

MANAGER COMMENTARY

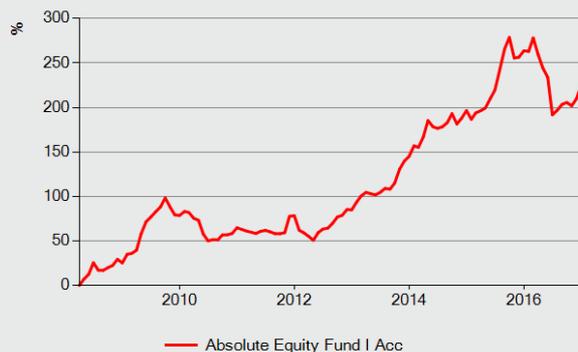
The three largest positive contributors were long positions in Staffline plc, CF Industries and Facebook. The three largest negative contributors were short positions in Exact Sciences, athenahealth and Workday.

We have decided to reduce our exposure to US ideas (now 30% of the gross exposure) and focus increasingly on UK and European small- and medium-sized companies. This is our natural hunting ground and where we feel we have an edge against the rest of the market. The obvious challenge will be finding enough short ideas, which are always more difficult to source than long ideas. In the short term, this may result in more index shorts or relative short ideas, but we believe the resulting higher conviction on the overall portfolio will give better risk-adjusted returns for investors.

It is fair to say that many large companies currently look quite dull as long ideas, but by being prepared to look at smaller names it is possible to find interesting long ideas. We believe the Fund holds great companies that are trading at reasonable prices. Examples in the long book include Berentzen, Somero Enterprises B&C Speakers, On The Beach, Staffline and Adept Telecom.

The Fund currently has a gross exposure of 279%. The net position is +38%, however we are still running with a slightly negative observed beta. This is a balanced position where return should be derived from stock-specific events, in keeping with our bottom-up stock picking focus.

PERFORMANCE



	1 year to 31/01/2017	1 year to 31/01/2016	1 year to 31/01/2015	1 year to 31/01/2014	1 year to 31/01/2013
Fund (%)	-9.26	26.62	11.60	32.51	19.61
3M LIBOR (%)	0.55	0.58	0.54	0.52	0.94

Note: Fund was launched on 10 Mar 2008

ROLLING 36 MONTH PERFORMANCE

	3 years to 31/01/2017	3 years to 31/01/2016	3 years to 31/01/2015	3 years to 31/01/2014	3 years to 31/01/2013
Fund (%)	28.23	87.25	76.89	57.60	5.81
3M LIBOR (%)	1.68	1.65	2.01	2.31	2.48

Performance prior to June 2014 was whilst the Fund was a Non UCITS Retail Scheme (NURS) with a slightly different investment policy and objective. In June 2014, the investment policy was changed to reflect the Fund's increased global exposure.

All data sourced from Morningstar Direct, Bloomberg, SunGard APT and City Financial as at 31/01/2017, unless otherwise stated.

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FINANCIAL INFORMATION

Prices

Class A Acc	304.51p
Class A Inc	290.01p
Class I Acc	326.22p
Class I Inc	302.65p
Class R Acc	114.11p
Class R Inc	113.72p

Total net assets **£210.7m**

OTHER FUND FACTS

ISIN - Class A Acc	GB00B2PX1719
ISIN - Class A Inc	GB00B2Q5CL78
ISIN - Class I Acc	GB00B2PX1C62
ISIN - Class I Inc	GB00B2Q5CV76
ISIN - Class R Acc	GB00BLSNNL91
ISIN - Class R Inc	GB00BLSNNK84
Fund type	UCITS
Dealing and valuation frequency	Daily
Valuation time	7:00 am
Accounting year-end	30 April
Settlement	T+4
Base currency	GBP (Sterling)
Charges levied against	Income
OCF* (%)	CI A: 1.85, CI I: 0.94, CI R: 1.10
Initial charge (%)	0.00 (all share classes)
Performance fee	20% outperformance of 3 month GBP LIBOR with a high water mark
Depository	BNY Mellon Trust & Depository (UK) Limited
Registrar	Capita Financial Administrators

*On-going charge figure (OCF) - combines the Annual Management Charge (AMC) with the Fund's other expenses in running the fund, e.g. custodian fees, but excludes portfolio transaction costs.

TOP EQUITY EXPOSURE POSITIONS (% OF NAV)

Top five long holdings

Capital Stage Ag	5.92
On The Beach Group Plc	5.24
Motorpoint Group Plc-wi	5.11
Hollywood Bowl Group Plc	4.91
Constellation Healthcare Tec	4.63

Top five short holdings

Neste Oyj	-3.43
Telit Communications Plc	-3.16
US Silica Holdings Inc	-3.14
athenahealth Inc	-3.09
Thomas Cook Group PLC	-2.96

Note: The top holdings exclude cash and fixed interest short-term instruments.

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