



**CF Zenith International
Managed Fund**

Annual Report and Financial Statements
29 February 2008

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INVESTMENT MANAGER'S REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2008

INVESTMENT OBJECTIVE

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.

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, 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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLE

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

RISK WARNING

An investment in a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units 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 necessarily 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.

PRICES PER UNIT (EX-DISTRIBUTION)

Date	Buying Price p	Selling Price p	Yield %	Total Expense Ratio 29.02.08 %
03.03.08	270.92	256.69	–	2.31

FUND PERFORMANCE

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.

AUTHORISED STATUS

CF Zenith International Managed Fund is an authorised unit trust scheme, established on 20 December 1991. The first issue of units was 10 February 1992.

It is a non-UCITS retail scheme and the currency of the Fund is is pounds sterling.

CHANGE OF NAME

The name of the Fund was changed from CF BWH International Fund to CF Zenith International Managed Fund on 1 November 2007.

STATEMENT OF MANAGER'S RESPONSIBILITIES

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

The Financial Services Authority's New Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') requires the Manager to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the net income and of the net gains on the property of the Trust for that year.

In preparing those financial statements, the Manager 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

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

In so far as the Manager is aware:

- there is no relevant audit information of which the Trust's Auditors are unaware; and
- the Manager has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee is under a duty to take into its custody and to hold the property of the Scheme in trust for the holders of units. It is also the duty of the Trustee to enquire into the conduct of the Manager in the management of the Scheme and to ensure that the Scheme is managed in accordance with all applicable rules and restrictions in each annual accounting period, and to report thereon to unitholders. A copy of the Trustee's report is set out on the following page.

REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 29 FEBRUARY 2008

In our opinion, the Manager has managed the Scheme, in all material respects, during the period covered by this Report in accordance with the investment and borrowing powers and the restrictions applicable to the Scheme and otherwise in accordance with the provisions of the Trust Deed and the rules in the COLL Sourcebook.

BANK OF NEW YORK TRUST AND DEPOSITARY COMPANY
Trustee of CF Zenith International Managed Fund
26 June 2008

CERTIFICATION OF ACCOUNTS BY DIRECTORS OF THE MANAGER

This report is signed in accordance with the requirements of the COLL Sourcebook.

K.J. MIDL

J. MILLAN

CAPITA FINANCIAL MANAGERS LIMITED
Manager of CF Zenith International Managed Fund
26 June 2008

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS
OF CF ZENITH INTERNATIONAL MANAGED FUND

We have audited the financial statements of CF Zenith International Managed Fund for the year ended 29 February 2008 which comprises the Statement of Total Return, the Statement of Change in Unitholders' Net Assets, the Portfolio Statement, the Balance Sheet, the Summary of Material Portfolio Changes and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Trust's unitholders, as a body. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditors' 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 Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE ACD, DEPOSITARY AND AUDITORS

The Manager is responsible for the preparation of the Annual Report and the financial statements in accordance with the rules of the New Collective Investment Schemes Sourcebook ('the COLL sourcebook') of the Financial Services Authority, the Instrument of Incorporation, and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Manager's Responsibilities in relation to the financial statements. The Trustee is required to take reasonable care to ensure compliance by the Manager with all relevant requirements. The Manager is responsible for ensuring that reasonable steps are taken for the prevention and detection of fraud and other irregularities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association, the rules of the New Collective Investment Schemes Sourcebook and the Instrument of Incorporation. We also report to you if, in our opinion, the matters required by COLL 4.5.9 to be included in a report of a Manager as presented elsewhere in the financial statements are consistent with the financial statements, if the Manager has not kept proper accounting records, if the financial statements are not in agreement with those records, and if we have not received all the information and explanations which to the best of our knowledge we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Statement of Manager's Responsibilities, the Statement of Trustee's Responsibilities, the Report of the Trustee, the General Information, the Investment Manager's Report and the Net Asset Value per Share and Comparative Table. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Trust as at 29 February 2008 and of the net expense and the net gains on the scheme property of the Trust for the year then ended;
- 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, the rules of the New Collective Investment Schemes Sourcebook, and the Trust Deed;
- the matters required by COLL 4.5.9 to be included in a report of a Manager as presented elsewhere in the financial statements are 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, we require for our audit.

