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## CAPITA

### CF Amati Investment Funds

**Annual Report and Financial Statements**  
31 January 2012

**CF Amati UK Smaller Companies Fund**

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#### DIRECTORS OF THE ACD

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#### INVESTMENT MANAGER

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 (Authorised and regulated by the Financial Services Authority)

As at 2 June 2012 we will be moving to  
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#### DEPOSITARY

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 The Bank of New York Mellon Centre  
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 London EC4V 4LA  
 (Authorised and regulated by the Financial Services Authority)

#### REGISTRARS

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#### INDEPENDENT AUDITOR

Kinetic Partners Audit LLP  
 One London Wall  
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 (Chartered Accountants and Registered Auditor)

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## AUTHORISED STATUS

CF Amati Investment Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000618 and authorised by the Financial Services Authority with effect from 26 March 2008.

The Company is a 'UCITS Scheme' and the base currency is pounds sterling.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the shares.

## BASIS OF REPORTING

As at the year ended 31 January 2012, the Company has only one sub-fund in issue, the CF Amati UK Smaller Companies Fund. In view of this no aggregated financial statements have been included in this report. The financial statements of the CF Amati UK Smaller Companies Fund, as disclosed on pages 17 to 29, represent the financial statements of the Company for reporting purposes.

## 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 Services Authority.

C. ADDENBROOKE

C. HAYES

CAPITA FINANCIAL MANAGERS LIMITED  
*ACD of CF Amati Investment Funds*  
25 May 2012

## STATEMENT OF ACD'S RESPONSIBILITIES

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

The Financial Services 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, as described in the attached financial statements, 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.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the COLL Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the 'OEIC Regulations') and the Company's Instrument of Incorporation, 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 of the Company.

### REPORT OF THE DEPOSITARY FOR THE YEAR ENDED 31 JANUARY 2012

In our opinion, during the year under review, we confirm that in all material respects the Company 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 the rules in the COLL Sourcebook and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company, and has observed the investment and borrowing powers and restrictions applicable to the Company.

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED  
*Depositary of CF Amati Investment Funds*  
25 May 2012

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CF AMATI INVESTMENT FUNDS

We have audited the financial statements of CF Amati Investment Funds ('the Company') for the year ended 31 January 2012, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes 1 to 13 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).

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') issued by the Financial Services Authority. 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 ACD AND AUDITORS

As explained more fully in the Statement of ACD's Responsibilities set out on page 3, the ACD 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 ACD; and the overall presentation of the financial statements.

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company as at 31 January 2012 and of its net revenue and the net capital losses for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK ISSUED BY THE FINANCIAL SERVICES AUTHORITY**

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice for financial statements of Authorised Funds issued by the Investment Management Association in October 2010, the COLL Sourcebook and the prospectus and Instrument of Incorporation;
- the information given in the Investment Manager's report for the financial year for which financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

KINETIC PARTNERS AUDIT LLP  
*Chartered Accountants and Registered Auditor*  
25 May 2012

**CF AMATI UK SMALLER COMPANIES FUND**  
**INVESTMENT MANAGER'S REPORT**  
FOR THE YEAR ENDED 31 JANUARY 2012

**INVESTMENT OBJECTIVE AND POLICY**

The investment objective of the CF Amati UK Smaller Companies Fund ('the Fund') is to achieve long-term capital growth. The Fund invests in UK smaller companies though there may be occasions when the Investment Manager chooses to hold large degrees of cash or money market instruments. The Fund will primarily invest in companies which are either incorporated in the UK or are listed in the UK and have the majority of their economic activity in the UK. The Fund may also invest in companies which are listed in the UK but are not incorporated and do not have the majority of their economic activity in the UK.

The Fund may invest up to 100% of its assets in collective investment schemes and over 35% of its assets in certain government and public securities.

The Numis Smaller Companies (plus AIM excluding Investment Trusts) Index (formerly RBS Hoare Govett) is the benchmark comparison against which the performance of the Fund is measured.

