



**CF Cornelian Investment Funds**  
**Simplified Prospectus**  
**Issued 2 April 2009**

# Introduction

This Simplified Prospectus contains key information in relation to CF Cornelian Investment Funds ('the Company'), which is an Open Ended Investment Company ('OEIC'). The Company currently has three sub-funds (together 'the Funds'), as follows:

CF Cornelian Balanced Fund  
CF Cornelian Growth Fund  
CF Cornelian British Opportunities Fund  
(formerly the First State British Opportunities Fund)

## Legal structure

The Company is an authorised collective investment scheme as defined in the Financial Services and Markets Act 2000. It is an open-ended umbrella investment company established as a 'UCITS Scheme' being compliant with the 'COLL Sourcebook' published by the Financial Services Authority ('FSA'). The Company is an investment company with variable capital which is authorised and regulated by the Financial Services Authority and was incorporated in England and Wales (IC97) on 26 February 2001.

Unless otherwise defined, the terms in this Simplified Prospectus shall have the same meaning as in the full Prospectus.

All documentation will be provided in English and the base currency of each Fund is Sterling.

## Authorised Corporate Director ('ACD')

Capita Financial Managers Limited ('CFM')  
(Authorised and regulated by the  
Financial Services Authority)

Registered Office: 17 Rochester Row  
Westminster  
London  
SW1P 1QT

## Administration Office

2 The Boulevard  
City West One Office Park  
Gelder Road  
Leeds  
LS12 6NT

Telephone: 0845 922 0044 (local call rates)  
Fax: 0113 224 6001  
E-mail: enquiries@capitafinancial.com

## Depositary

The Bank of New York Trust and  
Depositary Company Limited  
(Authorised and regulated by the  
Financial Services Authority)

One Canada Square  
Canary Wharf  
London  
E14 5AL

## Investment Adviser

Cornelian Asset Managers Limited  
(Authorised and regulated by the  
Financial Services Authority)

21 Charlotte Square  
Edinburgh  
EH2 4DF

## Registrar

Capita Financial Administrators Limited  
(Authorised and regulated by the  
Financial Services Authority)

Ibex House  
42 – 47 Minories  
London  
EC3N 1DX

## Marketing

Marketing for the Funds will be carried out by:

Cornelian Asset Managers Limited  
(Authorised and regulated by the  
Financial Services Authority)

21 Charlotte Square  
Edinburgh  
EH2 4DF

## Auditors

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

## What is an OEIC?

In open ended investment company ('OEIC') is a company which manages an investment fund or funds.

You can participate in a fund by buying shares in the fund. It is an 'open-ended fund' which means the fund gets bigger and more shares are created as more people invest in the fund. When investors withdraw their money from the fund the fund shrinks as shares are cancelled. When you invest in an OEIC, your money is pooled with that of other investors in the fund. With the money invested in the OEIC, the investment adviser will select and buy shares or other securities, to hold in the fund.

The price of the shares that you buy is based on the value of the investments in which the OEIC has invested, and therefore will fluctuate accordingly.

## What are the Funds' investment objectives?

### CF Cornelian Balanced Fund

The objective of the CF Cornelian Balanced Fund is to provide long term capital growth and income growth from a balanced portfolio of equities, bonds, government securities and collective investment schemes without limitation to any geographical or industrial sector although there may be times when the investment manager may choose to concentrate investments in a particular geographic area. There may be occasions when the investment managers choose to hold a high level of cash or money market instruments.

### CF Cornelian Growth Fund

The objective of the CF Cornelian Growth Fund is to provide long term growth of capital from a balanced portfolio of equities, bonds, government securities and collective investment schemes without limitation to any geographical or industrial sector although there may be times when the investment manager may choose to concentrate investments in a particular geographic area. There may be occasions when the investment managers choose to hold a high level of cash or money market instruments.

### CF Cornelian British Opportunities Fund

The objective of the CF Cornelian British Opportunities Fund is to provide long term growth of capital from a portfolio of predominantly UK equities. There may be occasions when the investment manager chooses to hold bonds, government securities and collective investment schemes or hold a high level of cash or money market instruments. There may be times when the investment manager may choose to concentrate investments in a particular geographic area.