PKF (UK) LLP
Registered Auditors
London, UK
26 June 2008

STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 29 FEBRUARY 2008

	Notes	£	29.02.08 £	£	28.02.07 £
Net gains on investments during the year	2		38,707		192,853
Currency (losses)/gains			(16,696)		315
Income	3	132,821		97,681	
Expenses	4	(151,176)		(173,417)	
Finance costs: Interest	6	(7,284)		(19)	
Net expense before taxation		(25,639)		(75,755)	
Taxation	5	(6,632)		6,511	
Net expense after taxation			(32,271)		(69,244)
Total return before distributions			(10,260)		123,924
Finance costs: Distributions	6		-		-
Change in net assets attributable to unitholders			(10,260)		123,924

STATEMENT OF CHANGE IN UNITHOLDERS' NET ASSETS
FOR THE YEAR ENDED 29 FEBRUARY 2008

	Notes	£	29.02.08 £	£	28.02.07 £
Net assets at the start of the year			8,863,163		9,548,121
Adjustment to bid value			-		(19,612)
			8,863,163		9,528,509
<i>Movement due to sales/repurchases of units</i>					
Amounts receivable on issue of units		136,167		562,245	
Less: Amounts payable on cancellation of units		(1,662,299)		(1,350,177)	
			(1,526,132)		(787,932)
Stamp duty reserve tax	1(e)		(505)		(1,338)
Change in net assets attributable to unitholders (see Statement of Total Return above)			(10,260)		123,924
Net assets at the end of the year			7,326,266		8,863,163

PORTFOLIO STATEMENT

AS AT 29 FEBRUARY 2008

Holding	Portfolio of Investments	Value £	Total Net Assets	
			29.02.08 %	28.02.07 %
	FIXED INTEREST FUNDS	–	–	2.30
	EQUITY FUNDS			
	UNITED KINGDOM			
160,000	3i Infrastructure*	179,200	2.45	
27,600	3i Infrastructure warrants 2012*	6,348	0.09	
125,000	Artemis Alpha Trust*	273,750	3.73	
25,000	Artemis Capital	204,845	2.80	
77,687	Artemis UK Special Situations	235,918	3.22	
50,000	BlackRock British Smaller Companies*	168,500	2.30	
100,000	City Merchants High Yield Trust*	151,000	2.06	
125,000	Dexion Equity Alternative*	157,813	2.15	
100,000	Dolphin Capital Ventures*	129,000	1.76	
25,740	GAM UK Diversified	197,663	2.70	
134,849	J O Hambro UK Growth	199,712	2.73	
116,300	JZ Equity Partners*	136,652	1.87	
70,000	Monks Investment Trust*	233,800	3.19	
205,000	O Twelve Estates*	85,075	1.16	
65,000	Polar Capital Technology Trust*	117,650	1.61	
25,000	RIT Capital Partners*	276,000	3.76	
125,000	Ruffer Investment Company*	155,625	2.12	
30,000	SVG Capital*	219,000	2.99	
25,000	Templeton Emerging Markets*	108,313	1.48	
	TOTAL UNITED KINGDOM	3,067,364	44.17	37.48
	CONTINENTAL EUROPE			
96,200	Artemis European Growth	208,437	2.85	
35,000	Baring Emerging Europe*	318,500	4.35	
84,535	J O Hambro Continental European	189,697	2.59	
40,000	Lehman Brothers Private Equity Partners*	158,915	2.17	
24,520	Matrix European Real Estate*	121,190	1.65	
30,000	MW Tops*	225,274	3.08	
300,588	Zenith EU Growth	293,283	4.00	
	TOTAL CONTINENTAL EUROPE	1,515,296	20.69	16.04
	NORTH AMERICA			
5,000	Canadian General Investments*	62,500	0.85	8.45

