

JM Finn & Co

UK Smaller Companies Fund

31 DECEMBER 2011

FUND OBJECTIVE

The investment objective of the CF JM Finn UK Smaller Companies Fund is to achieve long term capital growth predominantly through investment in smaller companies incorporated or listed in the UK.

The manager may also choose to hold Government securities, collective investment schemes, cash and money market instruments as appropriate in achieving the overall objective of the Fund. The manager may on occasion enter into derivative contracts for the purposes of hedging the portfolio risk, as appropriate in order to fulfil this objective.

FUND MANAGER'S COMMENTARY

2012 will be a challenging year for politicians requiring them to make definitive policy responses to sort out the burgeoning debt problem. However, a number of key global lead indicators have been improving over the past few months, with the US economy showing signs of a sustained recovery with better new housing starts and a fall in the unemployed. In addition, the Conference Board Consumer Confidence Index improved in November and rose further in December. This follows other improving leading indicators last month showing: retail spending (excluding autos) rising since May, and both the Purchasing Managers Index and Institute of Supply Management also rising. The December Purchasing Managers Index also rose in China and the UK. GDP forecasts for China are still strong at 7- 8% with the government looking to redress the balance of its dependence on exports from higher internal consumption.

Although the European debt situation remains unresolved the European Central Bank has begun to take major action to ensure that the banking system continues to function, and thus keep the economy moving. In an unprecedented action the ECB provided 489bn Euros in loans to 500 banks across the region.

In China the Bank of China's announcement last month that it would participate in the globally coordinated central bank liquidity support actions by cutting its reserve ratio requirement by 50 basis points, was also very important.

The emerging world of Latin America, Asia, Africa and the Middle East will continue driving global growth, through a combination of inward investment and intra trade, growth of their young and middle aged populations and their middle classes, plus continued trade with developed markets.

Amidst all this turmoil investors have understandably concentrated on safety, and that has left a lot of smaller companies undervalued and neglected. This affected the portfolio adversely in the second half of the year. After a strong first half a number of shares fell severely leading to the portfolio underperforming. However, this is a very similar situation to 2008 when a lot of small companies particularly in resources and technology stocks fell sharply. There remains similar scope for their recovery.

For instance the developing world's oil consumption is growing at 3% per annum. China consumes 10m barrels per day, but US oil consumption per capita remains 10 times that of China. This demonstrates the potential of future demand and need for significant supplies of oil. Companies with promising exploration prospects include Madagascar Oil, with Contingent Original-Oil-in-Place of 1.7bn barrels, but a market cap of only £44m. Another is Providence Resources, which has begun drilling existing discoveries and exploration prospects.

Elsewhere, China Food and Real Good Food still have high growth prospects that justify higher ratings than current low single digits. In technology Toumaz has gained approval from the US Food and Drug Administration for its plaster that monitors a patient's vital signs remotely using a low power chip in a plaster that will give huge cost savings to adopters.

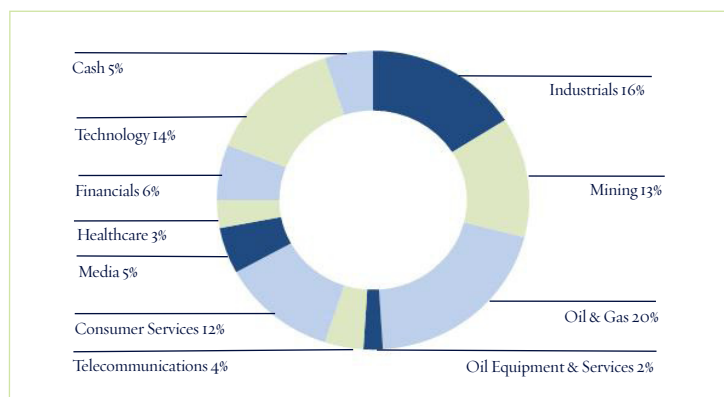
UK SMALLER COMPANIES FUND

Institutional Accumulation Shares	104.19p
Institutional Income Shares	103.93p
Retail Accumulation Shares	103.06p
Retail Income Shares	103.00p