## IMA Cautious Managed Sector

CF Cornelian Balanced Fund is classified within the IMA Cautious Managed Sector. This sector is defined as 'Funds investing in a range of assets with the maximum equity exposure restricted to 60% of the fund and with at least 30% invested in fixed income and cash. There is no specific requirement to hold a minimum % of non UK equity within the equity limits. Assets must be at least 50% in Sterling/Euro and equities are deemed to include convertibles.'

## IMA Balanced Managed Sector

CF Cornelian Growth Fund is classified within the IMA Balanced Managed Sector. This sector is defined as 'Funds that offer investment in a range of assets, with the maximum equity exposure restricted to 85% of the Fund. At least 10% must be held in non-UK equities. Assets must be at least 50% in Sterling/Euro and equities are deemed to include convertibles'.

## IMA UK All Companies Sector

CF Cornelian British Opportunities Fund is classified within the IMA UK All Companies Sector. This sector is defined as 'Funds which invest at least 80% of their assets in UK equities which have a primary objective of achieving capital growth'.

## Limitations on types of investments

All the property of the Funds must be invested in transferable securities, collective investment schemes, deposits, derivatives, warrants, money market instruments and both corporate and government bonds, except that cash or near cash may be held for liquidity purposes or the efficient management of a Fund.

## General

The property of the Funds may be invested in eligible securities markets where transferable securities admitted to official listing are dealt in or traded. A full list of the countries in which the Funds may invest together with the limitations by type of investment can be found in the full Prospectus.

Due to the investment selection and the investment techniques employed by the Investment Adviser, the Funds are not expected to have high volatility.

## Use of derivatives – hedging

The Funds may employ certain financial derivative instruments, but solely for the purpose of hedging (sometimes known as Efficient Portfolio Management ('EPM')), with the aim of reducing the risk profile of a fund. The Funds may enter into approved derivatives transactions on eligible derivatives markets as detailed in the full Prospectus.

# Investment Information

## Who should invest in these Funds?

The Funds may be suitable for investors who are prepared to risk money in stock markets, put capital at risk and are willing to invest over the medium to long term (5 years).

The Funds may be suitable for investors wishing to achieve defined investment objectives by investing through collective investment schemes.

CF Cornelian Balanced Fund may be suitable for those investors wishing to achieve long term capital growth and income growth from a balanced portfolio of equities, bonds, government securities and collective investment schemes.

CF Cornelian Growth Fund may be suitable for those investors wishing to achieve long term capital growth from a balanced portfolio of equities, bonds, government securities and collective investment schemes.

CF Cornelian British Opportunities Fund may be suitable for those investors wishing to achieve long term growth of capital from a portfolio of predominantly UK equities.

**If you are uncertain whether these products are suitable for you, please contact a financial adviser.**

## What happens to the income from my investment?

At the date of this Simplified Prospectus, both accumulation and income shares are in issue. For CF Cornelian Balanced Fund income shares, net income is distributed quarterly to investors on 15 March, 15 June, 15 September and 15 December in each year, and for CF Cornelian Growth Fund and CF Cornelian British Opportunities Fund income shares, net income is distributed half yearly to investors on 15 June and 15 December in each year, provided sufficient income is available; in the case of accumulation shares net income is retained and accumulated for the benefit of investors and is reflected in the price of the shares.

# Risk Factors

## What are the general risks involved in investing in these Funds?

Any stock market investment involves risk. Some of these risks are general, which means that they apply to all investments. Others are specific, which means that they apply to individual funds. Before you decide to invest, it is important to understand these risks.

**If you are unsure, please seek professional advice from a financial adviser.**

**Investment in collective schemes should only be considered for the medium to longer term (i.e. five years minimum).**

## Market fluctuations

The value of investments and the income derived from them may fall as well as rise and investors may not get back the amount originally invested and may lose money. There is no assurance that the investment objective of the Funds will actually be achieved.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region.

## Effect of initial charge

Where an initial charge is imposed, an investor who realises his shares may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

## Tax

Tax laws currently in place may change in the future which could affect the value of your investments. See the section headed 'Taxation' in this Simplified Prospectus regarding further details in respect of the taxation of the Funds.