Holding	Portfolio of Investments	Value £	Total Net Assets	
			29.02.08 %	28.02.07 %
	JAPAN			
15,000	Atlantis Japan Growth Fund*	105,608	1.44	
100,000	Ishaan Real Estate*	111,000	1.52	
25,000	Japan Opportunities*	153,310	2.09	
105,850	Neptune Japan Opportunities	172,218	2.35	
390,887	Schroder Japan Alpha Plus	201,268	2.75	
17,568	Thames River Japan	286,702	3.91	
	TOTAL JAPAN	1,030,106	14.06	8.58
	FAR EAST (ex Japan)	–	–	7.21
	CHINA			
35,000	China Real Estate Opportunities*	285,950	3.90	–
	SOUTH AFRICA			
150,000	South African Property Opportunities*	164,250	2.24	–
	GLOBAL			
22,000	Caliber Global*	1,881	0.03	
35,000	Finsbury Worldwide Pharmaceutical*	160,300	2.19	
38,000	Scottish Mortgage*	231,040	3.15	
	TOTAL GLOBAL	393,221	5.37	6.16
	COMMODITIES			
23,700	BlackRock Gold and General	295,539	4.03	
300,000	Cambium Global Timberland*	303,000	4.14	
	TOTAL COMMODITIES	598,539	8.17	4.38
	Portfolio of investments	7,285,726	99.45	90.60
	Net other assets	40,540	0.55	9.40
	Net assets	7,326,266	100.00	100.00

The investments have been value in accordance with note 1(g) and are collective investment schemes unless otherwise stated.

* Investment companies.

BALANCE SHEET
AS AT 29 FEBRUARY 2008

	Notes	29.02.08		28.02.07	
		£	£	£	£
ASSETS					
Portfolio of investments			7,285,726		8,029,677
Other assets					
Debtors	7	36,411		570,856	
Cash and bank balances		453,829		698,806	
Total other assets			490,240		1,269,662
Total assets			<u>7,775,966</u>		<u>9,299,339</u>
LIABILITIES					
Other liabilities					
Creditors	8	(162,060)		(436,176)	
Bank overdrafts		(287,640)		-	
Total other liabilities			(449,700)		(436,176)
Total liabilities			<u>(449,700)</u>		<u>(436,176)</u>
Net assets attributable to unitholders			<u>7,326,266</u>		<u>8,863,163</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE YEAR ENDED 29 FEBRUARY 2008

Total purchases for the year (note 12)		£4,919,554
Major purchases		Cost £
Templeton Emerging Markets		405,295
China Real Estate Opportunities		283,869
3I Infrastructure		276,000
Signet Global 'C'		275,000
Artemis Alpha Trust		264,340
Baring Emerging Europe		259,933
Monks Investment Trust		217,817
New Star RBC Hedge 250 Index		211,010
MW Tops		209,787
JZ Equity Partners		201,439
City Merchants High Yield		191,835
O Twelve Estates		186,800
Finsbury Worldwide Pharmaceutical		172,652
Matrix European Real Estate		169,924
Atlantis Japan Growth		167,764
BlackRock British Smaller Companies		161,123
South African Property Opportunities		159,000
Lehman Brothers Private Equity Partners		154,018
Ruffer Investment Company		144,352
Japan Opportunities		135,006

Total sales for the year (note 12) £6,022,165

Major sales	Proceeds £
Aberdeen Asia Pacific	391,801
Templeton Emerging Markets	359,278
Aberforth UK Smaller Companies	334,296
JPM UK Strategic	330,159
Baring Eastern Europe	329,908
Signet Global 'C'	292,385
BDT Investor Asian Focus	274,873
BlackRock Commodities	272,951
LeggMason US Smaller Cap	263,836
J O Hambro UK Growth	260,587
AXA Framlington Equity Income	241,959
UBS US Equity	241,534
J O Hambro Continental Europe	239,603
GAM UK Diversified	232,700
New Star RBC Hedge 250 Index	223,552
Artemis European Growth	217,957
Acencia Debt Strategies	213,612
Fidelity Special Situations	203,085
Fidelity Global Special Situations	197,737
Artemis Capital	185,248
LeggMason US Equity	182,736
Pacific Assets Trust	179,639

The portfolio changes represent the 20 largest purchases and those sales in excess of 2% of the net assets at the start of the year.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 29 FEBRUARY 2008

1. ACCOUNTING POLICIES

(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') for Financial Statements of Authorised Funds issued by the Investment Management Association in December 2005.

(b) Recognition of income

Dividends on quoted equities and preference shares 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 scheme and does not form part of the distributable income.

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

Rebates of annual management charges (AMC rebates) from underlying funds are accounted for on a received basis and are recognised as income.

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

All income includes withholding taxes but excludes irrecoverable tax credits.

(c) Treatment of stock and special dividends

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

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

(d) Treatment of expenses

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

(e) Taxation

Corporation tax is provided at 20% on income, other than UK franked dividends, after deduction of expenses.

