

CF Progressive UK Smaller Companies Fund
ACD's Annual Short Report
for the year ended 31 October 2009

Investment Objective and Policy

The investment objective of the CF Progressive 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 for the Fund is the FTSE 250 ex Investment Companies Index.

Subject to the investment objective and policy of the Fund as set out above, the asset classes in which the Fund is permitted to invest includes transferable securities, units in collective investment schemes, money market instruments, government and public securities, cash and near cash and deposits as permitted for UCITS schemes. The Fund may invest in derivative instruments and forward transactions for the purposes of hedging.

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	28 February

Total Expense Ratio

Expense Type	31.10.09		31.10.08	
	%		%	
	'A' Income	'B' Income	'A' Income	'B' Income
ACD's periodic charge	0.75	1.50	0.75	1.50
Other expenses	2.05	2.01	1.73	2.26
Total expense ratio	2.80	3.51	2.48	3.76

Distributions

There were no distributions for the year.

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	105.51	1.0267
2008	109.46	59.97	1.3757
2009*	100.99	60.44	0.5900

'B' Income shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2006#	116.33	90.81	-
2007	125.75	104.62	0.6861
2008	108.14	59.34	0.8119
2009*	100.68	60.23	0.3970

From 6 February 2006.

* To 31 October 2009.

Net Asset Value

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.10.07	'A' Income	4,975,440	4,118,271	120.81
	'B' Income	1,399,606	1,160,425	120.61
31.10.08	'A' Income	2,361,925	3,644,600	64.81
	'B' Income	95,084	147,595	64.42
31.10.09	'A' Income	3,464,075	3,604,483	96.10
	'B' Income	130,183	134,816	96.56

Fund Performance to 31 October 2009 (%)

	1 year	3 years	Since launch*
CF Progressive UK Smaller Companies Fund	48.28	-8.83	-0.91
FTSE MID 250 Excluding Investment Companies Index (MCIX)#	49.68	-6.06	6.02

* Launch date 28 February 2006.

Source: Lipper Hindsight.

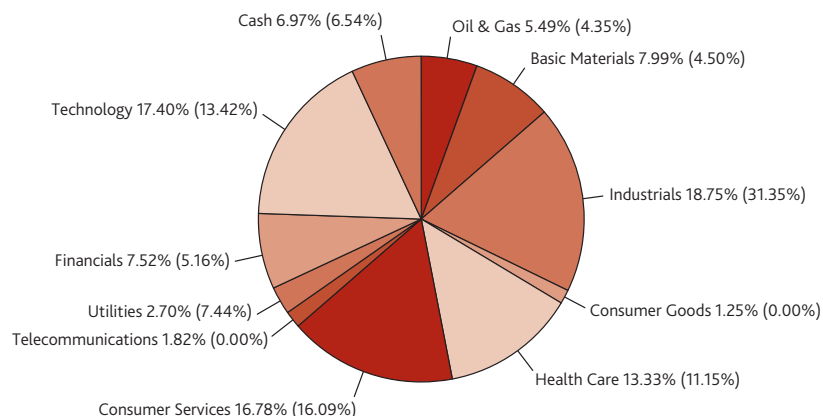
The performance of the Fund is based on the net asset value per 'A' Income share with income reinvested.

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.

INVESTMENT MANAGER'S REPORT

Sector Spread of Investments



The figures in brackets show allocations at 31 October 2008.

Major Holdings

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

Holding	% of Fund as at 31.10.09	Holding	% of Fund as at 31.10.08
Greene King	3.62	Pennon Group	4.14
Savills	3.20	Dechra Pharmaceuticals	4.05
Elementis	3.17	Greggs	3.95
Care U.K.	3.10	Mouchel Group	3.84
Informa	3.08	Wilmington Group	3.81
Xaar	3.07	Chloride Group	3.55
Dechra Pharmaceuticals	3.05	Savills	3.52
Croda International	2.92	Fenner	3.50
RPC Group	2.84	Balfour Beatty	3.44
Synergy Health	2.84	Arriva	3.42

Highlights

- Equity markets continued their strong recovery.
- Over the year to 31 October 2009, A class shares in the Fund rose 48.3% underperforming the benchmark, the FTSE MID 250 Index ex Investment Companies, which rose by 49.7%.
- Since launch in February 2006, the capital value of A class shares in the Fund has fallen by 3.5%. Allowing for income re-invested, the A class shares are broadly unchanged since launch. The capital value of the benchmark, the FTSE 250 Index ex Investment Companies, has fallen 5.6% since launch.
- The capital value of the A class shares has outperformed the FTSE UK Smaller Companies Index excluding Investment Companies by 17.4% over the period since launch.

Investment Review

The share price recovery that began during the first half continued through the summer. The capital value of A class shares increased by 27% during the second half of the year, representing 9.5% outperformance of the benchmark.

Following the radical action taken by central banks in the first quarter of 2009, yields on sovereign and non-financial corporate debt fell. Even so, growth in UK money supply remained weak. UK GDP fell sharply, but signs of a moderation in the decline in activity began to appear as a consequence of stimulus measures. The significant depreciation of sterling began to support the competitive position of UK businesses addressing international markets. Having been positioned in anticipation of sterling weakness, the portfolio benefitted with notable performances from Elementis and Imagination Technologies, which more than doubled in price during the second half, and particularly strong contributions from Aveva, Fenner, RPC Group, and Spirent Communications.

During the summer months the global economy showed signs of recovery, and moderate inflation figures calmed concerns that central banks might be forced into premature interest rate increases. Asset purchase programmes, and the growing perception that the most severe effects of the economic downturn had been contained, buoyed asset prices. Emerging economies, the US and the Euro area began to grow, but the UK domestic economy proved to be weaker than most had anticipated. UK output has fallen by about 6% over the last eighteen months.

Having benefitted from sterling weakness, some profits were taken from exporters late in the period and recycled into less cyclical, higher yielding businesses. Positions in Imagination Technologies, IQE and Spirent Communications, which had more than doubled during the year, were trimmed and new positions were initiated in FirstGroup, Homeserve, RPS Group and Tate & Lyle. Positions in Greene King and Northumbrian Water Group were also topped up.

It remains to be seen whether or not the recent recovery is purely the result of stimulus packages, which will be wound down eventually, and restocking following the collapse in inventories late in 2008. Real interest rates are likely to remain low while central banks fight deflation. Growth will be dependent upon a recovery in demand, and this will be retarded by rising unemployment and increased saving in the developed economies. A 'double-dip' recession remains a possibility and uncertainty concerning the aftermath of both the crisis, and the response it provoked, will continue. However, it is important to avoid confusing uncertainty with risk. Any investor doing so would have missed the share price recovery of the last twelve months.

Investment Review (continued)

Nominal growth is likely to remain subdued for the next few years. While not an ideal outlook, this will probably ensure relaxed monetary conditions which should be supportive for equities in general. The fear of currency debasement is driving interest in gold and commodities, but this is provoked by central banks' attempts to combat deflation rather than imminent inflationary pressure. Consequently, although share price volatility may increase, we continue to see opportunities for attractive returns from carefully selective investment in smaller companies.

Progressive Focus Management Limited

Investment Manager
24 November 2009

Buying and Selling 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.

Reports and Accounts

This document is a short report of the CF Progressive UK Smaller Companies Fund for the year ended 31 October 2009. The full Report and Accounts for the Fund is available free of charge upon written request to Capita Financial Managers Limited, Ibex House, 42 – 47 Minorities, London EC3N 1DX.

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 year it covers and the results of those activities at the end of the year.

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