**MARKET REVIEW**

The year to 31 January 2012 proved more difficult and turbulent than the previous two, beginning with the tragedy of the Japanese earthquake and the uprisings in the Middle East, and moving on to real concerns about a hard landing in the Chinese economy, a sluggish US, and the looming prospect of the collapse of the euro. Fears intensified over the summer, leading to a substantial market setback in August, which rolled on through the autumn. For several months it looked like the politics of the leading European states would prohibit a second Greek bail out. Only at the end of December did sentiment begin to recover with the Long-Term Refinancing Operation ('LTRO') announced by the European Central Bank ('ECB'), which saw €489 billion of liquidity being made available to European banks at very low cost. The eurozone banks used this cheap money to buy their national sovereign debt at much higher yields, thus bringing these interest rates back to sustainable territory (with the exception of Portugal). In addition the US economy has shown encouraging signs over the last two months, which has led investors sitting on large amounts of cash or ultra-low yielding government bonds back towards equities. As a result the year ended on a strong note, and markets have surprised many by continuing in this vein since.

**PERFORMANCE**

The Fund fell by 4.5% during the year, which compares to a fall in the benchmark index of 6.7%, and a median fall for the IMA peer group of 4.3%. However, the fall during August was sharper, with much of the recovery happening in January, during which the Fund rose by 7.1%, and the benchmark by 8.3%. For much of the second half of the year we have carried increased cash levels, reflecting the uncertainty prevailing during this period. Strong performances came from: RPC Group, the European-based manufacturer of rigid plastic containers which continued to make strong progress after its acquisition of Superfos during 2010; Cupid, which operates a number of online dating websites in the UK and internationally; Entertainment One, the film distribution and TV production business; and Sabien Technology Group, a holding which we acquired during distressed market conditions in November at a very attractive price. On the negative side, our large holding in Asian Citrus Holdings fell by over 50% during the year due to anonymous and essentially groundless scare stories posted online in the Far East, which were anticipated by abnormal selling pressure. However, the company itself had a fantastic year, completing a major acquisition, and achieving strong production growth. As a result we have used the weak share price to add to our holding considerably during the year, and continue to do so. XP Power also fell sharply as the weakening economic conditions in the US and Europe saw its order book growth stall. However, we also added to this holding on weakness, believing that the longer-term outlook for the company remains strong.

## CF AMATI UK SMALLER COMPANIES FUND

*Investment Manager's Report (continued)*

### PORTFOLIO ACTIVITY

During the first half of the year we continued to focus on companies capitalised at over £500 million, and those which we believe are positioned to perform well during the second half of a business cycle. Some of these holdings were sold to raise cash during the heightened uncertainty of the autumn period, however, we later returned to them when we saw exceptional value on offer, or recovery in prospect. These included companies like E2V Technologies, an industrial electronics and sensors business; ITE Group, an exhibitions business based mainly in Russia; Paragon Group Companies, the consumer finance and buy-to-let mortgage business, and the copper miner, Metminco, which we purchased as the company raised funds during November. For the first time since early 2009 we found ourselves adding a holding right at the smallest end of our market cap range during a period of market panic, because we saw a particular opportunity arise. We generally refer to this as adding liquidity risk, which, as small cap managers, we try to do when others are selling holdings just because the companies are too small. In this case the company was Sabien Technology Group, which makes a device called M2G designed to be retrofitted onto commercial gas boilers, with a view to cutting energy usage by around 15-20% through controlling the boiler in a more efficient manner. We purchased this holding at a 35% discount on the prevailing market price at the time.

Companies we sold during the year included: Promethean World, which we felt was in for a further period of tough trading; African Barrick Gold, where we saw further cost increases and power issues impacting margins, Andor Technology, where the price seemed to run ahead of itself over the summer; Gooch & Housego, for the same reason; and May Gurney Integrated Services, which held up very well in the market downturn. Collins Stewart Hawkpoint, the investment banking and wealth management business, which we bought during the year for its inherent value, was bid for, and taken over by Canaccord Genuity at a reasonable premium.