## Inflation risk

Returns will depend on the Funds' growth, interest rates and the effects of inflation over time.

## Performance risk

There will be a variation in performance between funds with similar objectives due to the different assets selected. The degree of investment risk depends on the risk profile of the Fund you choose.

## OEIC liabilities

If one of the funds of an OEIC has liabilities that exceed its net assets, the legal structure of an OEIC makes it possible for other funds within that OEIC to meet these liabilities, although this is not a likely situation. However, the investors are not liable to make any further payments to the OEICs after the price on the purchase of the shares has been paid.

## Custody

There may be a risk of a loss where the assets of the Funds are held in custody that could result from insolvency, negligence or fraudulent action of the custodian or sub-custodian.

## What are the specific risks involved in investing in these Funds?

The Funds have different areas of investment and their investment objectives are listed above. The specific risks labelled below may also apply to your investment. Please note that these risks may be more relevant to some investors than others depending on their personal circumstances. Details of all identified risks can be found in the full Prospectus.

## Currency exchange rates

Funds investing in overseas securities are exposed to, and can hold, currencies other than pounds sterling. As a result, exchange rate movements may cause the value of investments to decrease or increase.

This risk applies to: CF Cornelian Balanced Fund, CF Cornelian Growth Fund and CF Cornelian British Opportunities Fund.

## Additional capital risk – funds where charges are deducted from capital

The Manager receives a periodic charge for managing the Fund. If this charge is taken from the Fund's capital this will increase the amount of income available for distribution but will constrain capital growth.

This risk applies to: CF Cornelian Balanced Fund.

## Credit and fixed interest security

- Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.
- The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent.

This risk applies to: CF Cornelian Balanced Fund, CF Cornelian British Opportunities Fund and CF Cornelian Growth Fund.

## Risk Factors

### Higher volatility and concentrated portfolios

The Funds may invest in one particular type of asset, industry, or geographical preference (e.g. the technology or oil sectors). Such concentration can give rise to higher risk than a fund which has spread its investments more broadly.

The Funds may also simply hold a limited number of investments. Should one or more of those investments decline or be otherwise adversely affected, it may have a more pronounced effect on the Funds' value than if a larger number of investments were held. This may lead to a high turnover of stocks in the Funds.

This risk applies to: CF Cornelian Balanced Fund, CF Cornelian British Opportunities Fund and CF Cornelian Growth Fund.

### Liquidity

The investments of the Funds may not always be readily realisable and their marketability may be restricted.

This risk applies to: CF Cornelian Balanced Fund, CF Cornelian British Opportunities Fund and CF Cornelian Growth Fund.

# Performance Information

Please note that all performance information is at 31 December 2007. For more up-to-date performance information, please contact the ACD.

Past performance\* for each Fund is displayed in two ways:

1. Annual returns are displayed as a bar chart for each of the last 10 full consecutive years, i.e. from 1 January to 31 December for each year up to 31 December 2007. If the Fund has been running for less than 10 years, but more than 1 year, the annual returns are shown for as many years as are available.
2. Cumulative returns are displayed as a bar chart for the last 10 full consecutive years, i.e. from 1 January 1998 up to 31 December 2007. If the Fund has been running for less than 10 years, but more than 1 year, the cumulative returns are shown for as many years as are available.

## CF Cornelian Balanced Fund

This performance information is net of tax and charges but does not include the effect of any preliminary charge that may be paid on the purchase of an investment. As the Fund has only one full calendar year track record, the annual performance and cumulative performance are the same.

Past performance is no indication of future performance.

## CF Cornelian Growth Fund

This performance information is net of tax and charges but does not include the effect of any preliminary charge that may be paid on the purchase of an investment. As the Fund has only one full calendar year track record, the annual performance and cumulative performance are the same.

Past performance is no indication of future performance.

\*For past performance, please see Appendix.

## CF Cornelian British Opportunities Fund (formerly the First State British Opportunities Fund)

This performance information is net of tax and charges but does not include the effect of any preliminary charge that may be paid on the purchase of an investment (compared to benchmark)\*\*.

