shareholders from investment activities			20,139,109		12,793,115
Retained distribution on Accumulation shares			–		207,964
Closing net assets attributable to shareholders			<u>102,353,209</u>		<u>47,502,677</u>

AGGREGATED BALANCE SHEET
AS AT 30 APRIL 2014

	Notes	£	30.04.14 £	£	30.04.13 £
ASSETS					
Investment assets			84,665,680		41,363,485
Other assets					
Debtors	7	5,925,613		1,122,462	
Cash and bank balances	8	<u>20,452,027</u>		<u>10,878,731</u>	
Total other assets			26,377,640		12,001,193
Total assets			<u>111,043,320</u>		<u>53,364,678</u>
LIABILITIES					
Investment liabilities			(474,254)		(738,559)
Other liabilities					
Creditors	9	(4,081,473)		(1,350,768)	
Bank overdrafts	8	<u>(4,134,384)</u>		<u>(3,772,674)</u>	
Total other liabilities			(8,215,857)		(5,123,442)
Total liabilities			<u>(8,690,111)</u>		<u>(5,862,001)</u>
Net assets attributable to shareholders			<u>102,353,209</u>		<u>47,502,677</u>

1. ACCOUNTING POLICIES

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

(a) *Basis of accounting*

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

(b) *Basis of aggregation*

The aggregated financial statements represent the sum of the relevant items from the financial statements of the individual sub-funds within the umbrella company.

(c) *Recognition of revenue*

Dividends on quoted equities are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Revenue from unquoted equity investments is recognised when the dividend is declared.

Total Return Swaps (TRS) operate in a similar way to Contracts for Difference. Manufactured dividends received on long positions within TRS and paid on short positions are recognised when the underlying security is quoted ex-dividend.

These contracts are traded on a margin basis, for long positions interest can be charged and on short positions interest can be received. Interest is calculated daily by applying the applicable interest rates to the notional value of the positions. Interest is also earned on any margin held with the broker.

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Company is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

(d) *Treatment of stock and special dividends*

The ordinary element of stock dividend received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

(e) *Treatment of expenses*

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged initially against revenue.

1. ACCOUNTING POLICIES (continued)

(e) *Treatment of expenses (continued)*

Any charges, including stock lending fees from Swap positions for the City Financial Absolute Equity Fund, incurred by Merrill Lynch International or any of its affiliates in connection with the acquisition, holding, unwinding or realisation of its positions in the Swap are charged to capital.

Any performance fee accruing will be charged to revenue. Performance fees are 20% per annum of the outperformance, when the rate of growth over the performance period exceeds the benchmark for the sub-fund. A high watermark was introduced effective 30 April 2013.

From 17 May 2014, ordinary operating expenses, as described in the current Prospectus, incurred by the Fund, excludes transaction charges and may be paid out of the scheme property. However, to protect the shareholders from fluctuations in these expenses the ACD has agreed to fix the total amount of these expenses to be borne by each share class as set out below.

	Fixed Expense (%)
'I' Shares	0.19
'A' Shares	0.35
'R' Shares	0.35

Fixed expenses will be calculated and accrued daily and deducted monthly, in arrears, from each share class. The ACD will bear any excess of the actual operating expenses of the Fund above the level of fixed expenses charged in accordance with the levels given. Conversely, the ACD will be entitled to retain any amount by which the levels of fixed expenses specified exceed the actual operating expenses incurred by the Company. In some instances, shareholders will receive less of the benefit than others from the ACD. The levels of fixed expenses to be borne by each share class will be reviewed in exceptional circumstances.

(f) *Allocation of revenue and expenses to multiple share classes and sub-funds*

Any revenue or expense not directly attributable to a particular share class or sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and sub-funds, unless a different allocation method is more appropriate.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(g) *Taxation*

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

1. ACCOUNTING POLICIES (continued)

(g) Taxation (continued)

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

(h) Distribution policy

Surplus revenue after taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the COLL Sourcebook.

In calculating the amount to be distributed, the stock lending fees from Swap positions for the City Financial Absolute Equity Fund, are allocated to capital.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

(i) Basis of valuation of investments

Quoted investments are valued at closing bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting period. Accrued interest on fixed interest securities is included in revenue.

Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting period.

The Fund invests in derivatives in addition to investment in securities. These include long and short equity positions held within a portfolio Total Return Swap (TRS).

Derivative positions held by the Fund are valued at fair value. The disclosure in the Portfolio Statement represents each individual equity basket at the mark-to-market and current notional value, representing the market exposure of the positions held at the balance sheet date. Any gains or losses on the open positions held, based on the opening and closing stock prices as specified in the underlying swap agreement, are treated as capital.

Unlisted or suspended investments are valued by the ACD taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

(j) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

1. ACCOUNTING POLICIES (continued)

(k) Dilution levy

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; where a sub-fund is experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

	30.04.14 £	30.04.13 £
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	18,953,188	9,785,427
Derivative contracts	6,624,815	3,931,679
Derivative fees	(714,568)	(446,671)
Transaction charges	(12,269)	(7,190)
Currency gains	35,984	430,163
Net capital gains	<u>24,887,150</u>	<u>13,693,408</u>
3. REVENUE		
Non-taxable dividends	977,648	876,769
Taxable dividends	48,074	–
Unfranked interest	12,614	240,396
Revenue from derivative contracts	234,346	206,120
Underwriting commission	12,851	83,566
Bank interest	4,722	2,139
Margin interest	93,950	106,224
Total revenue	<u>1,384,205</u>	<u>1,515,214</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	736,299	683,763
Performance fees	4,948,297	1,122,648
	<u>5,684,596</u>	<u>1,806,411</u>

	30.04.14 £	30.04.13 £
4. EXPENSES (continued)		
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	30,196	26,658
Safe custody and other bank charges	14,132	13,697
	44,328	40,355
Other expenses:		
FCA fee	660	122
Fees paid to auditor – audit	16,500	17,100
Tax services	3,084	6,000
Other tax related services	–	6,000
Publication costs	6,564	1,768
Legal and professional fees	31	–
Portfolio monitoring fees	5,297	7,890
Postage and distribution costs	576	2,618
Printing costs	9,427	9,608
Registration fees	66,916	46,502
Directors insurance	828	478
Derivative pricing fees	–	860
	109,883	98,946
Total expenses	5,838,807	1,945,712
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	32,197	5,873
Current tax charge (note 5b)	32,197	5,873
Deferred tax – origination and reversal of timing differences	–	–
Total taxation	32,197	5,873

5. TAXATION (continued)

b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.04.13 : 20%) for the reasons explained below.

	30.04.14 £	30.04.13 £
Net expense before taxation	(4,715,844)	(609,501)
Corporation tax at 20%	(943,169)	(121,900)
Effects of:		
Non-taxable dividends	(195,529)	(175,354)
Movement in non trade loan relationships	24,774	–
Foreign tax expensed	(613)	–
Unutilised excess management expenses	1,114,537	297,254
Corporation tax charge	–	–
Overseas tax	32,197	5,873
Current tax charge (note 5a)	32,197	5,873

6. FINANCE COSTS

Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:

	30.04.14 £	30.04.13 £
Interim	–	214,898
Final	–	3,687
	–	218,585
Add: Revenue deducted on cancellation of shares	–	71,519
Deduct: Revenue received on issue of shares	–	(5,185)
Net distributions for the year	–	284,919
Interest paid on derivatives	255,568	176,916
Interest paid on overdrafts	5,674	2,087
Total finance costs	261,242	463,922

	30.04.14 £	30.04.13 £
6. FINANCE COSTS (continued)		
Distributions represented by:		
Net expense after taxation	(4,748,041)	(615,374)
Allocations to capital:		
Expenses, net of tax relief	–	7,907
Revenue deficit – 'A' Income	167,114	63,884
– 'A' Accumulation	2,832,624	736,326
– 'B' Income	89,583	5,863
– 'B' Accumulation	777,724	82,881
– 'P' Accumulation	377,842	3,355
– 'S' Accumulation	502,859	–
	4,747,746	900,216
Equalisation on conversions*	292	71
Balance brought forward	3	9
Balance carried forward	–	(3)
Net distributions for the year	–	284,919

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they held the new share class throughout the period from last distribution to conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

	30.04.14 £	30.04.13 £
7. DEBTORS		
Amounts receivable for issue of shares	4,725,581	14,175
Sales awaiting settlement	867,138	808,177
Sales gains from swap positions awaiting settlement	192,253	–
Accrued revenue:		
Non-taxable dividends	112,138	141,712
Taxable dividends	20,729	–
Unfranked interest	291	8,697
Revenue from derivative contracts	–	97,251
Underwriting commission	–	30,495
Bank interest	34	215
Margin interest	2,464	3,866
	135,656	282,236
Dilution levy	–	2,826

	30.04.14 £	30.04.13 £
7. DEBTORS (continued)		
Prepaid expenses	–	1,398
Taxation recoverable:		
Overseas withholding tax	4,985	13,450
Others	–	200
Total debtors	5,925,613	1,122,462
8. CASH AND BANK BALANCES		
Bank balances:		
Capital account	17,338,449	5,464,945
Revenue account	42,753	13,612
Margin account	3,070,825	5,400,174
Total bank balances	20,452,027	10,878,731
Bank overdrafts:		
Revenue account	(2,778,759)	(705,330)
Margin account	(1,355,625)	(3,067,344)
Total bank overdrafts	(4,134,384)	(3,772,674)
9. CREDITORS		
Amounts payable for cancellation of shares	316,023	389,878
Purchases awaiting settlement	886,224	197,476
Sales losses from swap positions awaiting settlement	–	222,751
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	81,893	50,595
Performance fees	2,652,450	417,683
	2,734,343	468,278
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3,561	1,964
Transaction charges	5,688	1,744
Safe custody and other bank charges	6,028	3,229
	15,277	6,937

	30.04.14 £	30.04.13 £
9. CREDITORS (continued)		
Other:		
Other expenses	38,364	35,572
Margin Interest payable	12,908	5,282
Stock lending fees	39,787	23,438
Revenue due to broker from derivative contracts	36,556	–
	127,615	64,292
Stamp duty reserve tax	1,991	1,156
Total creditors	4,081,473	1,350,768

10. RELATED PARTY TRANSACTIONS

Management fees payable to City Financial Investment Company Limited ('the ACD') are disclosed in note 4 and amounts due at the year end are disclosed in note 9.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 10 and amounts due at the year end are disclosed in notes 7 and 9.

City Financial Investment Company Limited and its associates (including other authorised investment funds managed by City Financial Investment Company Limited) had the following shareholdings in the Fund:

	Held at 30.04.14	Held at 30.04.13
City Financial Absolute Equity Fund		
'A' Income	22,117	21,547
'A' Accumulation	598,836	588,836
'B' Accumulation*	195,964	19,736
CFIC Octopus UK Micro Cap Growth		
'P' Accumulation	151	–
'A' Accumulation	142,159	168,328
'S' Accumulation	1,038,025	288,172

* On 17 May 2014, the 'B' Accumulation share class changed to 'I' Accumulation share class. See page 4 for details.

Octopus Investments limited and its associates (including other authorised investment funds managed by Octopus Investments Limited) had the following shareholdings in the Fund:

	Held at 30.04.14	Held at 30.04.13
CFIC Octopus UK Micro Cap Growth		
'P' Accumulation	4,269,602	3,598,755
'S' Accumulation	1,625,970	288,171

10. RELATED PARTY TRANSACTIONS (continued)

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Fund:

CFIC Octopus UK Micro Cap Growth	
Octopus Investments Limited	39.43% (30.04.13 : 33.55%)

All other amounts paid to, or received from, the related parties, together with the outstanding balances are disclosed in the financial statements.