### OUTLOOK

Much of the gloom and despondency which characterised markets during the autumn last year has now lifted on the back of stronger than anticipated economic news from the US, the threat of a hard landing in China having receded, and the massive liquidity being pumped into the financial system in Europe by the ECB in conjunction with the new financial stability pact signed by most EU nations. However, there remain profound problems with the balance sheets of most Western nations, and this is not something likely to be fixed quickly. Hence, we see the market sentiment as being vulnerable to deterioration again later in the year, and don't wish to extrapolate a straight line upwards from the first two months of this calendar year. We see the next sea-change event in financial markets as being yields of major government bonds starting to trend upwards. We see the current super-low yields as artificially influenced by a range of buyers who are doing so for non-investment reasons. These include central banks conducting quantitative easing or LTRO-type operations, state-controlled domestic private banks buying local government bonds, and China buying bonds to neutralise its own currency appreciation. We don't know when these factors will go into reverse, but we know it has to happen at some point. We think the first will probably be the Chinese stepping away from massive bond purchases on the basis that its currency is no-longer over-valued, and its manufacturing has lost a good deal of competitiveness. The longer that this can all be put off, of course, the better providing that the delaying tactics don't turn out to be too expensive in the longer run. Nonetheless it is very striking how well many UK quoted smaller companies have been doing since the credit crunch, and, if we can remain alert to the pitfalls, it should continue to be rewarding to invest in this area of the market.

DR PAUL JOURDAN & DOUGLAS LAWSON  
AMATI GLOBAL INVESTORS LIMITED  
*Investment Manager*  
27 February 2012

## FUND INFORMATION

### PERFORMANCE RECORD

*'A' Accumulation shares*

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2008*	214.04	135.16	–
2009	228.55	135.80	1.3007
2010	339.82	229.96	–
2011	377.03	313.84	–
2012**	347.90	325.32	0.3894

*'B' Accumulation shares*

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2008*	232.51	147.08	–
2009	250.43	148.03	2.5679
2010	374.79	252.16	–
2011	417.28	347.89	–
2012**	386.46	361.24	3.1523

\* From 29 July 2008.

\*\* To 31 January 2012.

### NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.01.10	'A' Accumulation	4,545,306	1,961,251	231.76
	'B' Accumulation	330,166	129,945	254.08
31.01.11	'A' Accumulation	9,118,760	2,533,094	359.99
	'B' Accumulation	420,562	105,866	397.26
31.01.12	'A' Accumulation	9,183,434	2,672,491	343.63
	'B' Accumulation	1,368,778	358,587	381.71

# CF AMATI UK SMALLER COMPANIES FUND

Fund Information (continued)

## TOTAL EXPENSE RATIOS

Expense Type	31.01.12		31.01.11	
	% 'A'	% 'B'	% 'A'	% 'B'
ACD's periodic charge	1.50	0.85	1.50	0.85
Other expenses	0.35	0.35	0.54	0.54
Total expense ratios	1.85	1.20	2.04	1.39

The Total Expense Ratio represents the total expenses of the Fund, excluding transaction costs, interest payable and expenses of a capital nature, expressed as a percentage of the average net assets during the accounting period.

Other expenses include fees payable to the depositary and auditor, printing and publication costs, registration fees and safe custody and other related bank charges.

## FUND PERFORMANCE TO 31 JANUARY 2012 (%)

	1 year	3 years	Since launch*
CF Amati UK Smaller Companies Fund	-4.48	143.68	69.72
Benchmark Numis Smaller Companies Index (formerly RBS Hoare Govett) (including AIM but excluding Investment Trusts)#	-6.74	100.66	30.19

\* Launch date 29 July 2008.

# Source: Bloomberg.

The performance of the Fund is based on the published price per 'A' Accumulation share which includes reinvested income.

The CF Amati UK Smaller Companies Fund was seeded by the transfer of the First State British Smaller Companies Fund to CFM on 29 July 2008. Those investors who held shares in First State British Smaller Companies Fund and transferred their holdings to the CF Amati UK Smaller Companies Fund at this date should refer to the additional performance data shown on page 31.

Details of the distributions per share for the year are shown in the Distribution Table on page 28.