Past performance is no indication of future performance.

\*For past performance, please see Appendix.

\*\*As this fund has only recently been transferred to Cornelian Asset Managers Limited, all performance prior to 11 December 2007, is reflective of First State Investments.

# Charges and Expenses

## What will I pay for my investment?

Each Fund will have a single price at which the shares are bought and sold back to the ACD. The shares in each Fund can be bought and sold at a price based on the value of the total assets of the Fund, minus its liabilities. This is known as the Net Asset Value, or NAV, of the Fund. The value of one share is the total NAV divided by the number of shares in issue. This is calculated each business day at 10.00 am. Your investment is subject to the following charges:

**A preliminary charge** – Each time you make an investment into a fund the investment incurs a charge of 4%. This is known as an 'initial charge' and is illustrated as a percentage '%' of your investment.

**An annual management charge (AMC)** – An AMC or 'periodic charge' of 1.25% (for Class 'A' Shares), 1.5% (for Class 'B' Shares) and 0.75% (for Class 'C' Shares) is taken from the income of the CF Cornelian Growth Fund and CF Cornelian British Opportunities Fund, and from the capital of the CF Cornelian Balanced Fund. It is illustrated as a percentage '%' of the NAV of the Fund.

**A redemption or exit charge** – The ('full') Prospectus contains a provision entitling the ACD to deduct a charge on redemption of shares out of the proceeds of redemption. Currently the ACD makes no such deduction.

**Dilution levy** – Investors should note that in certain circumstances a dilution levy may be applied. The need to charge a dilution levy will depend on the volume of shares being created or redeemed and whether, in the opinion of the ACD, it will have an adverse affect on existing or remaining investors. The dilution levy, where applicable, is calculated by reference to the costs of dealing in the underlying investments of the relevant Fund, including any dealing spreads, commission and transfer taxes.

The dilution levy of 0.5% will be charged on 'large deals' (being purchase or sale of Shares to a size exceeding 5% of the size of the Company). It is not possible to predict accurately whether dilution would occur at any point in time.

The ACD reserves the right to charge a dilution levy in any circumstances where it is of the opinion that it is in the interests of investors to do so. If a dilution levy is required then, based on future projections the estimated rate or amount of such a levy would be 0.5%.

See full Prospectus for further details.

We will not increase our charges without giving at least 60 days' notice to investors.

Where a Fund may invest in other authorised collective investment schemes, these funds will also have charges, which will indirectly affect your investment. These are preliminary and annual management charges. The underlying funds will also incur additional attributable expenses similar to those mentioned below.

## How do charges and expenses affect your investment?

The tables in the Appendix are examples which show the effects of the total charges on what you might get back on your investment.

The effect on an investment of £5,000 ('B' share class) assuming growth of 6% per year is set out in the Appendix\*. These figures are not guaranteed and serve only to demonstrate the effect of charges and expenses on an investment. What you get back will depend on how your investment grows. You could get back more or less than the figures shown. Investments held within an ISA ('B' share class only) may achieve a higher growth rate than those held outside such products because of their tax benefits. Please remember that inflation will reduce what you can buy in the future with the amount shown. Dealing costs are not included. All figures are calculated as at the Fund's year end date.

\*For Reductions in Yield/Effects of Deduction rates please see Appendix.

## What are the other charges?

The Total Expense Ratio ('TER')\* is the annual percentage reduction in investor returns that would result from largely fixed operating costs (annual management charge, administration fees, audit fees etc) if the markets were to remain flat and the Funds' portfolios were to be held and not traded during a period.

The TER for each Fund is based on the Net Asset Value ('NAV') of the Fund. The TER shows the annual operating expenses of the scheme – it does not include transaction expenses. In the case of funds where 10% or more of the fund is invested in other collective investment schemes, a 'synthetic' TER is used to reflect the charges and expenses of the underlying funds. All funds registered in the European Union highlight the TER to help you compare the annual operating expenses of different schemes.

For full details of the dealing commission arrangements, refer to the full Prospectus.

\*For TER rates please see Appendix.

