

THE FUND
CF Parkfield Investment Funds ICVC

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CF Parkfield UK Smaller Companies Fund
a sub-fund of CF Parkfield Investment Funds ICVC
ACD's Annual Short Report
for the year ended 31 October 2007

Investment Objective and Policy

The investment objective of the CF Parkfield UK Smaller Companies Fund ("the Fund") is to provide both long-term capital growth and some income.

In order to achieve the investment objective the Fund will invest predominantly either directly or indirectly in shares of UK companies which have a small to medium-sized market capitalisation.

The benchmark of the Fund is the FTSE 250 ex Investment Companies Index.

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 ACD reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised above.

Accounting and Distribution Dates

	Accounting	Distribution
Interim	30 April	31 August
Final	31 October	29 February

Total Expense Ratios

Expense Type	31.10.07		31.10.06	
	'A' Income	'B' Income	'A' Income	'B' Income
ACD's periodic charge	0.75	1.50	0.75	1.50
Other expenses	0.91	0.89	0.49	0.13
Total expense ratios	1.66	2.39	1.24	1.63

FUND FACTS

Distributions

Share Class	Interim 30.04.07 pence per share	Final 31.10.07 pence per share
'A' Income	0.3922	1.0281
'B' Income	0.2373	0.8119

Price and Income History

'A' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2006#	116.10	91.00	–
2007*	125.67	112.07	1.0267
2008	–	–	1.0281

'B' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2006#	116.33	90.81	–
2007*	125.75	111.85	0.6861
2008	–	–	0.8119

#From 28 February 2006.

*To 31 October 2007.

Net Asset Value

Date	Share Class	Total Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.10.06	'A' Income	4,677,208	4,331,159	107.99
	'B' Income	901,026	833,429	108.11
31.10.07	'A' Income	4,975,440	4,118,271	120.81
	'B' Income	1,399,606	1,160,425	120.61

Performance Record

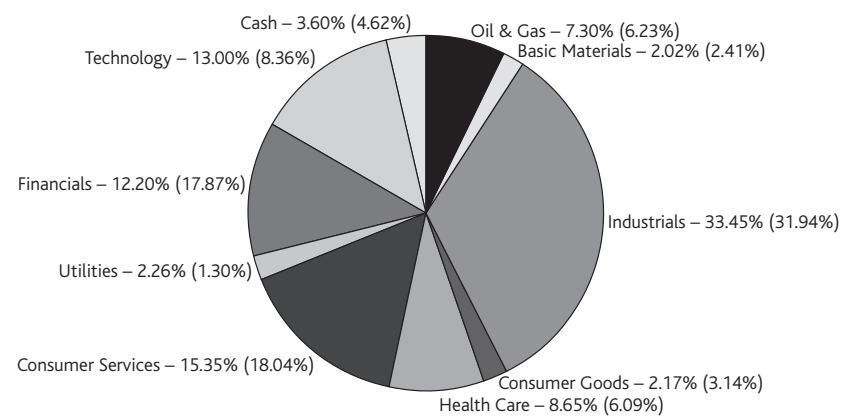
Total Return Performance to 31 October 2007 (%)		
	1 Year	Since launch*
CF Parkfield UK Smaller Companies Fund		
'A' Income	13.19	22.89
'B' Income	12.53	22.13
FTSE 250 ex Investment Companies Index	14.69	28.71

*Launch 28 February 2006.

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 31 October 2006.

Major Holdings

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

Holding	% of Fund as at 31.10.07	Holding	% of Fund as at 31.10.06
Wilmington Group	3.42	FirstGroup	2.88
Southern Cross Healthcare	3.40	Filtrona	2.86
Fenner	3.28	Hiscox	2.85
Greene King	3.12	Bunzl	2.72
Northgate	3.03	Fenner	2.60
Arm Holdings	3.02	RPC Group	2.45
Bunzl	2.95	Wilmington Group	2.34
BBA Aviation	2.91	Isotron	2.31
RPC Group	2.81	Abbot Group	2.26
FirstGroup	2.74	Speedy Hire	2.23

INVESTMENT MANAGER'S REPORT

Investment Review

The Fund is a sub-fund of CF Parkfield Investment Funds ICVC, an open-ended investment company (OEIC).

The portfolio is well diversified and covers a range of sectors. It is deliberately overweight in sectors which are perceived as offering the best opportunities for investment returns, but is managed in order to provide a broad exposure to opportunities available from medium and small-sized companies.

Highlights

- Over the year to 31 October 2007, A class shares in the Fund increased in value by 13.19% broadly matching the benchmark, the FTSE 250 Index ex Investment Companies, and outperforming both the FTSE All Share Index and the FTSE UK Smaller Companies Index.
- Over the period since launch, A class shares in the Fund increased in value by 22.89% underperforming its benchmark, the FTSE 250 Index ex Investment Companies, by -5.82%.
- The A class shares have outperformed the FTSE All Share Index and the FTSE UK Smaller Companies Index excluding Investment Companies by 0.1% and 14.09% respectively over the period since launch.

INVESTMENT REVIEW

Expectations of merger and acquisition activity, fed by cheap credit, drove the UK market higher in late 2006. However, a rise in UK interest rates in January 2007 heralded a period of increased share price volatility. Mid-cap share prices peaked in April, and subsequently plunged 15% lower by August as the scale of the US sub-prime crisis began to become apparent.

Losses on sub-prime mortgage portfolios and related derivatives prompted a general loss of confidence resulting in banks hoarding liquidity and curtailing lending. Interbank lending rates rose sharply and the terms on which credit was made available tightened. This in turn created forced sellers of equities.

The perception that, largely due to the unfolding credit crunch, interest rates had peaked and would soon fall led to a recovery in risk appetite. Share prices rose toward the end of the period.

It was a difficult period in which to gauge the outlook for the economy. Central banks and others have appeared to oscillate in their views between concerns over inflation, deflation and, more recently, stagflation. As a consequence the portfolio has been focussed largely on defensive sectors for most of the period.

Among the mid-cap holdings, strong contributions were received from our holdings in Aveva (which moved into the FTSE 250 during the period), Firstgroup (which will be joining the FTSE 100), IG Group and Tullow Oil (which has joined the FTSE 100). Among our small-cap holdings, strong contributions were received from Dechra Pharmaceuticals, Fenner and Fidessa. The poorest contributors in the portfolio over the year were Savills, which suffered as fears of a slow-down in the housing market grew, and CSR, which suffered from uncertainty about the outlook for semiconductors and the US dollar.

As we anticipated, UK interest rates have peaked and the Bank of England Inflation Report for November 2007 implies further reductions in the UK base rate. The change in outlook for interest rates is a key event for the UK equity market. Despite the slowdown in the economy, which may result in further volatility in the near term, the outlook for equities is improving.

Parkfield Capital LLP

Investment Manager

21 December 2007

Buying and Selling of Shares

The ACD will accept orders to deal in the shares on normal business days between 9.00am and 5.30pm. 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.

Report and Accounts

This document is a short report of the CF Parkfield UK Smaller Companies Fund for the year ended 31 October 2007. 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 year.