11. SHAREHOLDER FUNDS

The sub-funds, the share classes and the annual management charge are as follows:

	Class	Charge
City Financial Absolute Equity Fund	'A' Shares	1.50%
	'B' Shares*	0.75%
CFIC Octopus UK Micro Cap Growth	'P' Shares	0.75%
	'A' Shares	1.50%
	'S' Shares	0.50%

* On 17 May 2014, the 'B' Accumulation share class changed to 'I' Accumulation share class. See page 4 for details.

The net asset value, the net asset value per share and the number of shares in issue are given in the Fund information of each sub-fund.

12. CONTINGENT LIABILITIES AND COMMITMENTS

Disclosure is made in note 12 of the Notes to the Financial Statements of the sub-funds.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objectives a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures, total return swaps or forward currency contracts, may be utilised for investment purposes as defined in the on the investment objective of the individual sub-funds.

The main risks from the Company's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

i. Credit risk (continued)

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

Credit risk in respect of Swaps is managed within the sub-fund by means of a monthly swap limit which resets the exposure to zero and can be requested at any time by City Financial inbetween. This allows us to monitor the counterparty exposure and where it nears 10% of the NAV we can request a reset to limit counterparty risk intra month. This limits the exposure of the sub-fund to potential losses arising from the unlikely failure of Merrill Lynch.

ii. Interest rate risk

Interest rate risk is the risk that the value of the Company's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts and the amount of interest payable on long positions and receivable on short positions within the Total Return Swap will be affected by fluctuations in interest rates.

Investment in collective investment schemes exposes the Company to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

This risk is not actively managed.

Numerical disclosure of the interest rate risk profile is made in note 13i of the Notes to the Financial Statements of the sub-funds.

iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

This risk is not actively managed.

Numerical disclosure of the foreign currency risk profile is made in note 13ii of the Notes to the Financial Statements of the sub-funds.

iv. Liquidity risk

The main liability of the Company is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

iv. Liquidity risk (continued)

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Company's assets consist of cash and readily realisable securities.

All financial liabilities are payable in one year or less, or on demand.

v. Market price risk

Market price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Company holds.

Market price risk represents the potential loss the Company may suffer through holding market positions in the face of price movements. The Company's investment portfolios are exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

vi. Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

vii. Derivatives

Disclosure is made in note 13iii of the Notes to the Financial Statements of the sub-funds.

14. PORTFOLIO TRANSACTION COSTS

Disclosure is made in note 14 of the Notes to the Financial Statements of the sub-funds.

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)
ACD'S REPORT
FOR THE YEAR ENDED 30 APRIL 2014**

IMPORTANT INFORMATION

Please refer to the 'Important Information' section on page 4.

DERIVATIVE RISK MANAGEMENT

City Financial calculates daily VaR (99% 1 and 20 day and 95% 1 and 20 day) to measure daily risk and we comply with the CESR guidelines capturing 20 day (99%) VaR ex-ante using APT Sunguard (for the City Financial Absolute Equity Fund only). This is embedded into our RMP and the assumptions surrounding APT's methodology are that it is a daily model based on statistical factors for global equities that aims to capture the systematic co-variation of daily asset returns so as to provide estimates of market risk. Those risk measures may be second-moment measures (volatility, tracking error) or downside measures (VaR, CVaR and other tail risk measures).

INVESTMENT OBJECTIVE AND POLICY

The City Financial Absolute Equity Fund ('the Fund') is a fundamental equity long short strategy which aims to achieve a positive absolute return for investors over rolling twelve month periods primarily through investment in UK and global equities. The Fund is managed against a cash Benchmark, reflecting the aim to deliver a positive return in all stock market conditions. There is no actual guarantee that these returns will be achieved over the specified, or any, time period and capital is not guaranteed.

The Fund invests mainly in a portfolio of equities, equity index futures, options on equity indices, ETFs and equity related securities of companies with a UK listing or global equity exchange listing (including through derivatives and units in collective investment schemes). 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 and units in collective investment schemes.

In order to achieve the investment objective, the Fund uses derivatives which may allow leverage amounting to more than 100% of the NAV to gain greater exposure. The Fund may also employ a variety of investment strategies and invest in derivatives both long (synthetic bought) and short (synthetic sold) positions principally through the use of contracts for difference and a portfolio swap. At times, the Fund may also use equity index futures or options (long or short) in order to achieve an overall level of managed volatility or 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.

INVESTMENT MANAGER'S REPORT

As you are no doubt aware, on 17 May 2014, the City Financial UK Equity Fund was renamed the City Financial Absolute Equity Fund.

The Fund's net asset value per share rose 41%¹ over the period. The total return of the general UK stock market was a 10%² rise over the same period. We saw good gains in both our long and short book. During 2013, the main gains were from our long positions and in particular within smaller companies. Towards the end of the period (to 30 April 2014) we saw decent gains in our short book.

The Fund has maintained a balanced stance with the observed beta being around zero for most of the period. The Fund's returns have largely been driven by our stock selection on the long and short side.

We enter the new financial year 110% long and 85% short and therefore with a gross exposure of around 190% and a net exposure of circa 35%. Recently, we have been struggling to find compelling long ideas, although the recent sell-off in some of the more cyclical areas of the stock market means that some degree of value is emerging.

We have made clear our concern at the huge amount of new issuance that has come to the market in the form of flotation and placings (both primary and secondary.) This came with a degree of euphoria and a desire for investors to 'add risk' to their portfolios. We believed that the market would struggle to digest all this new paper and many were done at unrealistic valuations. The result is that many of these deals are now below water and many investors are asking themselves 'why did we invest in ABC plc?'

It is possible that the market needs to have further risk aversion before we reach a more attractive general market position. That would be to the benefit of the Fund and its investors.

¹ Bloomberg, data range: 01/05/2013 – 30/04/2014.

² Bloomberg, data range: 01/05/2013 – 30/04/2014.

Robert C. Hain, Chairman
CITY FINANCIAL INVESTMENT COMPANY LIMITED
Authorised Corporate Director
27 May 2014

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

ACD's Report (continued)
FUND INFORMATION

PERFORMANCE RECORD

'A' Income shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	192.06	112.07	0.4740
2010	177.77	139.68	–
2011	168.36	144.23	1.0060
2012	171.84	140.61	0.7278
2013	224.74	168.79	–
2014*	257.89	223.29	–

'A' Accumulation shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	196.07	123.58	0.5605
2010	182.19	143.48	–
2011	174.41	148.23	1.0351
2012	179.92	145.47	0.7535
2013	236.20	176.61	–
2014*	271.07	234.72	–

'B' Income shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	193.50	125.02	1.6077
2010	181.00	143.42	0.1820
2011	172.21	148.67	2.2544
2012	174.90	145.14	1.3538
2013	230.17	171.70	–
2014*	265.73	228.70	–

'B' Accumulation shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	199.78	125.39	1.4598
2010	185.49	147.10	0.2229
2011	180.10	153.02	2.3230
2012	186.88	151.00	1.4931
2013	247.18	183.53	–
2014*	285.49	245.48	–

* To 30 April 2014.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
30.04.12	'A' Income	2,281,182	1,622,528	140.59
	'A' Accumulation	33,199,091	22,823,867	145.46
	'B' Income	216,111	148,909	145.13
	'B' Accumulation	6,890,252	4,563,190	151.00
30.04.13	'A' Income	1,962,069	1,074,129	182.67
	'A' Accumulation	27,391,321	14,291,434	191.66
	'B' Income	107,713	57,998	185.72
	'B' Accumulation	4,115,042	2,063,834	199.39
30.04.14**	'A' Income	2,550,390	1,005,985	253.52
	'A' Accumulation	41,231,348	15,472,173	266.49
	'B' Income	3,193,967	1,222,382	261.29
	'B' Accumulation	31,799,467	11,328,296	280.71

** See page 4 for details of share class name changes from 17 May 2014.

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

ACD's Report (continued)

Fund Information (continued)

ONGOING CHARGES FIGURE

Expense Type	30.04.14		30.04.13	
	% 'A'	'B'	% 'A'	'B'
ACD's periodic charge	1.50	0.75	1.50	0.75
Other expenses	0.27	0.27	0.27	0.27
	<u>1.77</u>	<u>1.02</u>	<u>1.77</u>	<u>1.02</u>
Collective investment scheme costs	0.02	0.02	–	–
Ongoing charges figure	<u>1.79</u>	<u>1.04</u>	<u>1.77</u>	<u>1.02</u>

The Ongoing Charges Figure ('OCF') represents the total operating expenses excluding performance fee of the Fund expressed as a percentage of the average net assets during the accounting period.

The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Fund's net assets at the balance sheet date.

This Fund is a KII-compliant NURS and in accordance with the requirements of the Collective Investment Schemes Sourcebook, as modified by the Financial Conduct Authority.

From 17 May 2014 the OCF has been projected at 1.85% for 'A' shares and 0.94% for 'I' shares (formerly 'B' shares); this is to reflect the change from NURS to UCITS.

A performance fee of 20% of out-performance of 3 month Sterling LIBOR of £3,822,482 was paid in the current period (30.04.13 : £1,122,648).

SYNTHETIC RISK AND REWARD INDICATOR



The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the share class have been historically.

For example a share class whose price has experienced significant rises and falls will be in a higher risk category, whereas, a share class whose price has experienced less significant rises and falls will be in a lower category.

The risk reward category shown is not guaranteed to remain unchanged and may shift over time.

The lowest risk category does not equal a risk free investment.

The Fund is in risk category 5 as its prices have experienced significant rises and falls historically.

Derivatives (complex instruments) are used for investment purposes and the net asset value of the Fund may therefore, at times, be highly volatile.

Short selling can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no absolute guarantee that securities necessary to cover a short position will be available for purchase.

FUND PERFORMANCE TO 30 APRIL 2014 (%)

	6 months	1 year	3 years	5 years
City Financial Absolute Equity Fund	23.64	40.44	80.03	80.24
3 Month Sterling LIBOR	0.26	0.52	2.25	4.01

Source: Morningstar Direct mid-to-bid based on 'B' Accumulation share class which includes reinvested income. On 17 May 2014, the 'B' Accumulation share class changed to 'I' Accumulation share class. See page 4 for details.

Details of the distributions per share for the year are shown in the Distribution Table on page 55.

CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 30 APRIL 2014

Holding	Portfolio of Investments	Value £	30.04.14 %
	DEBT SECURITIES – 0.00% (30.04.13 – 1.92%)	–	–
	ALTERNATIVE INVESTMENT MARKET – 46.17% (30.04.13 – 50.56%)		
	OIL & GAS – 4.34% (30.04.13 – 2.69%)		
	<i>OIL & GAS PRODUCERS – 3.12% (30.04.13 – 0.00%)</i>		
2,559,310	Borders & Southern Petroleum	319,914	0.41
1,000,000	Falkland Oil & Gas	252,500	0.32
2,571,429	Fastnet Oil & Gas	282,857	0.35
7,307,692	Frontier Resources International	146,154	0.19
810,797	Independent Oil & Gas	243,239	0.31
1,891,000	Lekoil	1,210,240	1.54
		<u>2,454,904</u>	<u>3.12</u>
	<i>OIL, EQUIPMENT, SERVICES & DISTRIBUTION – 1.22% (30.04.13 – 2.04%)</i>		
2,880,341	Enteq Upstream	964,914	1.22
	ALTERNATIVE ENERGY – 0.00% (30.04.13 – 0.65%)	–	–
	TOTAL OIL & GAS	<u>3,419,818</u>	<u>4.34</u>
	BASIC MATERIALS – 3.33% (30.04.13 – 3.37%)		
	<i>CHEMICALS – 1.19% (30.04.13 – 0.55%)</i>		
350,000	Plastics Capital	437,500	0.56
1,538,462	Versarien	500,000	0.63
		<u>937,500</u>	<u>1.19</u>
	<i>INDUSTRIAL METALS & MINING – 0.00% (30.04.13 – 0.32%)</i>	–	–
	<i>MINING – 2.14% (30.04.13 – 2.50%)</i>		
2,425,000	Amara Mining	381,938	0.49
770,000	Condor Gold	592,900	0.75
15,000,000	KEFI Mineral	262,500	0.34
700,000	Orosur Mining	82,250	0.10

Holding	Portfolio of Investments	Value £	30.04.14 %
	<i>MINING (continued)</i>		
5,541,667	Savannah Resources	277,083	0.35
2,316,667	Weatherly International	57,917	0.07
592,857	West African Minerals Corporation	31,125	0.04
		<u>1,685,713</u>	<u>2.14</u>
	TOTAL BASIC MATERIALS	<u>2,623,213</u>	<u>3.33</u>
	INDUSTRIALS – 9.91% (30.04.13 – 10.16%)		
	<i>CONSTRUCTION & MATERIALS – 1.12% (30.04.13 – 0.00%)</i>		
149,000	Billington Holdings	196,680	0.25
1,705,000	Superglass Holdings	682,000	0.87
		<u>878,680</u>	<u>1.12</u>
	<i>GENERAL INDUSTRIALS – 0.08% (30.04.13 – 0.45%)</i>		
33,000	Robinson	64,350	0.08
	<i>ELECTRONIC & ELECTRICAL EQUIPMENT – 0.00% (30.04.13 – 1.51%)</i>	–	–
	<i>INDUSTRIAL ENGINEERING – 1.62% (30.04.13 – 1.45%)</i>		
165,000	MS International	334,950	0.42
1,076,925	Redhall Group	495,386	0.63
335,150	Somero Enterprises	351,907	0.45
90,000	Xeros Technology Group	91,800	0.12
		<u>1,274,043</u>	<u>1.62</u>
	<i>SUPPORT SERVICES – 7.09% (30.04.13 – 6.75%)</i>		
7,000,000	1Spatial	525,000	0.67
785,000	Begbies Traynor Group	337,550	0.43
812,500	DX Group	1,027,812	1.30
500,000	Empresaria Group	220,000	0.28
275,000	Hydrogen Group	280,500	0.36
90,527	Matchtech Group	556,741	0.71
740,000	Networkers International	388,500	0.49
154	Paythru	199,870	0.25

CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)

ACD's Report (continued)

Portfolio Statement (continued)

As at 30 April 2014

Holding	Portfolio of Investments	Value £	30.04.14 %
	<i>SUPPORT SERVICES (continued)</i>		
2,900,000	Spectra Systems Corporation	551,000	0.70
450,000	Vianet Group	355,500	0.45
1,057,000	WYG	1,141,560	1.45
		<u>5,584,033</u>	<u>7.09</u>
	TOTAL INDUSTRIALS	<u>7,801,106</u>	<u>9.91</u>
	CONSUMER GOODS – 2.68% (30.04.13 – 0.42%)		
	<i>FOOD PRODUCERS – 0.42% (30.04.13 – 0.00%)</i>		
575,000	Finsbury Food Group	<u>333,500</u>	<u>0.42</u>
	<i>HOUSEHOLD GOODS & HOME CONSTRUCTION – 0.95% (30.04.13 – 0.00%)</i>		
1,050,000	International Greetings	<u>745,500</u>	<u>0.95</u>
	<i>PERSONAL GOODS – 1.31% (30.04.13 – 0.42%)</i>		
1,160,714	Bagir Group	719,643	0.92
32,920,000	LiteBulb	309,448	0.39
		<u>1,029,091</u>	<u>1.31</u>
	TOTAL CONSUMER GOODS	<u>2,108,091</u>	<u>2.68</u>
	HEALTH CARE – 1.79% (30.04.13 – 6.60%)		
	<i>HEALTH CARE EQUIPMENT & SERVICES – 1.41% (30.04.13 – 4.95%)</i>		
800,000	Collagen Solutions	64,000	0.08
1,739,503	LiDCO Group	400,086	0.51
666,666	Scientific Digital Imaging	133,333	0.17
469,000	Sphere Medical Holding	131,320	0.17
185,000	Tristel	98,050	0.12
1,399,736	Venn Life Sciences Holdings	279,947	0.36
		<u>1,106,736</u>	<u>1.41</u>
	<i>PHARMACEUTICALS & BIOTECHNOLOGY – 0.38% (30.04.13 – 1.65%)</i>		
1,093,750	e-Therapeutics	<u>306,250</u>	<u>0.38</u>
	TOTAL HEALTH CARE	<u>1,412,986</u>	<u>1.79</u>

Holding	Portfolio of Investments	Value £	30.04.14 %
	CONSUMER SERVICES – 9.95% (30.04.13 – 1.55%)		
	<i>GENERAL RETAILERS – 0.68% (30.04.13 – 0.00%)</i>		
500,000	Cambria Automobiles	255,000	0.33
95,725,000	GetLenses	277,603	0.35
		<u>532,603</u>	<u>0.68</u>
	<i>MEDIA – 3.25% (30.04.13 – 0.00%)</i>		
300,000	Ebiquity	384,000	0.49
5,510,817	Phorm Corp	606,190	0.77
7,726,701	Porta Communications	1,023,788	1.30
689,517	SyQic	544,718	0.69
		<u>2,558,696</u>	<u>3.25</u>
	<i>TRAVEL & LEISURE – 6.02% (30.04.13 – 1.55%)</i>		
690,000	Action Hotels	496,800	0.63
2,592,500	Cupid	1,114,775	1.41
379,031	Dart Group	1,115,299	1.42
266,250	Eclectic Bar Group	439,313	0.56
50,000,000	Fastjet	975,000	1.24
262,636	Goals Soccer Centres	598,810	0.76
		<u>4,739,997</u>	<u>6.02</u>
	TOTAL CONSUMER SERVICES	<u>7,831,296</u>	<u>9.95</u>
	TELECOMMUNICATIONS – 0.30% (30.04.13 – 0.00%)		
	<i>FIXED LINE TELECOMMUNICATIONS – 0.30% (30.04.13 – 0.00%)</i>		
200,000	Adept Telecom	<u>240,000</u>	<u>0.30</u>
	TOTAL TELECOMMUNICATIONS	<u>240,000</u>	<u>0.30</u>
	FINANCIALS – 6.53% (30.04.13 – 15.61%)		
	<i>NON-LIFE INSURANCE – 0.92% (30.04.13 – 0.00%)</i>		
487,500	Randall & Quilter Investment Holdings	<u>721,500</u>	<u>0.92</u>

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

ACD's Report (continued)

Portfolio Statement (continued)

As at 30 April 2014

Holding	Portfolio of Investments	Value £	30.04.14 %
<i>REAL ESTATE INVESTMENT & SERVICES – 3.29% (30.04.13 – 0.27%)</i>			
600,000	Inland Homes	273,000	0.35
569,180	Mar City	791,160	1.00
1,400,000	Real Estate Investors	686,000	0.87
1,600,000	Summit Germany	840,844	1.07
		<u>2,591,004</u>	<u>3.29</u>
<i>REAL ESTATE INVESTMENT TRUSTS – 0.00% (30.04.13 – 1.00%)</i>			
		<u>–</u>	<u>–</u>
<i>FINANCIAL SERVICES – 1.74% (30.04.13 – 13.02%)</i>			
16,500,000	EW Group	214,500	0.27
320,000	Fairpoint Group	489,600	0.62
125,000	Shore Capital Group	518,750	0.66
30,000,000	Verdes Management	150,000	0.19
		<u>1,372,850</u>	<u>1.74</u>
<i>EQUITY INVESTMENT INSTRUMENTS – 0.58% (30.04.13 – 1.32%)</i>			
838,956	Brookwell	462,684	0.58
	TOTAL FINANCIALS	<u>5,148,038</u>	<u>6.53</u>
<i>TECHNOLOGY – 7.34% (30.04.13 – 10.98%)</i>			
<i>SOFTWARE & COMPUTER SERVICES – 5.82% (30.04.13 – 10.02%)</i>			
3,518,000	Artium	219,875	0.28
7,200,000	Castleton Technology	61,200	0.08
14,691,666	Coms	888,846	1.13
111,500	Craneware	596,525	0.76
400,000	Crimson Tide	5,600	0.01
115,110	Dillistone Group	122,017	0.15
1,747,826	IDOX	690,391	0.87
380,000	K3 Business Technology Group	855,000	1.08
8,000,000	Nasstar	640,000	0.81
1,000,000	Proglity	55,000	0.07
180,556	SafeCharge International Group	296,112	0.38
500,000	SimiGon	155,000	0.20
		<u>4,585,566</u>	<u>5.82</u>

Holding	Portfolio of Investments	Value £	30.04.14 %
<i>TECHNOLOGY HARDWARE & EQUIPMENT – 1.52% (30.04.13 – 0.96%)</i>			
1,007,142	Pure Wafer	715,071	0.91
252,929	Quixant	361,688	0.46
2,287,500	Seeing Machines	120,094	0.15
		<u>1,196,853</u>	<u>1.52</u>
	TOTAL TECHNOLOGY	<u>5,782,419</u>	<u>7.34</u>
	TOTAL ALTERNATIVE INVESTMENT MARKET	<u>36,366,967</u>	<u>46.17</u>
<i>UNITED KINGDOM MAIN MARKET – 15.05% (30.04.13 – 4.05%)</i>			
45,000,000	Aminex	315,000	0.40
2,750,000	BATM Advanced Communications	481,250	0.61
86,663	Costain Group	233,340	0.30
375,000	Creston	427,500	0.54
25,000	Energy Assets Group	87,000	0.11
2,421,603	F&C Asset Management	2,891,394	3.67
290,000	Gresham Computing	377,000	0.48
6,821,542	International Ferro Metals	632,357	0.80
625,000	McColl's Retail Group	1,043,750	1.33
10,000	Shaftesbury	66,050	0.08
322,773	SkyePharma	774,655	0.98
10,000	St. James's Place	77,000	0.10
700,000	STV Group	2,499,000	3.17
17,812	Unite Group	75,256	0.10
850,000	Walker Crips Group	442,000	0.56
700,000	Waterman Group	402,500	0.51
367,000	Zotefoams	1,034,940	1.31
	TOTAL UNITED KINGDOM MAIN MARKET	<u>11,859,992</u>	<u>15.05</u>
<i>CONTINENTAL EUROPE – 0.34% (30.04.13 – 0.00%)</i>			
102,770	Brofrontera	269,198	0.34
<i>CANADA – 0.00% (30.04.13 – 0.27%)</i>			
24,000,000	ConjuChem Biotechnologies#	<u>–</u>	<u>–</u>
<i>UNITED STATES – 3.94% (30.04.13 – 23.95%)</i>			
85,000	Cisco Systems	1,162,824	1.48
100,000	Genworth Financial	1,056,520	1.34
30,000	Wells Fargo	881,401	1.12
	TOTAL UNITED STATES	<u>3,100,745</u>	<u>3.94</u>

CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)

ACD's Report (continued)

Portfolio Statement (continued)