## What are dealing costs and Portfolio Turnover Rate ('PTR')?

There are costs associated with buying and selling shares that include broker commission and government stamp duty, currently 0.5% on the purchase of shares. The PTR\* represents the percentage of the Fund's portfolio that is bought and sold over a 12 month period. If the PTR is high, the costs incurred may have a higher impact on your investment. At the same time, active management may mean that changing investments increases the performance of the Fund sufficiently to outweigh these costs.

\*For PTR rates please see Appendix.

## Taxation

The following summary of certain relevant taxation provisions is based on current law and practice and does not constitute legal or tax advice. It does not purport to deal with all the tax consequences applicable to the Funds or to all categories of investors, some of whom may be subject to special rules. Investors and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting, or otherwise disposing of the shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile and in light of their particular circumstances.

The Funds are exempt from UK tax on capital gains made on internal transactions but are liable to Corporation Tax at the lower rate of income tax (20%) on their income, other than dividends from UK companies, less their expenses of management. Investors may have a liability for tax when shares are sold.

## How much tax will I pay?

The rates of any relief from taxation depend on your own personal circumstances and are likely to vary over time. The information given below is based on our understanding of current HM Revenue & Customs practice. It summarises the position of individual investors who are UK resident. If you are unclear of your own tax position you should take professional advice.

One of the factors that will affect your tax position is whether your distribution comes from interest or from dividends i.e. from bond funds or equity funds. In the case of the CF Cornelian Balanced Fund, CF Cornelian Growth Fund and CF Cornelian British Opportunities Fund distribution comes from dividends.

## Capital gains tax

If your realised gains from all investments do not exceed the capital gains tax exemption (£9,600 for 2008/2009 tax year), you will not pay any capital gains tax. Any realised gains over this exemption will be taxed at your marginal rate of income tax, except in those cases where your investment falls within an ISA wrapper.

## Income tax

Distributions, whether they are paid out or accumulated, are treated as income for tax purposes.

Dividend distributions (Equity Funds) – These carry a tax credit of 10%. Non-taxpayers can no longer reclaim this credit. If you are a lower or basic rate taxpayer, you will not pay any further tax. Higher rate taxpayers will be liable to income tax on their grossed up dividend income at the rate of 32.5% but may offset the 10% tax credit against this. Higher rate taxpayers will therefore be liable to pay income tax equivalent to a rate of 25% of their net receipt.

Please see the taxation section in the full Prospectus for further details.

## What is Stamp Duty Reserve Tax ('SDRT')?

HM Treasury requires a 0.5% SDRT to be applied to redemptions, transfers or switching of shares on the Fund's register. Investments in non UK equities and holdings in UK funds, which are themselves subject to SDRT, are exempt.

It is the ACD's current policy to meet the cost of SDRT directly from the Funds' assets, however, there may be exceptions to this, and the policy could change in the future. Further information can be found in the full Prospectus.

# Your Investment

## Is this an appropriate investment?

If you are in any doubt as to the suitability of the Funds you should consult an independent financial adviser to obtain personal advice.

## What are the benefits of investing in the Funds?

- You obtain a wide diversification of risk as your money is pooled with that of other investors to purchase a portfolio more broadly based than would otherwise be possible for the same size of investment.
- Your money is managed by a professional fund manager who has access to a wide range of research and resources enabling investments to be chosen that are appropriate to meet the objectives of the Fund.

## How do I buy, sell and switch shares?

Except during periods of temporary suspension, the ACD will accept orders for the purchase and sale of shares on normal business days between 9.00 am and 5.30 pm. Non ISA shares may be bought and sold by providing the ACD with instructions, either in writing or through the order line on 0845 922 0044. If you wish to invest into an ISA, or transfer an ISA, you must complete the appropriate application form. Shares held within an ISA can be sold by providing written instructions to CFM.

Orders are transacted at the next available valuation point after receipt of your instruction. No interest will be paid prior to investment. Payment for share purchases must be received by the ACD not later than the day following the valuation point. Shares that have not been paid for will not be sold. Sale proceeds will be sent no later than four business days after receipt of the correctly renounced documentation or the sale date, whichever is the later.