# PORTFOLIO STATEMENT

AS AT 31 JANUARY 2012

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.12 %	31.01.11 %
	OIL & GAS			
	<i>OIL &amp; GAS PRODUCERS</i>			
110,000	Borders & Southern Petroleum	74,525	0.71	
125,000	Cove Energy	169,688	1.61	
123,990	Deo Petroleum	35,337	0.34	
160,000	Faroe Petroleum	267,600	2.53	
82,000	Ithaca Energy	146,370	1.39	
70,000	Nautical Petroleum	226,625	2.15	
		920,145	8.73	8.66
	BASIC MATERIALS			
	<i>CHEMICALS</i>	–	–	1.70
	<i>INDUSTRIAL METALS &amp; MINING</i>			
40,000	London Mining	105,061	0.99	–
	<i>MINING</i>			
153,120	African Mining & Exploration warrants	10	–	
415,000	Altona Energy	20,750	0.20	
185,000	Anglo Asian Mining	85,100	0.81	
130,009	Anglo Pacific Group	378,066	3.58	
1,000,000	Goldplat	145,000	1.37	
500,000	Griffin Mining	237,500	2.25	
250,000	Kenmare Resources	119,375	1.13	
684,444	Shanta Gold	191,644	1.82	
		1,177,445	11.16	6.46
	TOTAL BASIC MATERIALS	1,282,506	12.15	8.16
	INDUSTRIALS			
	<i>CONSTRUCTION &amp; MATERIALS</i>	–	–	0.49
	<i>AEROSPACE &amp; DEFENCE</i>	–	–	2.99
	<i>GENERAL INDUSTRIES</i>			
89,674	RPC Group	340,850	3.23	2.42

CF AMATI UK SMALLER COMPANIES FUND

Portfolio Statement (continued)

Holding	Portfolio of Investments	Value £	Total Net Assets 31.01.12 %	31.01.11 %
	<i>ELECTRONIC &amp; ELECTRICAL EQUIPMENT</i>			
155,000	E2V Technologies	181,350	1.72	
1,362,260	Sabien Technology Group	367,810	3.48	
43,944	XP Power	417,468	3.96	
		<u>966,628</u>	<u>9.16</u>	8.08
	<i>INDUSTRIAL ENGINEERING</i>			
53,387	MDM Engineering Group	<u>49,650</u>	<u>0.47</u>	1.60
	<i>INDUSTRIAL TRANSPORTATION</i>			
39,000	SKIL Ports & Logistics	<u>58,500</u>	<u>0.56</u>	0.74
	<i>SUPPORT SERVICES</i>			
103,359	Brammer	256,330	2.43	
100,000	Capital Drilling	88,000	0.84	
40,186	Hargreaves Services	464,148	4.40	
30,000	PayPoint	165,000	1.56	
113,121	Waterlogic	178,731	1.69	
		<u>1,152,209</u>	<u>10.92</u>	6.69
	TOTAL INDUSTRIALS	<u>2,567,837</u>	<u>24.34</u>	23.01
	CONSUMER GOODS			
	<i>FOOD PRODUCERS</i>			
1,227,333	Asian Citrus Holdings	429,567	4.07	
341,981	China Food Company	94,045	0.89	
26,200	New Britain Palm Oil	221,390	2.10	
		<u>745,002</u>	<u>7.06</u>	5.69
	<i>PERSONAL GOODS</i>	<u>–</u>	<u>–</u>	1.02
	TOTAL CONSUMER GOODS	<u>745,002</u>	<u>7.06</u>	6.71
	HEALTH CARE			
	<i>HEALTH CARE EQUIPMENT &amp; SERVICES</i>			
192,000	Advanced Medical Solution Group	165,120	1.56	5.24

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.12 %	31.01.11 %
	PHARMACEUTICALS & BIOTECHNOLOGY			
75,000	Eco Animal Health Group	165,000	1.57	
340,000	Vectura Group	199,750	1.89	
		364,750	3.46	5.19
	TOTAL HEALTH CARE	529,870	5.02	10.43
	CONSUMER SERVICES			
	MEDIA			
142,487	Entertainment One	279,275	2.65	
183,000	Eros International	415,410	3.94	
65,000	ITE Group	133,055	1.26	
		827,740	7.85	6.06
	TRAVEL & LEISURE			
79,000	Cupid	164,320	1.56	
659,091	Skywest Airlines	164,773	1.56	
480,000	Sportech	228,000	2.16	
710,000	Sportingbet	282,225	2.67	
		839,318	7.95	2.53
	TOTAL CONSUMER SERVICES	1,667,058	15.80	8.59
	TELECOMMUNICATIONS			
	MOBILE TELECOMMUNICATIONS			
		–	–	0.98
	UTILITIES			
	ELECTRICITY			
222,922	OPG Power Ventures	84,710	0.80	1.04
	FINANCIALS			
	REAL ESTATE INVESTMENT & SERVICES			
307,276	Puma Brandenburg	15,294	0.15	0.23
	REAL ESTATE INVESTMENT TRUSTS			
58,000	NewRiver Retail	124,700	1.18	–