As at 30 April 2014

Holding	Portfolio of Investments	Notional Value £	Value £	30.04.14 %
	MONEY MARKET FUNDS – 10.48% (30.04.13 – 0.00%)			
5,000,000	Goldman Sachs Sterling Liquid Reserves*	5,000,000	6.35	
5,500,000	Goldman Sachs US\$ Liquid Reserves*	3,257,210	4.13	
	TOTAL MONEY MARKET FUNDS	8,257,210	10.48	
	OPTIONS – 0.10% (30.04.13 – 0.00%)			
2,000	FTSE100 P6500 JUN14 OTCML	79,174	0.10	
	WARRANT – 0.00% (30.04.13 – 0.00%)			
1,071,429	West African Minerals GBPO.10 11 February 2016	–	–	
	SWAPS – 2.15% (30.04.13 – (1.68)%)			
	MERRILL LYNCH SWAP BASKET AUD – (0.02)% (30.04.13 – (0.15)%)			
(15,000)	Commonwealth Bank of Australia	(649,413)	(16,462)	(0.02)
	MERRILL LYNCH SWAP BASKET CHF – 0.00% (30.04.13 – 0.16%)	–	–	–
	MERRILL LYNCH SWAP BASKET DDK – (0.09)% (30.04.13 – 0.00%)			
(13,943)	Novozymes	(395,299)	(71,272)	(0.09)
	MERRILL LYNCH SWAP BASKET EUR – (0.37)% (30.04.13 – (0.08)%)			
40,000	Delta Lloyd	622,586	28,576	0.04
(11,000)	Essilor International	(696,316)	(45,162)	(0.06)
(12,000)	Gemalto	(795,189)	11,430	0.01
(18,000)	Hochtief	(990,143)	(42,716)	(0.05)
146,920	Smurfit Kappa Group ADR	1,934,485	(91,261)	(0.12)
35,000	Smurfit Kappa Group	459,837	3,544	0.00
786,594	Alpha Bank	450,193	(154,296)	(0.19)
		985,453	(289,885)	(0.37)
	MERRILL LYNCH SWAP BASKET GBP – 1.75% (30.04.13 – 0.37%)			
80,000	4imprint Group	539,600	40,800	0.05
(120,171)	African Minerals	(149,613)	1,202	0.00
(35,000)	Antofagasta	(275,450)	15,925	0.02
(165,000)	Antofagasta	(1,298,550)	75,075	0.10

Holding	Portfolio of Investments	Notional Value £	Value £	30.04.14 %
	MERRILL LYNCH SWAP BASKET GBP (continued)			
(188,314)	AO World	(444,421)	11,299	0.01
(36,000)	ASOS	(1,538,640)	25,560	0.03
(35,539)	ASOS	(1,518,937)	47,387	0.06
(54,000)	Associated British Foods	(1,604,340)	(171,180)	(0.22)
(20,000)	Associated British Foods	(594,200)	(63,400)	(0.08)
2,000,000	Assura Group	880,000	30,000	0.04
(80,000)	Avanti Communications Group	(233,400)	(1,400)	–
(100,000)	Avanti Communications Group	(291,750)	(1,750)	–
(150,000)	Avon Rubber	(940,500)	(18,000)	(0.02)
(138,839)	Babcock International Group	(1,657,738)	226,308	0.29
(53,395)	Babcock Intl Group-Nil Rt	(213,580)	(213,580)	(0.27)
300,000	Barclays	756,600	57,150	0.07
(55,000)	BG Group	(658,900)	(41,250)	(0.05)
(25,000)	BG Group	(299,500)	(18,750)	(0.02)
1,589,657	Cairn Energy	2,929,738	322,700	0.41
1,170,000	Cairn Energy	2,156,310	237,510	0.30
10,000	Camellia	993,500	(16,500)	(0.02)
1,350,362	Centamin	874,360	147,865	0.19
(37)	Chime Communications	(129)	–	–
300,000	Cobham	926,100	74,100	0.09
60,235	Costain Group	162,183	1,807	–
200,000	Cupid	88,000	2,500	–
(200,000)	Dairy Crest Group	(923,800)	15,800	0.02
(40,095)	Dialight	(383,709)	(13,432)	(0.02)
(7,292)	Dialight	(69,784)	(2,443)	–
442,000	Digital Globe Services	780,130	(34,243)	(0.04)
44,856	Dunelm Group	420,076	(11,214)	(0.01)
500,000	Enquest	686,500	53,500	0.07
(70,000)	Essentra	(560,000)	2,100	–
30,000	Experian	340,800	25,200	0.03
30,000	Experian	340,800	25,200	0.03
975,000	Faroe Petroleum	1,423,500	97,500	0.12
7,507	Fidessa Group	168,307	(19,368)	(0.02)
(200,600)	Fresnillo	(1,708,109)	100,300	0.13
(90,000)	Fresnillo	(766,350)	45,000	0.06
(44,000)	Fresnillo	(374,660)	22,000	0.03
(88,078)	Gem Diamonds	(146,209)	(1,541)	–
55,000	GlaxoSmithKline	897,600	46,750	0.06
(300,000)	Glencore Xstrata	(955,500)	(18,300)	(0.02)
46,883	Grafton Group	272,390	(19,222)	(0.02)
220,105	Grafton Group	1,278,810	(90,243)	(0.11)
1,793,826	Greka Drilling	208,532	(49,330)	(0.06)
513,900	Greka Drilling	59,741	(14,132)	(0.02)
(30,000)	Hargreaves Lansdown	(351,000)	12,300	0.02
64,501	Hargreaves Services	528,908	(5,160)	(0.01)

CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)

ACD's Report (continued)

Portfolio Statement (continued)

As at 30 April 2014

Holding	Portfolio of Investments	Notional Value £	Value £	30.04.14 %
	MERRILL LYNCH SWAP BASKET GBP (continued)			
(126,076)	Hochschild Mining	(208,025)	5,358	0.01
85,000	HSBC Holdings	513,485	(11,730)	(0.01)
135,000	HSBC Holdings	815,535	(18,630)	(0.02)
30,000	HSBC Holdings	181,230	(4,140)	(0.01)
320,000	Intermediate Capital Group	1,419,520	40,640	0.05
(180,000)	Intu Properties	(525,600)	(16,740)	(0.02)
(50,712)	Intu Properties	(148,079)	(56,797)	(0.07)
(50,291)	IP Group	(86,501)	10,259	0.01
2,074,616	Just Retirement	3,379,550	271,775	0.35
544,166	Lekoil	348,266	35,371	0.04
2,777	Lok'nStore Group	5,901	–	–
(16,536)	London Mining	(9,591)	41	–
20,000	Gold Bullion Securities	1,471,000	(23,200)	(0.03)
1,800,000	Man Group	1,773,900	9,900	0.01
(1,000,000)	Monitise	(667,500)	(107,500)	(0.14)
(1,000,000)	Monitise	(667,500)	(107,500)	(0.14)
(3,000,000)	Monitise	(2,002,500)	(181,000)	(0.23)
(502,445)	Nanoco Group	(494,908)	(7,537)	(0.01)
(377,500)	Nanoco Group	(371,838)	(5,663)	(0.01)
305,661	Newriver Retail	901,700	12,226	0.02
(188,925)	Optimal Payments	(714,609)	(81,238)	(0.10)
40,000	Pearson	443,600	25,600	0.03
(575,766)	Petra Diamonds	(938,499)	(96,729)	(0.12)
352,500	Petroceltic International	588,675	15,863	0.02
(50,000)	Petrofac	(726,500)	(23,000)	(0.03)
60,000	Playtech	400,200	15,300	0.02
662,059	Premier Farnell	1,469,109	21,186	0.03
250,000	Premier Farnell	554,750	8,000	0.01
(250,000)	Premier Oil	(847,000)	(70,750)	(0.09)
200,000	Progressive Digital Media	530,000	3,000	–
(3,000,000)	Quindell	(750,000)	360,000	0.46
412,500	Randall & Quilter Investments	618,750	68,062	0.09
(25,000)	Randgold Resources	(1,195,000)	(13,250)	(0.02)
(5,000)	Randgold Resources	(239,000)	(2,650)	–
(30,000)	Randgold Resources	(1,434,000)	(36,960)	(0.05)
629,432	Regus	1,315,513	16,995	0.02
200,000	Regus	418,000	5,400	0.01
(40,000)	Rio Tinto	(1,289,800)	31,200	0.04
(425,000)	RM2 International	(278,375)	8,500	0.01
(40,000)	Royal Mail	(211,800)	(7,800)	(0.01)
7,500,000	San Leon Energy	225,000	(22,500)	(0.03)
(25,000)	Severn Trent	(461,250)	(14,500)	(0.02)
979,333	Skyepharma	2,365,089	289,449	0.37
40,000	St James's Place	308,000	11,000	0.01
175,000	STV Group	637,875	17,500	0.02

Holding	Portfolio of Investments	Notional Value £	Value £	30.04.14 %
	MERRILL LYNCH SWAP BASKET GBP (continued)			
25,000	STV Group	91,125	2,500	–
229,792	Synthomer	606,651	(2,758)	–
(95,000)	Tullow Oil	(836,000)	(19,475)	(0.02)
(35,000)	Tullow Oil	(308,000)	(7,175)	(0.01)
(60,000)	Tullow Oil	(528,000)	(12,300)	(0.02)
(307,987)	Tungsten Corporation	(671,411)	(46,198)	(0.06)
20,254	Ultra Electronics Holdings	343,508	5,064	0.01
45,000	Ultra Electronics Holdings	763,200	11,250	0.01
20,000	Unilever	528,800	2,400	–
200,000	Vedanta Resources	1,892,000	59,000	0.07
1,000,000	Vernalis	337,500	(15,000)	(0.02)
(75,000)	Wandisco	(611,250)	91,875	0.11
1,200,000	Wentworth Resources	546,000	9,000	0.01
558,734	Xchanging	886,990	(12,572)	(0.02)
		9,211,602	1,376,822	1.75
	MERRILL LYNCH SWAP BASKET JPY – 0.00% (30.04.13 – 0.00%)			
174,500	Resona Holdings	523	691	0.00
	MERRILL LYNCH SWAP BASKET NOK – 0.00% (30.04.13 – (0.09)%)	–	–	–
	MERRILL LYNCH SWAP BASKET PLN – (0.01)% (30.04.13 – 0.00%)			
(35,679)	Alior Bank	(557,078)	(6,560)	(0.01)
	MERRILL LYNCH SWAP BASKET SEK – (0.11)% (30.04.13 – (0.05)%)			
(148,864)	Africa Oil Corporation	(670,986)	(68,992)	(0.08)
(40,000)	Elekta	(330,783)	(21,083)	(0.03)
		(1,001,769)	(90,075)	(0.11)
	MERRILL LYNCH SWAP BASKET USD – 1.00% (30.04.13 – (1.84)%)			
(80,000)	3D Systems Corporation	(2,242,855)	(1,421)	–
(10,200)	Align Technology	(304,388)	3,987	0.01
(85,000)	Angie's List	(569,331)	52,352	0.06
2,125	Apple	742,609	90,786	0.12
25,500	AutoNation	800,234	(1,812)	–
(34,000)	Brunswick Corporation	(809,245)	45,909	0.06

CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)

ACD's Report (continued)

Portfolio Statement (continued)

As at 30 April 2014

Holding	Portfolio of Investments	Notional Value £	Value £	30.04.14 %
	MERRILL LYNCH SWAP BASKET USD (continued)			
(20,400)	Chemed Corporation	(1,006,009)	57,990	0.07
(15,300)	Chesapeake Energy Corporation	(260,503)	(14,316)	(0.02)
(2,550)	Chipotle Mexican Grill	(752,815)	63,487	0.08
(38,250)	Consol Energy	(1,008,259)	(80,869)	(0.10)
(15,300)	Covidien	(645,594)	(12,232)	(0.02)
(42,500)	Cubic Corporation	(1,193,782)	34,985	0.04
12,750	Davita Healthcare Partner	523,271	6,720	0.01
(19,125)	Eagle Materials	(943,813)	19,821	0.03
(42,500)	GameStop Corporation	(998,720)	44,550	0.06
17,000	Genworth Financial	179,709	17,518	0.02
(65,000)	iRobot Corporation	(1,289,559)	128,956	0.16
(13,000)	Keurig Green Mountain	(721,229)	28,563	0.03
(80,000)	Lululemon Athletica	(2,176,053)	311,745	0.40
19,750	Ocwen Financial Corporation	443,291	(24,796)	(0.03)
(17,500)	Qihoo 360	(874,502)	74,516	0.09
10,000	Qualcomm	466,136	(4,619)	(0.01)
(12,500)	Questcor Pharmaceuticals	(608,358)	(28,649)	(0.04)
(83,000)	Rackspace Hosting	(1,426,457)	103,068	0.13
(25,500)	Range Resources Corporation	(1,365,941)	(16,763)	(0.02)
(34,000)	Seadrill	(709,172)	(27,384)	(0.03)
(27,000)	Tesla Motors	(3,324,148)	(181,215)	(0.23)
(51,000)	Textura Corporation	(537,919)	64,635	0.08
(40,600)	Twitter	(937,000)	157,489	0.20
(44,000)	Under Armour	(1,273,959)	92,765	0.12
25,500	Wyndham Worldwide Corporation	1,077,349	12,685	0.02
(21,250)	Zillow	(1,367,954)	(228,287)	(0.29)
		(23,114,966)	790,164	1.00
	TOTAL SWAPS	(15,520,947)	1,693,423	2.15
	Portfolio of investments**		61,626,709	78.23
	Net other assets		17,148,463	21.77
	Net assets		78,775,172	100.00

The investments have been valued in accordance with note 1(i) and are ordinary shares quoted on a regulated market unless stated otherwise.