Instructions to issue or redeem shares may be either in writing or by telephone. To confirm the transaction, a contract note or allocation letter will be issued by close of business on the next business day after the dealing date. Certificates will not be issued.

## Instructions in writing should be sent to:

Dealing Department  
Capita Financial Managers Limited  
2 The Boulevard  
City West One Office Park  
Gelderd Road  
Leeds  
LS12 6NT

Tel: +44 (0)845 922 0044

## How much do I need to invest?

The minimum lump sum investment amount for shares in the Funds is £1,000 ('B' share class), £75,000 ('A' share class) and £250,000 ('C' share class). Lower amounts may be determined by the ACD at its absolute discretion.

The minimum holding is £1,000 ('B' share class), £75,000 ('A' share class) and £250,000 ('C' share class). The minimum holding requirement may be waived upon application to the ACD. Provided the minimum holding is maintained there is no minimum number of shares which may be bought or sold subsequently.

You may invest into a stocks and shares ISA in the 'B' share class only (the maximum investment is £7,200). We do not offer a cash ISA plan.

## Can I make regular savings?

We offer a savings plan allowing you to make monthly payments directly into the fund and accumulate your share holdings over a period of time. By making regular savings you may benefit from 'pound cost averaging', buying more shares when prices are low and fewer shares when prices are high. On opening a savings plan CFM require your first contribution to be made by cheque. Subsequent savings plan contributions will be collected by direct debit on the 6th day of each month, and investments made at the next valuation point. The Monthly Saving Plan allows investors to save as little as £50 per month in the 'B' share class only. Investments made via a savings plan will be acknowledged in writing. There is no minimum term for savings plan participation and contributions may be suspended or stopped by giving written instructions.

## Can I switch to another Fund?

It is possible for investors to switch their entitlement between funds if this facility is available. The ACD may, at its discretion make a charge on switching of shares, which will not exceed the excess difference between the initial charges. Investors should note that a switch of shares in one Fund for shares in another Fund is treated as a redemption and sale and is a disposal for UK tax purposes. A switching investor must be eligible to hold the shares into which the switch is to be made.

# Your Investment

## How much will advice cost?

If you seek advice your adviser will be entitled to initial commission of up to 3% of the amount invested in the 'B' shares of the Funds. For example, if you invest £1,000 your adviser will be paid up to £30. In addition, for as long as you hold your investment your adviser will be entitled to annual commission of up to 0.5% based on the net asset value of your holding in 'B' shares in the Funds.

If your Financial Adviser is charging a fee instead of receiving commission, he or she will provide you with details relating to the cost of their advice.

If your adviser is the Investment Adviser to the Funds then they will also be entitled to receive an Investment Management fee based on the current value of the Fund paid each year out of the normal charges.

## Can I change my mind?

Although you are always entitled to change your mind, if you invest directly into one of the Funds using our telephone dealing service or postal application you will not be entitled to cancellation rights. If you have invested via a financial adviser you may be entitled to cancellation rights within 14 days of receiving your notification of cancellation and return it to us within the 14 days. This will depend on the service you receive from your financial adviser. We will then return your investment to you, although if the value of your investment has fallen by the time we receive your cancellation form, we will deduct an amount equal to the fall in value before returning it to you.

## Where can I find out how my investment is doing?

The share price is available on the Investment Management Association website: ([www.investmentuk.org](http://www.investmentuk.org)).

## When will I receive a report on my investment?

You will receive a short report informing you of the progress of your investment twice a year; these reports will be mailed to you on or before 15 June and 15 December each year. Long form reports are available on request from the ACD.

## Where can I obtain additional information?

Copies of the full Prospectus, the latest annual and half yearly reports can be obtained free of charge from the ACD.

Requests for additional information may be made in writing to the ACD or by telephone during the hours of 9.00 am and 5.30 pm to:

0845 922 0044 (local call rates)

We may record telephone conversations to offer you additional security, resolve complaints and improve our service standards. Conversations may also be monitored for staff training purposes.

## What happens to my investment on death?

Shares in the Funds form part of your estate on death and, on production of the Death Certificate and the Grant of Probate or Letters of Administration, can be sold or re-registered in the names of the Executors or Administrators of the Estate or a beneficiary, or in the names of the surviving investors.