**CF AMATI UK SMALLER COMPANIES FUND**
*Portfolio Statement (continued)*

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.12 %	31.01.11 %
	FINANCIAL SERVICES			
15,000	Brooks Macdonald Group	167,250	1.58	
214,646	London Capital Group Holdings	143,813	1.36	
100,000	Noble Investments (UK)	186,000	1.76	
95,000	Paragon Group Companies	167,485	1.59	
		664,548	6.29	2.28
	EQUITY INVESTMENT INSTRUMENTS			
48,820	Juridica Investments	41,741	0.40	
980,000	London Asia Capital	38,514	0.36	
		80,255	0.76	0.93
	TOTAL FINANCIALS	884,797	8.38	3.44
	TECHNOLOGY			
	SOFTWARE & COMPUTER SERVICES			
500,000	eServGlobal	103,750	0.98	
385,000	GB Group	200,200	1.90	
		303,950	2.88	13.03
	TECHNOLOGY HARDWARE & EQUIPMENT			
555,000	Software Radio Technology	190,088	1.80	0.41
	TOTAL TECHNOLOGY	494,038	4.68	13.44
	Portfolio of investments	9,175,963	86.96	84.46
	Net other assets	1,376,249	13.04	15.54
	Net assets	10,552,212	100.00	100.00

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

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**
**FOR THE YEAR ENDED 31 JANUARY 2012**

<b>Total purchases for the year (note 13)</b>	<b>£12,115,754</b>
<b>Major purchases</b>	<b>Cost £</b>
Asian Citrus Holdings	528,416
Eros International	434,729
Senior	432,975
Spectris	410,313
Sportingbet	308,068
Cove Energy	284,988
Premier Oil	267,207
Sabien Technology Group	257,468
XP Power	254,367
Cranswick	252,834
Hargreaves Services	249,278
Brammer	248,062
Hunting	243,443
Cupid	242,275
Anglo Pacific Group	232,128
Devro	219,366
Software Radio Technology	209,730
Gulfsands Petroleum	207,993
CSF Group	207,622
Nautical Petroleum	203,653

CF AMATI UK SMALLER COMPANIES FUND  
Summary of Material Portfolio Changes (continued)

Total sales for the year (note 13) £10,363,848

Major sales	Proceeds £
Senior	498,699
Andor Technology	467,562
Spectris	405,922
Elementis	363,706
Entertainment One	341,867
China Shoto	339,625
Optos	306,830
Advanced Medical Solution Group	285,339
Premier Oil	272,938
Cove Energy	262,288
Collins Stewart Hawkpoint	243,641
RPC Group	237,767
Metminco	237,646
Devro	233,516
African Barrick Gold	228,604
Discovery Metals	218,243
Cupid	214,253
Cranswick	213,856
Advanced Computer Software	209,369
Chemring Group	208,782

The summary of material portfolio changes represent the 20 largest purchases and sales during the year.

FINANCIAL STATEMENTS  
STATEMENT OF TOTAL RETURN  
FOR THE YEAR ENDED 31 JANUARY 2012

	Notes	£	31.01.12 £	31.01.11 £
Income:				
Net capital (losses)/gains	2		(585,858)	2,718,897
Revenue	3	217,488		65,802
Expenses	4	(196,189)		(115,447)
Finance costs: Interest	6	(11)		–
Net revenue/(expense) before taxation		21,288		(49,645)
Taxation	5	(415)		–
Net revenue/(expense) after taxation			20,873	(49,645)
<b>Total return before distributions</b>			(564,985)	2,669,252
Finance costs: Distributions	6		(20,871)	–
<b>Change in net assets attributable to shareholders from investment activities</b>			(585,856)	2,669,252

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
FOR THE YEAR ENDED 31 JANUARY 2012