TOP 10 HOLDINGS

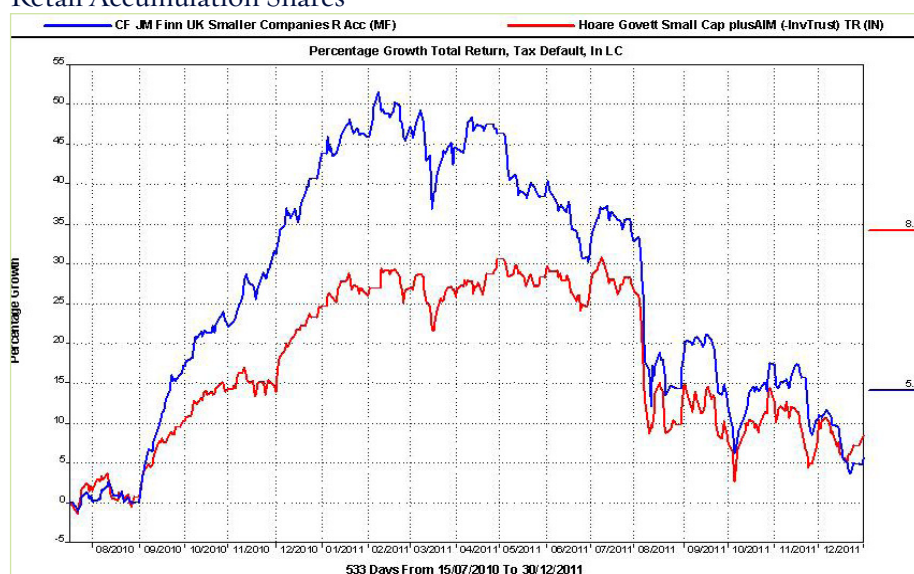
Lansdowne Oil & Gas	5.83%
Drax Group	5.62%
Real Good Food	4.91%
Phorm	4.55%
Lydian International	3.97%
Baconara Minerals	3.09%
Borders & Southern Petroleum	3.08%
Providence Resources	2.53%
Bahamas Petroleum Company	2.37%
KCOM Group	2.35%

SECTOR BREAKDOWN



FUND PERFORMANCE

Retail Accumulation Shares



Note: User may have modified the original chart and axis titles provided by Lipper.

Source: Lipper to 30 December 2011 mid to mid, net income reinvested. Retail class. The value of investments and the income derived from them may go down as well as up and you may not receive back all the money which you invest. Past performance should not be seen as an indication of future performance.

PERFORMANCE TO THE LAST MONTH END

Discrete 12 month period

31.12.10 - 30.12.11 -26.6%

PERFORMANCE TO 30 DECEMBER 2011

	%	Sector Average	Sector Ranking	Quartile Ranking
3 months	-5.78%	0.02	56/60	4
6 months	-20.71%	-13.58	57/60	4
1 year	-26.6%	-9.18	58/59	4
Since launch	5.59%	14.44	51/59	4

THE FUND MANAGER

Gill Leates has the experience and long track record of 30 years in the City, which includes managing not only the largest smaller company fund in the City but also managing large funds with large, mid and small cap stocks for both UK and global mandates.

Majedie Investments PLC: Gill was Investment Director for nearly 9 years on the Main Board and managed the global growth investment trust.

Majedie Asset Management (now managing over £4bn): Gill was a key director in setting it up and a non-executive on their board for nearly 4 years.

Courtauld's Pension Fund: Gill managed £1bn of UK pension fund assets across large, medium and small companies.

Schroders: for 8 years Gill worked in UK and US research, Corporate Finance, managed and restructured the then largest smaller companies fund in the City (The Schroder Smaller Companies Exempt Fund).

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This fund is not offered, sold or distributed in the United States or to US persons.

The information contained in this document is not an invitation or inducement to any person to purchase shares in our Funds. Investment should be made on the basis of the Prospectus and Simplified Prospectus, available from Capita Financial Managers, which you should read before investing. You should seek your own professional advice as to the suitability of our Funds before investing. Values may be affected by fluctuations in exchange rates where assets of our Funds are denominated in currencies other than sterling. Unless otherwise stated, the information contained in this document is provided by JM Finn & Co. Capita Financial Managers Ltd and J. M. Finn & Co. Ltd are authorised and regulated by the Financial Services Authority.

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FUND INFORMATION

Launch Date	15 July 2010
Fund Manager	Gill Leates
Fund Size	£4.11 million
Number of Holdings	74
Fund facts at	31 December 2011
Currency	GBP
PEP/ISA eligible	Yes
Min Investment	Retail £1,000 / Inst £250,000
Initial Charges	Retail up to 5% / Inst Nil
Annual Charges	Retail 1.5% / Inst 0.75%
Dividend Declaration	30 June final
Dates	31 December interim
Sector	IMA Smaller Companies
Benchmark	Hoare Govett Smaller Companies plus AIM (excluding Investment Trusts) Index
Prices	The Financial Times
Sedol number	Inst Acc B5SWCM8 / Inst Inc B5SG457 Retail Acc B5M6W93 / Retail Inc B5NFWT9
ISIN	Inst Acc GBooB5WCM88 / Inst Inc GBooB5SG4577 Retail Acc GBooB5M6W934 / Retail Inc GBooB5NFWT91
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