## Are there any compensation arrangements?

The ACD is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if the ACD cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Further information about compensation arrangements is available by contacting the following:

Financial Services Compensation Scheme  
7th Floor  
Lloyds Chambers  
Portsoken Street  
London  
E1 8BN

Telephone: 0207 892 7300

## How do I make a complaint?

If you have any queries or complaints about the operation of the Funds please address them in the first instance to the ACD or the Depositary. In the unlikely event that you do not receive a satisfactory response you may direct complaints to:

Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London  
E14 9SR

## How does the Data Protection Act impact on me?

Your details may be forwarded to the Investment Manager, in order for them to send periodic information to you. If you do not wish to receive this information, you should tick the 'opt out' box on the application form. Alternatively, you may advise us in writing, by writing to:

Freepost RRYC-JESC-ULZK  
Capita Financial Managers Ltd  
Ibex House  
42 – 47 Minories  
London  
EC3N 1DX

## What are Money Laundering Regulations?

To comply with Money Laundering Regulations, we may require you to supply evidence of identity and address and or may validate these details against any database (public or other) to which we may have access. We will retain a record if such an enquiry is made. If you do not want your details validated against a database, please tick the 'opt-out' box on the application form.

## What is the European Savings Directive?

The EU Council Directive 2003/48/EC on taxation of savings income came into force on 1 July 2005. Member States of the European Union ('Member States') are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person who is a 'paying agent' to an Individual (or certain entities) resident in another Member State. Austria, Belgium and Luxembourg will apply a withholding tax for a transitional period, unless during such period they elect otherwise. For a collective investment scheme income may include distributions or dividends whether paid or accumulated, together with income arising as a result of the sale or redemption of shares. Investors resident in prescribed territories outside of the EU may also be included in the exchange of information. Information on these territories can be obtained from HM Revenue & Customs or your professional adviser.

## What is the governing law?

Any contract or relationship entered into with the ACD will be governed by the laws of England and Wales and will be subject to the exclusive jurisdiction of the English courts.

## How do I contact the FSA?

The FSA can be contacted at:

Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

UK: 0845 606 1234 (local call rates)

Overseas: +44(0)207 066 1000

Website: [www.fsa.gov.uk](http://www.fsa.gov.uk)

# ISA Investors

## What is an ISA Account?

An ISA is an account that acts as a 'wrapper' to your investment, making the investment a tax efficient way to invest money. The value of tax savings and eligibility to invest in an ISA will depend upon individual circumstances; tax rules may change in the future.

When in any tax year, interest is paid or credited in respect of a cash deposit held in a stocks and shares ISA account, no relief from tax shall apply to such interest.

To qualify for an ISA, investors must be aged 18 years or over and UK resident for tax purposes, which includes members of the armed forces, the Foreign Office and Crown Employees working overseas, and their spouses or civil partners.

## What is an Account?

An account is a scheme of investment, to which an individual who is a qualifying individual may subscribe, and in respect of which the following conditions must be fulfilled:

- (a) the account is set up as a stocks and shares account or a cash account; and
- (b) a qualifying individual who is 18 years of age or over may only subscribe to a single stocks and shares account in a particular year.

The overall subscription limit for the tax year 08/09 is £7,200.

Within the subscription limit the investor may subscribe up to £3,600 in this tax year in to a cash account.

Accordingly by way of illustration, the investor may subscribe in the 08/09 tax year:

- (a) £3,600 to a cash account and £3,600 to a stocks and shares account; or
- (b) £2,000 to a cash account and £5,200 to a stocks and shares account; or
- (c) Nil to a cash account and £7,200 to a stocks and shares account.

## What type of Account do we offer?

You may invest up to £7,200 in a Stocks and Shares Account (our Account is a stocks and shares account, we do not offer a cash account) in any one tax year.

## What are the benefits of holding the Fund in an ISA Account?

All income and capital growth generated within an ISA account is free of personal liability to UK Income Tax and Capital Gains Tax. The value of tax savings and eligibility to invest in an ISA account will depend on individual circumstances and all tax rules may change in the future.