	Notes	£	31.01.12 £	31.01.11 £
<b>Opening net assets attributable to shareholders</b>			9,539,322	4,875,472
Amounts receivable on issue of shares		5,610,411		3,209,578
Amounts payable on cancellation of shares		(4,018,782)		(1,216,631)
			1,591,629	1,992,947
Dilution levy charged	1(k)	–		5,622
Stamp duty reserve tax	1(g)	(14,593)		(3,971)
Change in net assets attributable to shareholders from investment activities			(585,856)	2,669,252
Retained distribution on Accumulation shares	6		21,710	–
<b>Closing net assets attributable to shareholders</b>			10,552,212	9,539,322

CF AMATI UK SMALLER COMPANIES FUND

Financial Statements (continued)

BALANCE SHEET

AS AT 31 JANUARY 2012

	Notes	£	31.01.12 £	£	31.01.11 £
<b>ASSETS</b>					
<b>Investment assets</b>			9,175,963		8,056,520
<b>Other assets</b>					
Debtors	7	246,748		427,710	
Cash and bank balances		<u>1,282,410</u>		<u>1,193,006</u>	
<b>Total other assets</b>			1,529,158		1,620,716
<b>Total assets</b>			<u>10,705,121</u>		<u>9,677,236</u>
<b>LIABILITIES</b>					
<b>Other liabilities</b>					
Creditors	8	(152,909)		(104,129)	
Bank overdrafts		<u>—</u>		<u>(33,785)</u>	
<b>Total other liabilities</b>			(152,909)		(137,914)
<b>Total liabilities</b>			<u>(152,909)</u>		<u>(137,914)</u>
<b>Net assets</b>			<u>10,552,212</u>		<u>9,539,322</u>
<b>Shareholders' funds</b>			<u>10,552,212</u>		<u>9,539,322</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2012

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 ('SORP') issued by the Investment Management Association in October 2010.

(b) *Basis of aggregation*

There is only one sub-fund currently available, therefore, aggregated financial statements have not been prepared for the year ended 31 January 2012.

(c) *Recognition of revenue*

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

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

All revenue is recognised as a gross amount that includes any withholding taxes but excludes any other taxes such as attributable tax credits.

(d) *Treatment of stock and special dividends*

The ordinary element of stock 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.

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. 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 against revenue.

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

Any revenue or expense not directly attributable to a particular share class will normally be allocated pro-rata to the net assets of the relevant share classes.

(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.

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.

# CF AMATI UK SMALLER COMPANIES FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

## 1. ACCOUNTING POLICIES (continued)

### (h) Distribution policy

Surplus revenue, 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 and the balance of revenue is distributed in accordance with the COLL Sourcebook.

### (i) Basis of valuation of investments

Listed 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.

### (j) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. 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.

### (k) Dilution levy

The ACD may require a dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a sub-fund experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy.

	31.01.12 £	31.01.11 £
<b>2. NET CAPITAL (LOSSES)/GAINS</b>		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(578,855)	2,721,893
Derivative contracts	10	–
Transaction charges	(2,725)	(2,800)
Currency losses	(4,288)	(196)
Net capital (losses)/gains	<u>(585,858)</u>	<u>2,718,897</u>
<b>3. REVENUE</b>		
Non-taxable dividends	213,515	65,778
Taxable dividends	3,480	–
Bank interest	493	24
Total revenue	<u>217,488</u>	<u>65,802</u>

## 4. EXPENSES

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

ACD's periodic charge	157,670	84,352
Printing costs	5,877	6,017
Registration fees	13,719	7,327
	<u>177,266</u>	<u>97,696</u>

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

Depositary's fees	6,001	5,884
Safe custody and other bank charges	2,842	1,669
	<u>8,843</u>	<u>7,553</u>

Other expenses:

FSA fee	56	51
Audit fees	5,946	5,755
Publication costs	3,889	3,792
Legal and professional fees	–	600
Postage and distribution costs	189	–
	<u>10,080</u>	<u>10,198</u>

Total expenses	<u>196,189</u>	<u>115,447</u>
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## 5. TAXATION

a) Analysis of charge for the year

Corporation tax at 20%	–	–
Overseas tax	415	–
Current tax charge (note 5b)	<u>415</u>	<u>–</u>