* Collective investment scheme.

** Includes investment liabilities.

Unlisted security.

SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE YEAR ENDED 30 APRIL 2014

Total purchases for the year (note 14) £79,911,229

Major purchases	Cost £
DX Group	1,500,000
Genworth Financial	1,396,901
Cisco Systems	1,289,374
Summit Germany	1,260,000
Coms	1,248,250
Cupid	1,245,559
STV Group	1,223,717
McColl's Retail Group	1,193,750
K3 Business Technology Group	1,106,622
Lekoil	1,027,823
Porta Communications	1,004,471
Enteq Upstream	901,227
Safe Charge International Group	900,001
Mar City	815,344
Randall & Quilter Investment Holdings	807,148
Fastjet	800,000
Gold Bullion Securities	787,674
Savannah Resources	733,363
Superglass Holdings	724,002
International Ferro Metals	702,091

In addition to the above, purchases totalling £21,212,998 were made in short term investments funds during the year.

The summary of material portfolio changes represents the 20 largest purchases during the year.

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

ACD's Report (continued)

Summary of Material Portfolio Changes (continued)

For the year ended 30 April 2014

Total sales for the year (note 14) £60,353,877

Major sales	Proceeds £
Cigna Corporation	1,936,165
Tesoro Corporation	1,498,732
General Motors Company	1,157,413
Forbidden Technologies	1,121,436
Marvell Technology	1,110,040
Herbalife	1,028,581
DX Group	898,648
Genworth Financial	869,269
Staffline Group	836,503
Wells Fargo	813,223
Gold Bullion Securities	767,731
SQS Software Quality Systems	744,770
Manx Telecom	738,895
Redcentric	698,273
Coms	681,522
Avingtrans	673,096
Stadium Group	662,102
Aberdeen Asset Management 7.9% perpetual	659,260
WYG	658,679

In addition to the above, sales totalling £12,845,458 were made in short term investments funds during the year.

The summary of material portfolio changes represents the 20 largest sales during the year.

Derivative trades are not considered in the details above.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE YEAR ENDED 30 APRIL 2014

	Notes	£	30.04.14 £	30.04.13 £
Income:				
Net capital gains	2		19,062,791	11,666,595
Revenue	3	1,190,379		1,329,501
Expenses	4	(4,522,482)		(1,773,473)
Finance costs: Interest	6	(261,242)		(179,003)
Net expense before taxation		(3,593,345)		(622,975)
Taxation	5	(26,366)		(5,873)
Net expense after taxation			(3,619,711)	(628,848)
Total return before distributions			15,443,080	11,037,747
Finance costs: Distributions	6		–	(247,678)
Change in net assets attributable to shareholders from investment activities			<u>15,443,080</u>	<u>10,790,069</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

FOR THE YEAR ENDED 30 APRIL 2014

	Notes	£	30.04.14 £	30.04.13 £
Opening net assets attributable to shareholders			33,576,145	42,586,636
Amounts receivable on issue of shares		41,458,208		1,652,168
Amounts payable on cancellation of shares		(11,686,251)		(21,697,061)
			29,771,957	(20,044,893)
Dilution levy charged	1(k)		38,363	77,471
Stamp duty reserve tax	1(g)		(54,373)	(6,081)
Change in net assets attributable to shareholders from investment activities			15,443,080	10,790,069
Retained distribution on Accumulation shares			–	172,943
Closing net assets attributable to shareholders			<u>78,775,172</u>	<u>33,576,145</u>

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

Financial Statements (continued)

BALANCE SHEET

AS AT 30 APRIL 2014

	Notes	£	30.04.14 £	£	30.04.13 £
ASSETS					
Investment assets			62,100,963		27,549,178
Other assets					
Debtors	7	5,845,657		1,063,600	
Cash and bank balances	8	18,271,380		10,730,062	
Total other assets			24,117,037		11,793,662
Total assets			<u>86,218,000</u>		<u>39,342,840</u>
LIABILITIES					
Investment liabilities			(474,254)		(738,559)
Other liabilities					
Creditors	9	(2,846,612)		(1,264,717)	
Bank overdrafts	8	(4,121,962)		(3,763,419)	
Total other liabilities			(6,968,574)		(5,028,136)
Total liabilities			<u>(7,442,828)</u>		<u>(5,766,695)</u>
Net assets attributable to shareholders			<u>78,775,172</u>		<u>33,576,145</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2014

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

	30.04.14 £	30.04.13 £
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	13,126,234	7,756,459
Derivative contracts	6,624,815	3,931,679
Derivative fees	(714,568)	(446,671)
Transaction charges	(9,674)	(5,035)
Currency gains	35,984	430,163
Net capital gains	<u>19,062,791</u>	<u>11,666,595</u>
3. REVENUE		
Non-taxable dividends	821,776	691,912
Taxable dividends	11,672	–
Unfranked interest	12,614	240,396
Revenue from derivative contracts	234,346	206,120
Underwriting commission	12,851	83,566
Bank interest	3,170	1,283
Margin interest	93,950	106,224
Total revenue	<u>1,190,379</u>	<u>1,329,501</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	589,822	551,554
Performance fees	3,822,482	1,122,648
	4,412,304	1,674,202
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	21,328	18,776
Safe custody and other bank charges	10,205	10,291
	31,533	29,067

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 April 2014

	30.04.14 £	30.04.13 £
4. EXPENSES (continued)		
Other expenses:		
FCA fee	330	61
Fees paid to auditor – audit	8,400	9,000
– tax services	1,584	3,000
– other tax related services	–	6,000
Publication costs	6,564	1,768
Legal and professional fees	31	–
Portfolio monitoring fees	5,297	7,890
Postage and distribution costs	249	1,383
Printing costs	4,763	4,881
Registration fees	50,599	35,743
Directors insurance	828	478
	78,645	70,204
Total expenses	4,522,482	1,773,473
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	26,366	5,873
Current tax charge (note 5b)	26,366	5,873
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	26,366	5,873
b) Factors affecting current tax charge for the year		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.04.13 : 20%). The difference is explained below.		
	30.04.14 £	30.04.13 £
Net expense before taxation	(3,593,345)	(622,975)
Corporation tax at 20%	(718,669)	(124,595)

	30.04.14 £	30.04.13 £
5. TAXATION (continued)		
Effects of:		
Non-taxable dividends	(164,355)	(138,383)
Movement in non-trade loan relationships	30,302	–
Foreign tax expensed	(350)	–
Unutilised excess management expenses	853,072	262,978
Corporation tax charge	–	–
Overseas tax	26,366	5,873
Current tax charge (note 5a)	26,366	5,873
c) Deferred tax		
At the year end there is a potential deferred tax asset of £1,707,456 (30.04.13 : £854,384) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.		
6. FINANCE COSTS		
Distributions		
The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:		
	30.04.14 £	30.04.13 £
Interim	–	183,564
Add: Revenue deducted on cancellation of shares	–	69,187
Deduct: Revenue received on issue of shares	–	(5,073)
Net distributions for the year	–	247,678
Interest paid on derivatives	255,568	176,916
Interest paid on overdrafts	5,674	2,087
Total finance costs	261,242	426,681
Details of the distributions per share are set out in the table on page 55.		

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 April 2014

	30.04.14 £	30.04.13 £
6. FINANCE COSTS (continued)		
Distributions represented by:		
Net expense after taxation	(3,619,711)	(628,848)
Allocations to capital:		
Expenses, net of tax relief	–	7,907
Revenue deficit – 'A' Income	167,114	63,884
– 'A' Accumulation	2,584,998	715,920
– 'B' Income	89,583	5,863
– 'B' Accumulation	777,724	82,881
	3,619,419	876,455
Equalisation on conversions*	292	71
Net distributions for the year	–	247,678

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

	30.04.14 £	30.04.13 £
7. DEBTORS		
Amounts receivable for issue of shares	4,687,042	12,009
Sales awaiting settlement	867,138	768,164
Sales gains from swap positions awaiting settlement	192,253	–
Accrued revenue:		
Non-taxable dividends	95,130	125,048
Unfranked interest	291	8,697
Revenue from derivative contracts	–	97,251
Underwriting commission	–	30,495
Bank interest	25	196
Margin interest	2,464	3,866
	97,910	265,553
Dilution levy	–	2,826
Prepaid expenses	–	1,398

	30.04.14 £	30.04.13 £
7. DEBTORS (continued)		
Taxation recoverable:		
Overseas withholding tax	1,314	13,450
Others	–	200
Total debtors	5,845,657	1,063,600
8. CASH AND BANK BALANCES		
Bank balances:		
Capital account	15,157,802	5,316,276
Revenue account	42,753	13,612
Margin account	3,070,825	5,400,174
Total bank balances	18,271,380	10,730,062
Bank overdrafts:		
Revenue account	(2,766,337)	(696,075)
Margin account	(1,355,625)	(3,067,344)
Total bank overdrafts	(4,121,962)	(3,763,419)
9. CREDITORS		
Amounts payable for cancellation of shares	239,804	332,246
Purchases awaiting settlement	886,224	197,476
Sales losses from swap positions awaiting settlement	–	222,751
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	66,438	41,108
Performance fees	1,526,636	417,683
	1,593,074	458,791
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2,616	1,401
Transaction charges	4,468	1,084
Safe custody and other bank charges	4,184	2,395
	11,268	4,880

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 April 2014

	30.04.14	30.04.13
	£	£
9. CREDITORS <i>(continued)</i>		
Other:		
Other expenses	25,076	18,961
Margin interest payable	12,908	5,282
Stock lending fees	39,787	23,438
Revenue due to broker from derivative contracts	36,556	–
	114,327	47,681
Taxation payable:		
Stamp duty reserve tax	1,915	892
Total creditors	<u>2,846,612</u>	<u>1,264,717</u>

10. RELATED PARTY TRANSACTIONS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

11. SHAREHOLDER FUNDS

Disclosure is made in note 11 of the Notes to the Aggregated Financial Statements.

12. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (30.04.13 : none).

