

**MANAGER**

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J. Millan

**INVESTMENT MANAGER**

Ashcourt Asset Management Limited  
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**TRUSTEE**

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**AUDITORS**

PKF (UK) LLP  
Registered Auditors  
Farringdon Place  
20 Farringdon Road  
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**CF Zenith International Managed Fund**  
**Manager's Annual Short Report**  
for the year ended 29 February 2008

**Investment Objective and Policy**

The objective of the Fund is to seek capital growth with a modest level of income through diversified investment in other authorised or recognised schemes. There will be no particular emphasis on any geographical area, industrial or economic sector.

**Risk Profile**

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised above.

**Accounting and Distribution Dates**

	<b>Accounting</b>	<b>Distribution</b>
Interim	31 August	31 October
Final	29 February	30 April

**Total Expense Ratios**

<b>Expense Type</b>	<b>29 February 2008</b> %	<b>28 February 2007</b> %
Manager's periodic charge	1.50	1.51
Other expenses	0.28	0.36
Total expense ratios	1.78	1.87
Weighted total expense ratio	0.53	1.14
Synthetic total expense ratio	2.31	3.01

## Distributions

There are no distributions for the year.

## Price and Income History

Calendar Year	Highest Buying Price P	Lowest Selling Price P	Distribution per unit P
2003	191.04	140.79	0.2400
2004	210.85	176.54	0.3700
2005	254.55	196.39	–
2006	276.64	226.35	–
2007	291.46	252.00	–
2008*	278.95	245.31	–

\* To 29 February 2008.

## Net Asset Value

Calendar Year	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
28.02.06	9,548,121	3,783,279	252.38
28.02.07	8,863,163	3,459,269	256.21
29.02.08	7,326,266	2,880,900	254.30

## Performance Record

Comparative performance to 29 February 2008			
	1 year	3 years	5 years
CF Zenith International Fund*	-1.05	25.27	77.37
FTSE APCIMS Stock Market Growth Portfolio Index	-0.79	29.47	80.17

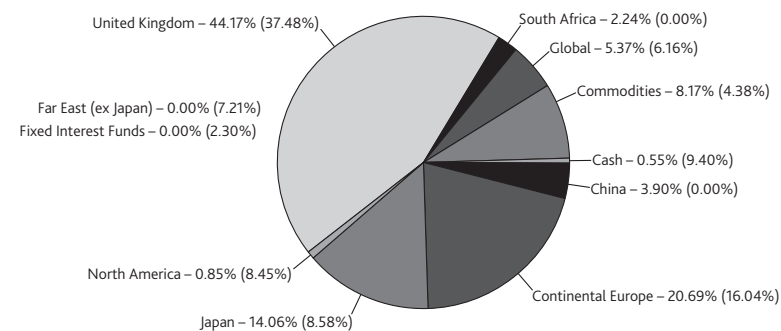
Source of financial data: Bloomberg LP.

\* Bid to bid, total return basis.

## Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment and the income from it can fall as well as rise and may be affected by exchange rate variations.

## Sector Spread of Investments



The figures in brackets show allocations at 28 February 2007.

## Major Holdings

The top ten holdings at the end of each period are shown below.

Holding	% of Fund as at 29.02.08	Holding	% of Fund as at 28.02.07
Baring Emerging Europe	4.35	J O Hambro UK Growth	5.51
Cambium Global		GAM UK Diversified	5.17
Timberland	4.14	Artemis European Growth	4.84
BlackRock Gold and General	4.03	Artemis Capital	4.72
Zenith EU Growth	4.00	J O Hambro Continental European	4.56
Thames River Japan	3.91	Aberdeen Asia Pacific	4.18
China Real Estate Opportunities	3.90	JPM UK Strategic	3.89
RIT Capital Partners	3.76	Thames River Japan	3.72
Artemis Alpha Trust	3.73	Aberforth UK Smaller Companies	3.57
Artemis UK Special Situations	3.22	Baring Eastern Europe	3.48
Monks Investment Trust	3.19		

# INVESTMENT MANAGER'S REPORT

## Investment Review

During the six months ending 29 February, the Fund largely held its value, declining just 0.66% in capital terms. This compares with a decline in the FTSE APCIMS Stock Market Growth Portfolio Index of -4.39% and an average return for the Balanced Managed sector of -1.98%. This ranks the Fund 44/146 over the period and is a reflection of the relatively cautious strategy that has been pursued of late. This more than offsets the underperformance seen during the first half of the year which was caused by us moving the Fund more defensively a couple of months too soon. Such things are by their very nature difficult to judge perfectly.

Over the full twelve months therefore, the Fund ranks 56/134 and very marginally ahead of the sector average; -1.05% vs. -1.56% with the benchmark index returning -0.79%. The last year has been an exceptionally tumultuous one and the unprecedented volatility and dispersion of returns has really demonstrated the very different risk profiles within the Balanced Managed sector.

The range of 12 month returns runs from approximately +9% to -9%, a very high level of dispersion, with the former funds generally having made large emerging market bets that have paid off and the latter being heavily in UK income funds. With our intention to deliver consistency of returns, we had a relatively modest exposure to emerging markets and deliberately avoided UK income funds, the hot favourite of many in the industry in recent years. This latter decision was driven by our long held bearish views of the UK economy and as such, this Fund is far more international than many of its peers and therefore well placed to benefit from a decline in the value of Sterling.

Following the declines and volatility of early 2008 we are now turning far more positive on global stock markets as the average fund manager becomes far more cautious. In our view the bad news is priced in and the risks lay predominantly to the upside. We are therefore starting to skew the multi-asset portfolio gradually in the direction of equities. Notwithstanding this, the portfolio remains highly diversified in terms of funds, geographical and currency exposure and is also exposed to all major, as well as many of the more emerging asset classes.

This means that the Fund has genuine claims to be a complete portfolio and the only area where it is light is fixed interest markets which represent very poor long term investments, particularly in a more inflationary environment. We anticipate a period of strong returns over the next year or so and we will look to participate in as much of this as possible whilst being mindful to keep risk under control – we do not want to make a big bet that will either pay off or fail spectacularly. The portfolio has coped admirably with incredibly challenging conditions and we will continue to seek the benefits of diversification going forward and we believe that there are some compelling investment ideas within the portfolio.

*Source of financial data: Bloomberg LP.*

## Ashcourt Asset Management Limited

*Investment Manager*  
27 March 2008

## Buying and Selling Units

The Manager will accept orders to deal in the units on normal business days between 9.00am and 5.30pm. Instructions to buy or sell units 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.

## Reports and Accounts

This document is a short report of CF Zenith International Managed Fund for the year ended 29 February 2008. The full Report and Accounts for the Fund is available upon written request to Capita Financial Managers Limited, Beaufort House, 15 St Botolph Street, London EC3A 7HH.

## Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