Deferred tax – origination and reversal of timing differences (note 5c)

	–	–
Total taxation	<u>415</u>	<u>–</u>

# CF AMATI UK SMALLER COMPANIES FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

## 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%) (31.01.11 : 20%) for the reasons explained below.

	31.01.12 £	31.01.11 £
Net revenue/(expense) before taxation	21,288	(49,645)
Corporation tax at 20%	4,258	(9,929)
Effects of:		
Non-taxable dividends	(42,703)	(13,156)
Unutilised excess management expenses	38,445	23,085
Corporation tax charge	–	–
Overseas tax	415	–
Current tax charge (note 5a)	415	–

### c) Deferred tax

At the year end there is a potential deferred tax asset of £80,707 (31.01.11 : £42,262) 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 period.

## 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:

	31.01.12 £	31.01.11 £
Final	21,710	–
Add: Revenue deducted on cancellation of shares	3,265	–
Deduct: Revenue received on issue of shares	(4,104)	–
Net distributions for the year	20,871	–
Interest	11	–
Total finance costs	20,882	–

Details of the distributions per share are set out in the table on page 28.

## 6. FINANCE COSTS (continued)

### Distributions represented by:

Net revenue/(expense) after taxation	20,873	(49,645)
Allocations to Capital:		
Revenue deficit	–	49,645
Balance brought forward	–	–
Balance carried forward	(2)	–
Net distributions for the year	20,871	–

## 7. DEBTORS

Amounts receivable for issue of shares	16,017	422,934
Sales awaiting settlement	218,243	–
Accrued revenue:		
Non-taxable dividends	8,665	1,227
Bank interest	22	3
	8,687	1,230
Prepaid expenses	3,801	3,546
Total debtors	246,748	427,710

## 8. CREDITORS

Amounts payable for cancellation of shares	1,755	–
Purchases awaiting settlement	126,150	81,243
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	12,341	10,442
Printing costs	3,088	2,897
Registration fees	781	1,709
	16,210	15,048
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	510	508
Transaction charges	780	540
Safe custody and other bank charges	1,452	302
	2,742	1,350

## CF AMATI UK SMALLER COMPANIES FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

	31.01.12 £	31.01.11 £
8. CREDITORS (continued)		
Other expenses	5,801	5,520
Taxation payable:		
Stamp duty reserve tax	251	968
Total creditors	152,909	104,129

## 9. RELATED PARTY TRANSACTIONS

Management fees payable to Capita Financial Managers Limited ('the ACD') and registration fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Business Services Limited (both companies are associates of the ACD) are detailed in note 4. The amounts outstanding at the year end in respect of those fees are shown in note 8.

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 Shareholders' Funds on page 17. The amounts outstanding at the year end in respect of these monies are shown in notes 7 and 8.

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers) held the following shareholdings in the Fund on behalf of other parties:

	Held at 31.01.12	Change in year	Held at 31.01.11
'A' Accumulation	182,409	(28,511)	210,920
'B' Accumulation	59,685	59,685	–

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

## 10. SHAREHOLDER FUNDS

The Fund has two share classes: 'A' Accumulation and 'B' Accumulation. The annual management charge on those shares is 1.50% and 0.85% respectively.

The net asset value, the net asset value per share and the number of shares in issue are given in the Fund Information.

## 11. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (31.01.11 : none).

## 12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objective 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 or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund'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 one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis.

Certain transactions in securities that the Fund 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 Fund Company has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty and these are reviewed on an ongoing basis.

### ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in the interest rate environment, 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 investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The table below shows the direct interest rate risk profile:

	31.01.12 £	31.01.11 £
Floating rate assets:		
Euros	98,812	11,821
US dollars	2,808	730
Pounds sterling	1,180,790	1,180,455
	1,282,410	1,193,006
Floating rate liabilities:		
Pounds sterling	–	(33,785)
Assets on which interest is not paid:		
Canadian dollars	–	184,212
Euros	15,316	22,359
Pounds sterling	9,407,395	8,277,659
	9,422,711	8,484,230
Liabilities on which interest is not paid:		
Pounds sterling	(152,909)	(104,129)
Net assets	10,552,212	9,539,322

## CF AMATI UK SMALLER COMPANIES FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

### 12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

#### ii. Interest rate risk (continued)

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.