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 13 of the Notes to the Aggregated Financial Statements. Disclosures specific to this sub-fund are made below in relation to numerical disclosure of interest rate risk, numerical disclosure of foreign currency risk, and derivatives.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

i. *Interest rate risk*

The table below shows the direct interest rate risk profile:

	30.04.14	30.04.13
	£	£
Floating rate assets:		
Australian dollars	427	519
Canadian dollars	15,524	568,122
Danish krone	2,200	4,764
Euros	3,040,579	361,310
Hong Kong dollars	–	56,912
Norwegian krone	–	73,627
Polish zloty	55,341	–
Swedish krona	68,175	22,917
Swiss franc	389,354	183,128
US dollars	5,825,058	1,465,292
Pounds sterling	8,874,722	7,993,471
	18,271,380	10,730,062
Floating rate liabilities:		
Australian dollars	(385,043)	(350,138)
Danish krone	(4,426)	(2,591)
Euros	–	(1,517,047)
Norwegian krone	(150,366)	(134,553)
Singapore dollars	(309,714)	–
US dollars	–	(1,063,015)
Pounds sterling	(3,272,413)	(696,075)
	(4,121,962)	(3,763,419)
Fixed rate assets:		
US dollars	–	644,309
Assets on which interest is not paid:		
Euros	1,110,042	13,450
Japanese yen	691	–
Swiss franc	–	53,257
US dollars	7,150,335	8,511,057
Pounds sterling	59,648,996	19,390,705
	67,910,064	27,968,469

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 April 2014

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	30.04.14	30.04.13
	£	£
<i>i. Interest rate risk (continued)</i>		
Liabilities on which interest is not paid:		
Australian dollars	(16,462)	(49,341)
Danish krone	(71,272)	–
Euros	(289,885)	(27,823)
Norwegian krone	–	(28,997)
Polish zloty	(6,560)	–
Swedish krona	(90,075)	(15,811)
US dollars	–	(616,587)
Pounds sterling	(2,810,056)	(1,264,717)
	<u>(3,284,310)</u>	<u>(2,003,276)</u>
Net assets	<u>78,775,172</u>	<u>33,576,145</u>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

Fixed Rate Financial Assets				
Currency	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.04.14	30.04.13	30.04.14	30.04.13
US dollar	–	7.90%	–	undated

The table below shows the notional value of the Total Return Swaps on which interest is charged (long) and received (short):

Nominal Short positions on which interest is received

Merrill Lynch Swap Basket AUD	(649,413)
Merrill Lynch Swap Basket DDK	(395,299)
Merrill Lynch Swap Basket EUR	(2,481,648)
Merrill Lynch Swap Basket GBP	(35,181,305)
Merrill Lynch Swap Basket PLN	(557,078)
Merrill Lynch Swap Basket SEK	(1,001,769)
Merrill Lynch Swap Basket USD	(27,347,565)
Total nominal short position	<u>(67,614,077)</u>

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

i. Interest rate risk (continued)

Nominal Long positions on which interest is charged

Merrill Lynch Swap Basket EUR	3,467,101
Merrill Lynch Swap Basket GBP	44,392,907
Merrill Lynch Swap Basket JPY	523
Merrill Lynch Swap Basket USD	4,232,599
Total nominal long position	<u>52,093,130</u>

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

	30.04.14	30.04.13
	£	£
Currency:		
Australian dollars	(401,078)	(398,960)
Canadian dollars	15,525	568,122
Danish krone	(73,498)	2,173
Euros	3,860,736	(1,170,110)
Hong Kong dollars	–	56,912
Japanese yen	691	–
Norwegian krone	(150,366)	(89,923)
Polish zloty	48,781	–
Singapore dollars	(309,714)	–
Swedish krona	(21,900)	7,106
Swiss franc	389,354	236,385
US dollars	<u>12,975,393</u>	<u>8,941,056</u>
	<u>16,333,924</u>	<u>8,152,761</u>
Pounds sterling	62,441,248	25,423,384
Net assets	<u>78,775,172</u>	<u>33,576,145</u>

iii. Derivatives

Derivatives are used as an efficient (lower cost) way of gaining exposure, long or short, to securities, or indices, and these derivatives are normally held within a portfolio total return swap (TRS) with Bank of America Merrill Lynch (London) – ‘the broker’. The TRS is itself an efficient way of minimising counterparty risk (via margining rather than fully funded exposures) and allows the Fund to ‘swap’ out the daily performance of the constituents, themselves being derivatives. The swap value (profit and loss) is calculated each day to create a value which is reflected in the total return of the Fund (NAV) and carried forward with regular resets to minimise counterparty exposure (crystallizing cash where positive returns are made). The TRS is used to allow non physical exposures to be aggregated and minimise counterparty risk.

Refer to note 2 for the impact of derivatives in the year and to the Portfolio Statement for the impact of derivatives held at the year end.

**CITY FINANCIAL ABSOLUTE EQUITY FUND
(FORMERLY CITY FINANCIAL UK EQUITY FUND)**

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 April 2014

	30.04.14	30.04.13
	£	£
14. PORTFOLIO TRANSACTION COSTS		
Analysis of total purchase costs		
Purchases in year before transaction costs	79,745,266	42,907,190
Transaction costs:		
Commissions	41,628	27,653
Stamp duty and other charges	124,335	87,828
	165,963	115,481
Gross purchases total	<u>79,911,229</u>	<u>43,022,671</u>
Analysis of total sale costs		
Gross sales before transaction costs	60,409,296	44,182,459
Transaction costs:		
Commissions	(54,361)	(21,801)
Other charges	(1,058)	(39,633)
	(55,419)	(61,434)
Total sales net of transaction costs	<u>60,353,877</u>	<u>44,121,025</u>

DISTRIBUTION TABLE

FOR THE YEAR ENDED 30 APRIL 2014 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 May 2013

Group 2 – Shares purchased on or after 1 May 2013 and on or before 31 October 2013

'A' Income Shares	Net Revenue	Equalisation	Paid 31.12.13	Paid 31.12.12
Group 1	–	–	–	0.7278
Group 2	–	0.0000	–	0.7278

'A' Accumulation Shares	Net Revenue	Equalisation	Allocated 31.12.13	Allocated 31.12.12
Group 1	–	–	–	0.7535
Group 2	–	0.0000	–	0.7535

'B' Income Shares*	Net Revenue	Equalisation	Paid 31.12.13	Paid 31.12.12
Group 1	–	–	–	0.7535
Group 2	–	0.0000	–	0.7535

'B' Accumulation Shares*	Net Revenue	Equalisation	Allocated 31.12.13	Allocated 31.12.12
Group 1	–	–	–	1.4931
Group 2	–	0.0000	–	1.4931

* On 17 May 2014, the 'B' share classes changed to 'I' share classes. See page 4 for details.

Final

There was no final distribution allocated in either the current or prior year.

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

CFIC OCTOPUS UK MICRO CAP GROWTH FUND
ACD'S REPORT
FOR THE YEAR ENDED 30 APRIL 2014

IMPORTANT INFORMATION

Please refer to the 'Important Information' section on page 4.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the CFIC Octopus UK Micro Cap Growth Fund ('the Fund') is to achieve capital growth by focusing on areas of the UK market where the Investment Manager identifies capital growth opportunities.

The Fund will invest predominantly in small cap equities (including through collective investment schemes). It is expected that opportunities will be focused on smaller companies with a full market listing, AIM listing or listed on Plus Markets. The Investment Manager may utilise other asset classes as permitted by the Prospectus and has the flexibility to hold derivatives in order to provide a positive return in all market conditions for the purposes of efficient portfolio management only.

The Fund will not invest directly in gold or real property. It is not intended that the Fund will have an interest in any immovable property or tangible movable property. The ACD shall ensure that, taking into account the investment objective and policy of the Fund, the property of the Fund aims to provide a prudent spread of risk.

From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the Fund property in money market instruments and/or cash deposits.

INVESTMENT MANAGER'S REPORT

BACKGROUND TO THE FUND

The CF Octopus Opportunities Fund was launched on 12 July 2007 with £3.56 million raised from seed investors. The Fund subsequently changed its name to CFIC Octopus UK Micro Cap Growth Fund, in order to better describe the underlying investment strategy. The value of the Fund was £23.58 million as at 30 April 2014.

The Manager expects to achieve capital growth by investing in a portfolio of 40-60 UK smaller companies quoted on the official list of the London Stock Exchange, Alternative Investment Market ('AIM') and Plus Markets.

Over 80% of quoted UK companies have a market value of less than £100 million. The smaller end of the market has become increasingly inefficient, compounded by poor broker coverage and a lack of institutional awareness.

In recent years, investors have shied away from small companies, preferring to seek refuge in larger more liquid investments, creating what we believe to be an exceptional opportunity to invest in fast growing companies at attractive valuations.

INVESTMENT REVIEW

It has been a much better year for the very smallest quoted companies as risk appetite continued to improve throughout 2013. In the last interim report, we highlighted that investor risk appetite was moving down the market cap scale to the micro-cap end of the market and we are pleased to report that this has been reflected in the recent performance of the portfolio. Micro cap stocks had lagged the recovery in previous years however this changed during the third quarter of 2013 when we saw a marked increase in the activity levels across the AIM market.

Supportive government legislation has also helped. In August 2013, new ISA rules allowed investment into AIM quoted companies and in April 2014, AIM quoted company share purchases became exempt from stamp duty. Fund raising activity is now at higher levels than it has been for many years, providing a steady flow of investment opportunities for the Fund.

The Fund returned over 30%¹ during the year under review. As at 30 April 2014 the Fund had 68 investments in quoted companies (42 at the end of April 2013), 2 investments in unquoted companies and 4.30% in cash (from 0.8%).

The major contributors to performance over the period include; Plus500, an online trading operator which floated on AIM during July 2013. The company has exceeded earnings expectations on a number of occasions resulting in a 400% increase in the share price since its Initial Public Offering. Renew Holdings completed a number of acquisitions over the period and has recently announced that its order book is at record levels. Following a 162% increase in the share price, the company is now the largest holding in the Fund and we expect further upgrades to profit expectations later this year. Staffline Group has also exceeded expectations, benefitting from the recovery in the UK economy. The share price is up 90% during the period under review and we expect further progress over the year ahead. Flowgroup has developed an innovative energy efficient domestic boiler which is due to launch in the autumn of 2014. The share price is up 130% since the Fund's investment in December 2013 and we believe the product launch later this year will provide a platform for further progress in the shares. GB Group, which has developed ID verification software has made a number of acquisitions and exceeded profit expectations over the last year resulting in a 60% increase in the share price.

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 30 April 2014

OUTLOOK

Smaller AIM companies have benefitted from a re-rating over the last year, which we believe was well overdue. Looking forward to the year ahead, it will be those companies which exceed growth expectations that will attract investor support. The current portfolio has a high exposure to the UK economy, which is growing faster than most commentators had predicted, so we expect earnings upgrades to continue across the portfolio during the year ahead. One risk that does loom on the horizon is political uncertainty, which could well impact activity levels as we near the General Election in 2015.

¹ Source: Morningstar Direct, data range 01/05/2013 – 30/04/2014.

CITY FINANCIAL INVESTMENT COMPANY LIMITED

Authorised Corporate Director

2 June 2014

FUND INFORMATION

PERFORMANCE RECORD

'P' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	91.92	56.23	0.9213
2010	95.48	78.66	0.8883
2011	109.71	94.98	1.0526
2012	114.61	100.03	0.4327
2013	151.33	115.26	–
2014*	166.40	151.76	–

'A' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	90.18	55.40	0.3894
2010	92.79	76.65	0.2497
2011	106.86	92.04	0.2938
2012	109.69	96.46	–
2013	144.12	110.30	–
2014*	157.99	144.51	–

'S' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	92.29	56.38	1.0946
2010	96.16	79.15	1.1033
2011	110.43	95.67	1.3349
2012	116.12	101.10	0.6811
2013	153.44	116.78	0.0712
2014*	168.48	153.87	–

* To 30 April 2014.