Where overseas tax has been deducted from overseas income 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.

1. ACCOUNTING POLICIES (continued)

(f) Distribution policy

The surplus income, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to unitholders. Any income deficit is deducted from capital.

Interim distributions may be made at the Manager's discretion and the balance of income is distributed in accordance with the regulations.

(g) 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.

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.

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

(h) 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.

	29.02.08 £	28.02.07 £
2. NET GAINS ON INVESTMENTS		
Non-derivative securities	38,707	192,853
3. INCOME		
UK franked dividends	61,111	16,576
UK unfranked dividends	46,776	34,135
UK unfranked interest	9,292	38,479
AMC rebates from underlying funds	2,057	–
Bank interest	13,585	8,491
Total income	132,821	97,681
4. EXPENSES		
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	122,664	139,596
Printing costs	5,906	–
Registration fees	1,758	3,197
	130,328	142,793

4. EXPENSES (continued)

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

	29.02.08 £	28.02.07 £
Trustee's fees	5,883	5,875
Transaction charges	1,539	529
Safe custody and other bank charges	1,873	2,466
	9,295	8,870
Other expenses:		
FSA fee	225	154
Audit fee	7,520	4,113
Legal and professional fees	3,545	635
COLL conversion charges	263	16,852
	11,553	21,754
Total expenses	151,176	173,417

5. TAXATION

a) Analysis of charge/(credit) for the year

Corporation tax at 20%	–	–
Overseas tax	756	–
Irrecoverable income tax	5,876	3,623
Adjustments in respect of prior periods	–	(10,134)
Current tax charge/(credit) (note 5b)	6,632	(6,511)
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	6,632	(6,511)

b) Factors affecting tax charge

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

	29.02.08 £	28.02.07 £
Net expense before taxation	(25,639)	(75,755)
Corporation tax at 20%	(5,128)	(15,151)

	29.02.08	28.02.07
	£	£
5. TAXATION (continued)		
Effects of:		
UK franked dividends	(12,222)	(3,315)
Movement in income accruals	1,125	(2,387)
Expenses not deductible for tax purposes	1,017	3,603
Unutilised excess management expenses	15,208	17,250
Corporation tax charge	–	–
Higher tax rates on overseas earnings	756	–
Irrecoverable income tax	5,876	3,623
Adjustments in respect of prior periods	–	(10,134)
Current tax charge/(credit) (note 5a)	<u>6,632</u>	<u>(6,511)</u>

c) Deferred tax

At the period end there are potential deferred tax assets of £120,519 (28.02.07 : £105,311) in relation to surplus management expenses and £719 (28.02.07 : £nil) in relation to excess unutilised foreign tax available for double tax relief. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these amounts and, therefore, no deferred tax asset has been recognised in the current or the prior period.

	29.02.08	28.02.07
	£	£
6. FINANCE COSTS		
Distributions	–	–
Interest	7,284	19
Total finance costs	<u>7,284</u>	<u>19</u>
7. DEBTORS		
Amounts receivable for issue of units	19,897	–
Sales awaiting settlement	–	538,741
Accrued income:		
UK franked dividends	2,376	7,431
UK unfranked dividends	3,929	6,274
	<u>6,305</u>	<u>13,705</u>

	29.02.08	28.02.07
	£	£
7. DEBTORS (continued)		
Amounts prepaid to the Manager, associates of the Manager and agents of either of them:		
Registration fees	–	250
Other prepaid expenses	16	–
Taxation recoverable:		
Income tax	9,840	18,160
Overseas tax	353	–
	10,193	18,160
Total debtors	<u>36,411</u>	<u>570,856</u>
8. CREDITORS		
Amounts payable for cancellation of units	19,095	56,490
Purchases awaiting settlement	121,744	363,840
Accrued expenses:		
Amounts payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	8,626	10,539
Printing costs	4,548	–
Registration fees	478	–
	13,652	10,539
Amounts payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	465	451
Transaction charges	114	184
Safe custody and other bank charges	264	418
Interest payable	761	–
	1,604	1,053
Other expenses	5,816	4,254
Taxation payable:		
Overseas tax	23	–
Stamp duty reserve tax	126	–
	149	–
Total creditors	<u>162,060</u>	<u>436,176</u>

9. RELATED PARTY TRANSACTIONS

Management fees payable to Capita Financial Managers Limited (the Manager) and registration fees payable to Capita Financial Administrators Limited (an associate of the Manager) are disclosed in note 4 and amounts due at the period end are disclosed in notes 7 and 8.