There are no material amounts of non-interest bearing financial assets and liabilities other than equities, which do not have maturity dates.

#### 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.

The table below shows the direct foreign currency risk profile:

	31.01.12 £	31.01.11 £
Currency:		
Canadian dollars	–	184,212
Euros	114,128	34,180
US dollars	2,808	730
	<u>116,936</u>	<u>219,122</u>
Pounds sterling	10,435,276	9,320,200
Net assets	<u>10,552,212</u>	<u>9,539,322</u>

#### iv. Liquidity risk

The main liability of the Fund 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.

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

#### v. Market price risk

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

### 12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

#### v. Market price risk (continued)

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. For an equity portfolio the risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding 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

The Fund held no derivatives of a material nature during the current or prior year.

### 13. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs

Purchases in year before transaction costs	12,043,190	5,625,415
Transaction costs:		
Commissions	31,670	12,463
Stamp duty and other charges	40,894	21,204
	<u>72,564</u>	<u>33,667</u>
Gross purchases total	<u>12,115,754</u>	<u>5,659,082</u>

Analysis of total sale costs

Gross sales before transaction costs	10,392,741	5,172,961
Transaction costs:		
Commissions	(28,800)	(14,031)
Other charges	(93)	(75)
	<u>(28,893)</u>	<u>(14,106)</u>
Total sales net of transaction costs	<u>10,363,848</u>	<u>5,158,855</u>

## CF AMATI UK SMALLER COMPANIES FUND

Financial Statements (continued)

### DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2012 – IN PENCE PER SHARE

Interim

There is no distribution for the interim period in either the current or prior year.

Final

Group 1 – Shares purchased prior to 1 August 2011

Group 2 – Shares purchased on or after 1 August 2011 and on or before 31 January 2012

'A' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.12	Allocated 31.03.11
Group 1	0.3894	–	0.3894	–
Group 2	0.0000	0.3894	0.3894	–

'B' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.12	Allocated 31.03.11
Group 1	3.1523	–	3.1523	–
Group 2	0.6672	2.4851	3.1523	–

### 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 Services Authority and the agreement of the Depositary. On the introduction of any new sub-funds or class, a revised prospectus will be prepared setting out the relevant details of each sub-fund or class within the sub-fund.

The sub-fund is operated separately and the assets of the sub-fund are managed in accordance with the investment objective and policy applicable to that sub-fund.

The sub-fund which is currently available is:

CF Amati UK Smaller Companies 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 Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue 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 12.00pm on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

### BUYING AND SELLING SHARES

The ACD will accept orders to buy or sell shares on normal business days between 8.30am and 5.30pm and transactions will be effected at prices determined by the next following valuation. 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 922 0044. 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 in the *Financial Times* and on the website: [www.fundlistings.com](http://www.fundlistings.com) under the heading Capita Financial Managers. The prices of shares may also be obtained by calling 0845 922 0044 during the ACD's normal business hours.

### OTHER INFORMATION

The instrument of Incorporation, Prospectus, Simplified Prospectus 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 and copies may be obtained upon application.

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**

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.

As a sub-fund is not a legal entity, if the assets of one sub-fund are insufficient to meet liabilities attributable to it, the ACD may re-allocate such liabilities between the sub-funds then in existence in a manner which is fair to shareholders generally. This re-allocation will normally be performed on the basis of the respective net asset values of the sub-funds.

**FUND PERFORMANCE TO 31 JANUARY 2012 (%)**

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
CF Amati UK Smaller Companies Fund	-4.48	143.68	38.67	193.31
Numis Smaller Companies Index (formerly RBS Hoare Govett) (including AIM but excluding Investment Trusts)	-6.74	100.66	-2.61	100.09

Source: Amati Global Investors Ltd.

The CF Amati UK Smaller Companies Fund was seeded by the transfer of the First State British Smaller Companies Fund to CFM on 29 July 2008. Those investors who held shares in First State British Smaller Companies Fund and transferred their holdings to the CF Amati UK Smaller Companies Fund at this date should refer to the additional performance data shown on page 10.