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

ACD's Report (continued)

Fund Information (continued)

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
30.04.12	'P' Accumulation	8,136,247	7,597,806	107.09
	'A' Accumulation	3,343,599	3,245,841	103.01
	'S' Accumulation	6,218,718	5,741,365	108.31
30.04.13	'P' Accumulation	4,383,565	3,630,130	120.76
	'A' Accumulation	3,202,423	2,777,888	115.28
	'S' Accumulation	6,340,544	5,178,014	122.45
30.04.14	'P' Accumulation	9,034,670	5,711,787	158.18
	'A' Accumulation	4,424,708	2,941,598	150.42
	'S' Accumulation	10,118,659	6,303,177	160.53

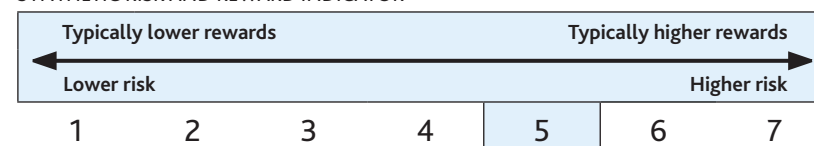
ONGOING CHARGES FIGURE

Expense Type	30.04.14 %			30.04.13 %		
	'P'	'A'	'S'	'P'	'A'	'S'
ACD's periodic charge	0.75	1.50	0.50	0.75	1.50	0.50
Other expenses	0.25	0.25	0.25	0.26	0.26	0.26
Ongoing charges figure	1.00	1.75	0.75	1.01	1.76	0.76

The Ongoing Charges Figure ('OCF') represents the total operating expenses excluding performance fee of the Fund, expressed as a percentage of the average net assets during the accounting period.

A performance fee of 20% of out-performance of 12 month sterling LIBOR of £1,125,816 was paid in the current period (30.04.13 : £nil).

SYNTHETIC RISK AND REWARD INDICATOR



The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Fund have been historically.

For example a fund whose price has experienced significant rises and falls will be in a higher risk category, whereas, a fund whose price has experienced less significant rises and falls will be in a lower risk category.

The risk reward category shown is not guaranteed to remain unchanged and may shift over time.

The lowest risk category does not equal a risk free investment.

During the year the indicator has changed from 6 to 5. The Fund is in risk category 5 as its price has experienced moderate rises and falls historically.

Smaller companies funds are higher risk than funds that can invest in larger company sizes. Market conditions, such as decrease in market liquidity, may mean that it is not easy to buy or sell securities.

FUND PERFORMANCE TO 30 APRIL 2014 (%)

	6 months	1 year	3 years	5 years
CFIC Octopus UK Micro Cap Growth Fund	13.00	30.83	51.33	152.84
LIBOR Sterling 1 Year	0.39	0.86	4.63	8.00
IMA UK Smaller Companies	7.95	27.24	48.65	168.41

Source: Morningstar Direct mid-to-bid based on the published price per 'S' Accumulation share which includes reinvested income.

Details of the distributions per share for the year are shown in the Distribution Table on page 78.

CFIC OCTOPUS UK MICRO CAP GROWTH FUND
ACD's Report (continued)
PORTFOLIO STATEMENT
AS AT 30 APRIL 2014

Holding	Portfolio of Investments	Value £	30.04.14 %
	ALTERNATIVE INVESTMENT MARKET – 90.90% (30.04.13 – 97.58%)		
	OIL & GAS – 5.51% (30.04.13 – 13.72%)		
	<i>OIL & GAS PRODUCERS – 1.05% (30.04.13 – 0.00%)</i>		
732,421	Quadrise Fuels International	247,192	1.05
	<i>OIL EQUIPMENT SERVICES & DISTRIBUTION – 3.89% (30.04.13 – 11.72%)</i>		
500,000	Enteq Upstream	167,500	0.71
150,000	MyCelx Technologies Corporation	750,000	3.18
		<u>917,500</u>	<u>3.89</u>
	<i>ALTERNATIVE ENERGY – 0.57% (30.04.13 – 2.00%)</i>		
151,786	Graphene NanoChem	136,607	0.57
	TOTAL OIL & GAS	<u>1,301,299</u>	<u>5.51</u>
	BASIC MATERIALS – 3.18% (30.04.13 – 4.90%)		
	<i>CHEMICALS – 2.15% (30.04.13 – 4.90%)</i>		
750,000	HaloSource	37,500	0.16
119,048	Haydale Graphene Industries	147,322	0.62
200,000	Velocys	322,500	1.37
		<u>507,322</u>	<u>2.15</u>
	<i>MINING – 1.03% (30.04.13 – 0.00%)</i>		
1,101,090	Fox Marble Holdings	242,240	1.03
	TOTAL BASIC MATERIALS	<u>749,562</u>	<u>3.18</u>
	INDUSTRIALS – 30.77% (30.04.13 – 30.89%)		
	<i>CONSTRUCTION & MATERIALS – 6.03% (30.04.13 – 4.91%)</i>		
444,000	Michelmersh Brick Holdings	310,800	1.32
450,894	Renew Holdings	1,109,199	4.71
		<u>1,419,999</u>	<u>6.03</u>

Holding	Portfolio of Investments	Value £	30.04.14 %
	<i>INDUSTRIAL GOODS & SERVICES – 1.07% (30.04.13 – 0.00%)</i>		
200,000	DX (Group)	253,000	1.07
	<i>AEROSPACE & DEFENCE – 1.82% (30.04.13 – 2.67%)</i>		
265,000	Cohort	429,300	1.82
	<i>ELECTRONIC & ELECTRICAL EQUIPMENT – 5.02% (30.04.13 – 0.00%)</i>		
700,000	APC Technology Group	336,000	1.43
2,258,000	Flowgroup	846,750	3.59
		<u>1,182,750</u>	<u>5.02</u>
	<i>INDUSTRIAL ENGINEERING – 5.60% (30.04.13 – 3.92%)</i>		
238,000	Avingtrans	390,320	1.65
4,200,000	Clean Air Power	325,500	1.38
3,000,000	Corac Group	240,000	1.02
347,000	Somero Enterprises	364,350	1.55
		<u>1,320,170</u>	<u>5.60</u>
	<i>SUPPORT SERVICES – 11.23% (30.04.13 – 19.39%)</i>		
315,000	Driver Group	324,450	1.38
250,000	Hydrogen Group	255,000	1.08
44,660	Matchtech Group	274,659	1.16
486,080	Redhall Group	223,597	0.95
370,000	Restore	677,100	2.87
90,000	Staffline Group	703,800	2.98
2,000,000	Tangent Communications	190,000	0.81
		<u>2,648,606</u>	<u>11.23</u>
	TOTAL INDUSTRIALS	<u>7,253,825</u>	<u>30.77</u>
	CONSUMER GOODS – 2.41% (30.04.13 – 0.00%)		
	<i>AUTOMOBILES & PARTS – 0.40% (30.04.13 – 0.00%)</i>		
1,333,332	Transense Technologies	93,333	0.40

CFIC OCTOPUS UK MICRO CAP GROWTH FUND
ACD's Report (continued)
Portfolio Statement (continued)
As at 30 April 2014

Holding	Portfolio of Investments	Value £	30.04.14 %
	<i>HOUSEHOLD GOODS & HOME CONSTRUCTION – 1.00% (30.04.13 – 0.00%)</i>		
169,860	Mar City	236,105	1.00
	<i>PERSONAL GOODS – 1.01% (30.04.13 – 0.00%)</i>		
450,000	boohoo.com	238,500	1.01
	TOTAL CONSUMER GOODS	567,938	2.41
	<i>HEALTH CARE – 16.19% (30.04.13 – 10.98%)</i>		
	<i>HEALTH CARE EQUIPMENT & SERVICES – 9.22% (30.04.13 – 7.86%)</i>		
500,000	Advanced Medical Solution Group	621,250	2.63
1,771,428	EKF Diagnostics Holdings	602,286	2.56
50,000	Immundiagnostic Systems Holdings	250,000	1.06
1,600,000	LiDCO Group	368,000	1.56
276,250	NetScientific	331,500	1.41
		2,173,036	9.22
	<i>PHARMACEUTICALS & BIOTECHNOLOGY – 6.97% (30.04.13 – 3.12%)</i>		
300,000	Benchmark Holdings	261,000	1.11
803,095	Futura Medical	493,903	2.09
160,556	Horizon Discovery Group	289,001	1.22
625,000	Proteome Sciences	228,125	0.97
1,200,000	Scancell Holdings	372,000	1.58
		1,644,029	6.97
	TOTAL HEALTH CARE	3,817,065	16.19
	<i>CONSUMER SERVICES – 5.70% (30.04.13 – 12.17%)</i>		
	<i>FOOD & DRUG RETAILERS – 0.92% (30.04.13 – 0.00%)</i>		
45,000	Clinigen Group	216,563	0.92
	<i>GENERAL RETAILERS – 0.00% (30.04.13 – 2.06%)</i>		
		–	–

Holding	Portfolio of Investments	Value £	30.04.14 %
	<i>MEDIA – 3.97% (30.04.13 – 8.91%)</i>		
150,000	Cello Group	130,500	0.55
3,729,300	Minds Plus Machines Group	559,395	2.37
1,854,408	Porta Communications	245,709	1.05
		935,604	3.97
	<i>TRAVEL & LEISURE – 0.81% (30.04.13 – 1.20%)</i>		
168,000	Tasty	191,520	0.81
	TOTAL CONSUMER SERVICES	1,343,687	5.70
	<i>FINANCIALS – 5.74% (30.04.13 – 0.00%)</i>		
	<i>REAL ESTATE INVESTMENT SERVICES – 1.84% (30.04.13 – 0.00%)</i>		
117,139	Lok'nStore Group	245,992	1.04
113,550	M Winkworth	187,358	0.80
		433,350	1.84
	<i>FINANCIAL SERVICES – 3.90% (30.04.13 – 0.00%)</i>		
160,000	Plus500	920,800	3.90
	TOTAL FINANCIALS	1,354,150	5.74
	<i>TECHNOLOGY – 21.40% (30.04.13 – 24.92%)</i>		
	<i>SOFTWARE & COMPUTER SERVICES – 20.09% (30.04.13 – 22.27%)</i>		
500,000	Advanced Computer Software Group	596,250	2.53
250,000	Blinkx	214,375	0.91
250,000	CentralNic Group	155,000	0.66
3,730,960	DDD Group	139,911	0.59
500,000	Earthport	217,500	0.92
24,038	EMIS Group	151,560	0.64
277,777	Enables IT Group	88,889	0.38
50,000	Fusionex International	255,000	1.08
402,713	GB Group	620,178	2.63
800,000	Ideagen	310,000	1.31
112,466,667	Imaginatik	73,103	0.32
130,000	iomart Group	326,300	1.38
275,000	MoPowered Group	209,000	0.89
3,133,000	Proxama	151,951	0.64

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 30 April 2014

Holding	Portfolio of Investments	Value £	30.04.14 %
	<i>SOFTWARE & COMPUTER SERVICES (continued)</i>		
300,000	Rightster Group	219,000	0.93
246,914	SafeCharge International Group	404,939	1.72
78,300	Synety Group	219,240	0.93
400,000	Tekcapital	100,000	0.42
35,000	WANdisco	283,500	1.20
		<u>4,735,696</u>	<u>20.09</u>
	<i>TECHNOLOGY HARDWARE & EQUIPMENT – 1.31% (30.04.13 – 2.65%)</i>		
216,189	Quixant	309,150	1.31
	TOTAL TECHNOLOGY	<u>5,044,846</u>	<u>21.40</u>
	TOTAL ALTERNATIVE INVESTMENT MARKET	<u>21,432,372</u>	<u>90.90</u>
	<i>UNITED KINGDOM MAIN MARKET – 3.10% (30.04.13 – 1.61%)</i>		
305,398	SkyePharma	732,955	3.10
	<i>INTERNATIONAL MAIN MARKET – 1.02% (30.04.13 – 0.00%)</i>		
165,012	Nektan	239,999	1.02
	<i>DELISTED – 0.68% (30.04.13 – 0.00%)</i>		
289,802	Hasgrove	159,391	0.68
2,349,741	Silverdell	–	–
		<u>159,391</u>	<u>0.68</u>
	Portfolio of investments	22,564,717	95.70
	Net other assets	1,013,320	4.30
	Net assets	<u>23,578,037</u>	<u>100.00</u>

The investments have been valued in accordance with note 1(i) and are ordinary shares quoted on a regulated market unless stated otherwise.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 30 APRIL 2014

Total purchases for the year (note 14) **£14,262,273**

Major purchases	Cost £
SkyePharma	675,139
Blinkx	485,068
XLMedia	416,500
NetScientific	404,167
SafeCharge International Group	400,001
CareTech Holdings	390,103
Clean Air Power	367,885
Flowgroup	366,925
Top Level Domain Holdings Minds Plus Machines Group	363,936
Somero Enterprises	344,811
Horizon Discovery Group	325,001
iomart Group	324,786
Scancell Holdings	319,729
Corac Group	300,000
Diagnostics Holdings	290,722
Quixant	271,824
IDOX	270,851
MoPowered Group	270,279
Hargreaves Services	252,962
Haydale Graphene Industries	250,001

The summary of material portfolio changes represents the 20 largest purchases during the year.