The aggregate monies received and paid by the Manager through the issue and cancellation of units are disclosed in the Statement of Change in Unitholders' Net Assets on page 9 and amounts due at the period end are disclosed in notes 7 and 8.

Trustee and other fees payable to The Bank of New York Trust and Depository Company Limited are also disclosed in note 4 and amounts due at the period end are disclosed in notes 7 and 8.

The net cash balances on deposit with The Bank of New York (an associated company of The Bank of New York Trust and Depository Company Limited) are £166,189 (28.02.07 : £698,806). Net interest received was £6,301 (28.02.07 : £8,472).

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are commitments in respect of:

	29.02.08 £	28.02.07 £
Placing commitments	–	300,000
Total commitments	<u>–</u>	<u>300,000</u>

11. 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 Manager's policy for managing these risks, are set out below:

i. Credit risk

The Fund may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

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 income receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

The table below shows the interest rate risk profile:

	29.02.08 £	28.02.07 £
Floating rate assets:		
Pounds sterling	453,829	902,306
Floating rate liabilities:		
US dollars	(151,095)	–
Pounds sterling	(136,545)	–
	(287,640)	–
Assets on which interest is not paid:		
Canadian dollars	507	–
Euros	225,274	–
Japanese yen	154,602	–
US dollars	266,404	343,812
Pounds sterling	6,675,350	8,053,221
	7,322,137	8,397,033
Liabilities on which interest is not paid:		
Canadian dollars	(23)	–
Pounds sterling	(162,037)	(436,176)
	(162,060)	(436,176)
Net assets	<u>7,326,266</u>	<u>8,863,163</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 UK base rate or its international equivalents.

There are no material amounts of non-interest bearing financial assets and liabilities, other than collective investment schemes and 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. Changes in the sterling exchange rate can affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms and the prices of imports sold in the UK. Investment in overseas securities will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates.

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

The table below shows the foreign currency risk profile:

	29.02.08	28.02.07
	£	£
Currency:		
Canadian dollars	484	–
Euros	225,274	–
Japanese yen	154,602	–
US dollars	115,309	343,812
	<u>495,669</u>	<u>343,812</u>
Pounds sterling	6,830,597	8,519,351
	<u>7,326,266</u>	<u>8,863,163</u>
Net assets		

iv. *Liquidity risk*

The main liability of the Fund is the cancellation of any units that investors want to sell. Securities 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.

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 Manager 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.

11. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

vi. *Counterparty risk*

Transactions in securities entered into by the Fund give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties.

vii. *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.

viii. *Sensitivity Analysis*

There are no derivatives of a material nature held by the Fund throughout the period.

29.02.08
£

12. PORTFOLIO TRANSACTION COSTS

Analysis of purchases

Purchases before transaction costs 4,900,292

Transaction costs:

Commissions	7,200
Other charges	12,062
	<u>19,262</u>

Total purchase cost 4,919,554

Analysis of sales

Sales before transaction costs 6,025,961

Transaction costs:

Commissions	(3,796)
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Net sales proceeds 6,022,165

GENERAL INFORMATION

VALUATION POINT

The valuation point of the fund is 8.30am on each business day. Valuations may be made at other times with the Trustee's approval.

BUYING AND SELLING UNITS

The Manager will accept orders to buy or sell units on normal business days between 9.00am and 5.30pm and transactions will be effected at prices determined by the next following valuation. 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.

PRICES

The most recent buying and selling prices of units are published in the *Financial Times* and are also available on the website of the Investment Management Association at: www.investmentuk.org under the heading Capita Financial Managers or by calling: 0845 922 0044 during the Manager's normal business hours.

OTHER INFORMATION

The Trust Deed, Prospectus, Simplified Prospectus and the latest annual and interim reports may be inspected at the offices of the Manager and the Trustee and copies may be obtained on application to the Manager.

The Register of Unitholders can be inspected by unitholders during normal business hours at the Customer Service Centre, Capita Financial Administrators Limited at 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT.

Unitholders who have any complaints about the operation of the fund should contact the Manager or the Trustee in the first instance. In the event that a unitholder 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

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