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

ACD's Report (continued)

Summary of Material Portfolio Changes (continued)

For the year ended 30 April 2014

Total sales for the year (note 14) **£11,338,817**

Major sales	Proceeds £
Blur Group	619,727
XLMedia	612,904
WANDisco	543,716
Motivcom	532,291
CareTech Holdings	512,055
Mycelx Technologies Corporation	449,443
Hasgrove	438,862
GETECH Group	384,927
Majestic Wine	372,936
dotDigital Group	371,239
Avingtrans	356,083
Augean	343,365
Prezzo	306,750
Proxama	290,439
IDOX	271,183
Hargreaves Services	254,234
Next Fifteen Communication Group	253,345
Probability	237,024
Source Bioscience	217,844
Michelmersh Brick Holdings	212,692

The summary of material portfolio changes represents the 20 largest sales during the year.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE YEAR ENDED 30 APRIL 2014

	Notes	£	30.04.14 £	30.04.13 £
Income:				
Net capital gains	2		5,824,359	2,026,813
Revenue	3	193,826		185,713
Expenses	4	(1,316,325)		(172,239)
Finance costs: Interest	6	—		—
Net (expense)/revenue before taxation		(1,122,499)		13,474
Taxation	5	(5,831)		—
Net (expense)/revenue after taxation			(1,128,330)	13,474
Total return before distributions			4,696,029	2,040,287
Finance costs: Distributions	6		—	(37,241)
Change in net assets attributable to shareholders from investment activities			4,696,029	2,003,046

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

FOR THE YEAR ENDED 30 APRIL 2014

	Note	£	30.04.14 £	30.04.13 £
Opening net assets attributable to shareholders			13,926,532	17,698,564
Amounts receivable on issue of shares		6,440,168		544,080
Amounts payable on cancellation of shares		(1,479,225)		(6,351,407)
			4,960,943	(5,807,327)
Stamp duty reserve tax	1(g)		(5,467)	(2,772)
Change in net assets attributable to shareholders from investment activities			4,696,029	2,003,046
Retained distribution on Accumulation shares			—	35,021
Closing net assets attributable to shareholders			23,578,037	13,926,532

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

Financial Statements (continued)

BALANCE SHEET

AS AT 30 APRIL 2014

	Notes	£	30.04.14 £	£	30.04.13 £
ASSETS					
Investment assets			22,564,717		13,814,307
Other assets					
Debtors	7	79,956		58,862	
Cash and bank balances	8	2,180,647		148,669	
Total other assets			2,260,603		207,531
Total assets			<u>24,825,320</u>		<u>14,021,838</u>
LIABILITIES					
Other liabilities					
Creditors	9	(1,234,861)		(86,051)	
Bank overdrafts	8	(12,422)		(9,255)	
Total other liabilities			(1,247,283)		(95,306)
Total liabilities			<u>(1,247,283)</u>		<u>(95,306)</u>
Net assets attributable to shareholders			<u>23,578,037</u>		<u>13,926,532</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2014

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

2. NET CAPITAL GAINS

The net capital gains during the year comprise:

	30.04.14 £	30.04.13 £
Non-derivative securities	5,826,954	2,028,968
Transaction charges	(2,595)	(2,155)
Net capital gains	<u>5,824,359</u>	<u>2,026,813</u>

3. REVENUE

Non-taxable dividends	155,872	184,857
Taxable dividends	36,402	–
Bank interest	1,552	856
Total revenue	<u>193,826</u>	<u>185,713</u>

4. EXPENSES

Payable to the ACD, associates of the ACD and agents of either of them:

ACD's periodic charge	146,477	132,209
Performance fees	1,125,815	–
	<u>1,272,292</u>	<u>132,209</u>

Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary's fees	8,868	7,882
Safe custody and other bank charges	3,927	3,406
	<u>12,795</u>	<u>11,288</u>

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 April 2014

	30.04.14 £	30.04.13 £
4. EXPENSES (continued)		
Other expenses:		
FCA fee	330	61
Fees paid to auditor – audit	8,100	8,100
– tax services	1,500	3,000
Postage and distribution costs	327	1,235
Derivative pricing charge	–	860
Printing costs	4,664	4,727
Registration fees	16,317	10,759
	31,238	28,742
Total expenses	1,316,325	172,239
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	5,831	–
Current tax charge (note 5b)	5,831	–
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	5,831	–
b) Factors affecting current tax charge for the year		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.04.13 : 20%). The difference is explained below.		
	30.04.14 £	30.04.13 £
Net (expense)/revenue before taxation	(1,122,499)	13,474
Corporation tax at 20%	(224,500)	2,695
Effects of:		
Non-taxable dividends	(31,174)	(36,971)
Movement in revenue accruals	(5,528)	–
Foreign tax expensed	(263)	–
Unutilised excess management expenses	261,465	34,276
Corporation tax charge	–	–

	30.04.14 £	30.04.13 £
5. TAXATION (continued)		
Overseas tax	5,831	–
Current tax charge (note 5a)	5,831	–
c) Deferred tax		
At the year end there is a potential deferred tax asset of £418,418 (30.04.13 : £156,953) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.		
6. FINANCE COSTS		
Distributions		
The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:		
	30.04.14 £	30.04.13 £
Interim	–	31,334
Final	–	3,687
	–	35,021
Add: Revenue deducted on cancellation of shares	–	2,332
Deduct: Revenue received on issue of shares	–	(112)
Net distributions for the year	–	37,241
Interest	–	–
Total finance costs	–	37,241

Details of the distributions per share are set out in the table on page 78.

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 April 2014

	30.04.14 £	30.04.13 £
6. FINANCE COSTS (continued)		
Distributions represented by:		
Net (expense)/revenue after taxation	(1,128,330)	13,474
Allocations to capital:		
Revenue deficit – 'A' Accumulation	247,626	20,406
– 'P' Accumulation	377,842	3,355
– 'S' Accumulation	502,859	–
	1,128,327	23,761
Balance brought forward	3	9
Balance carried forward	–	(3)
Net distributions for the year	–	37,241
7. DEBTORS		
Amounts receivable for issue of shares	38,539	2,166
Sales awaiting settlement	–	40,013
Accrued revenue:		
Non-taxable dividends	17,008	16,664
Taxable dividends	20,729	–
Bank interest	9	19
	37,746	16,683
Taxation recoverable:		
Overseas withholding tax	3,671	–
Total debtors	79,956	58,862
8. CASH AND BANK BALANCES		
Bank balances:		
Capital account	2,180,647	148,669
Bank overdrafts:		
Revenue account	(12,422)	(9,255)

	30.04.14 £	30.04.13 £
9. CREDITORS		
Amounts payable for cancellation of shares	76,219	57,632
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	15,455	9,487
Performance fee	1,125,814	–
	1,141,269	9,487
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	945	563
Transaction charges	1,220	660
Safe custody and other bank charges	1,844	834
	4,009	2,057
Other expenses	13,288	16,611
Taxation payable:		
Stamp duty reserve tax	76	264
Total creditors	1,234,861	86,051

10. RELATED PARTY TRANSACTIONS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

11. SHAREHOLDER FUNDS

Disclosure is made in note 11 of the Notes to the Aggregated Financial Statements.

12. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (30.04.13 : none).

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 13 of the Notes to the Aggregated Financial Statements. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 April 2014

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

i. Interest rate risk

The table below shows the direct interest rate risk profile:

	30.04.14 £	30.04.13 £
Floating rate assets:		
Pounds sterling	2,180,647	148,669
Floating rate liabilities:		
Pounds sterling	(12,422)	(9,255)
Assets on which interest is not paid:		
US dollars	2,271	–
Pounds sterling	22,642,402	13,873,169
	22,644,673	13,873,169
Liabilities on which interest is not paid:		
Pounds sterling	(1,234,861)	(86,051)
Net assets	<u>23,578,037</u>	<u>13,926,532</u>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

	30.04.14 £	30.04.13 £
Currency:		
US dollars	2,271	–
Pounds sterling	23,575,766	13,926,532
Net assets	<u>23,578,037</u>	<u>13,926,532</u>

iii. Derivatives

The Fund held no derivatives during the current or prior year.

14. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs

Purchases in year before transaction costs	14,216,541	4,554,630
Transaction costs:		
Commissions	12,993	4,075
Stamp duty and other charges	32,739	11,034
	45,732	15,109
Gross purchases total	<u>14,262,273</u>	<u>4,569,739</u>
Gross sales before transaction costs	11,358,022	9,744,438
Transaction costs:		
Commissions	(19,100)	(20,488)
Other charges	(105)	(118)
	(19,205)	(20,606)
Total sales net of transaction costs	<u>11,338,817</u>	<u>9,723,832</u>

CFIC OCTOPUS UK MICRO CAP GROWTH FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 30 APRIL 2014 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 May 2013

Group 2 – Shares purchased on or after 1 May 2013 and on or before 31 October 2013

'P' Accumulation Shares	Net Revenue	Equalisation	Allocated 31.12.13	Allocated 31.12.12
Group 1	–	–	–	0.1971
Group 2	–	0.0000	–	0.1971

'A' Accumulation Shares	Net Revenue	Equalisation	Allocated 31.12.13	Allocated 31.12.12
Group 1	–	–	–	–
Group 2	–	0.0000	–	–

'S' Accumulation Shares	Net Revenue	Equalisation	Allocated 31.12.13	Allocated 31.12.12
Group 1	–	–	–	0.3348
Group 2	–	0.0333	–	0.3348

Final

Group 1 – Shares purchased prior to 1 November 2013

Group 2 – Shares purchased on or after 1 November 2013 and on or before 30 April 2014

'P' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.06.14	Allocated 30.06.13
Group 1	–	–	–	–
Group 2	–	0.0000	–	–

'A' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.06.14	Allocated 30.06.13
Group 1	–	–	–	–
Group 2	–	0.0000	–	–

'S' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.06.14	Allocated 30.06.13
Group 1	–	–	–	0.0712
Group 2	–	0.0000	–	0.0712

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

GENERAL INFORMATION

STRUCTURE OF THE COMPANY

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary. On the introduction of any new sub-fund or class, a revised prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

City Financial Absolute Equity Fund
CFIC Octopus UK Micro Cap Growth Fund

In the future there may be other sub-funds of the Company.

CLASSES OF SHARES

The Company can issue different classes of shares in respect of any sub-fund.

Holders of Income shares are entitled to be paid the income attributable to such shares, in respect of each annual or interim accounting period.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

VALUATION POINT

The valuation point of the Company is 7.00am and 10.00am London time each business day for City Financial Absolute Equity Fund and CFIC Octopus UK Micro Cap Growth Fund respectively. Valuations may be made at other times under the terms contained within the Prospectus.

BUYING AND SELLING SHARES

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm London time. Instructions to buy or sell shares may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0845 300 2107. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

PRICES

The prices of all shares are published on the following website www.fundlistings.com. Prices of shares may also be obtained by calling 0845 300 2102 during the ACD's normal business hours.

OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office of the Company.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

DATA PROTECTION ACT

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