An account can be opened simply by completing the appropriate ISA application form. You can transfer any previous year's ISA Account(s) that you hold with other Account Managers to the Fund's ISA Account without losing your tax benefits.

## How can I transfer an existing ISA Account to the Fund?

Previous year's subscriptions to a cash account and/or stocks and shares accounts may be transferred to our Stocks and Shares Account by completing our ISA Account application form and the ISA Transfer Authority. There may be a potential for loss of income and growth, following a rise or fall in the markets whilst the transfer is in progress.

The current tax year's subscriptions may only be transferred as a whole and whether from a cash account or stocks and shares account only to our Stocks and Shares Account. You can transfer previous tax year subscriptions in whole or in part.

## Can I transfer my existing ISA Account with you to another Account Manager?

You can transfer all of your account to another Account Manager by completing a transfer form that they will supply to you. We will correspond with the new account manager and sell your investment at the next valuation point following receipt of their instruction; we will then forward the proceeds directly to the new account manager. There may be a potential for loss of income and growth, following a rise or fall in the markets whilst the transfer is in progress.

You may transfer only the whole of the current tax year's subscriptions to another stocks and shares account manager. You can transfer previous tax year subscriptions in whole or in part.

## TABLES, CHARTS AND GRAPHS

### EFFECTS OF DEDUCTIONS/REDUCTION IN YIELD

#### CF Cornelian Balanced Fund – 'B' accumulation shares

At end of year	Investment to date	Effect of deductions to date	What you might get back
	£	£	£
1	1,000	62	999
3	1,000	114	1,083
5	1,000	176	1,174
10	1,000	387	1,435

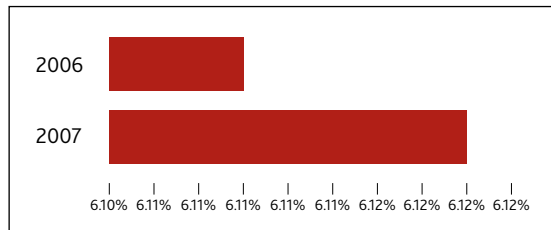
The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £387. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 3.7%.

The above table assumes that no withdrawals are made and that income is accumulated.

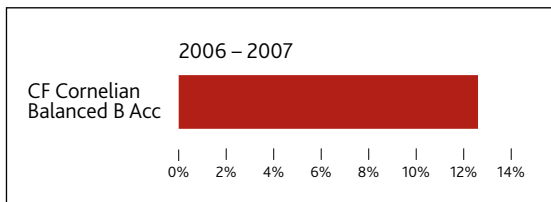
#### PAST PERFORMANCE

##### CF Cornelian Balanced Fund – 'B' accumulation shares

Past performance is no indication of future performance.



Percentage annual performance, accumulation shares, (total return), based on Lipper data.



Percentage cumulative performance, accumulation shares, (total return), based on Lipper data.

#### CF Cornelian Growth Fund – 'B' accumulation shares

At end of year	Investment to date	Effect of deductions to date	What you might get back
	£	£	£
1	1,000	62	1,000
3	1,000	114	1,084
5	1,000	175	1,175
10	1,000	384	1,438

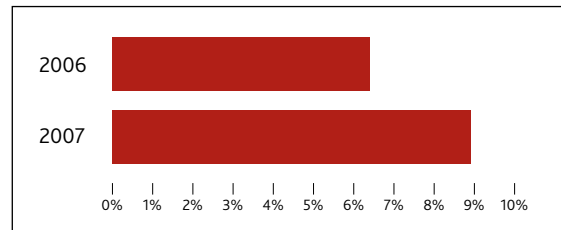
The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £384. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 3.7%.

The above table assumes that no withdrawals are made and that income is accumulated.

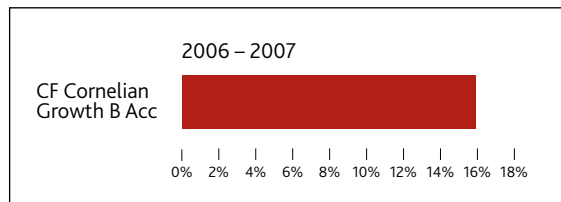
#### PAST PERFORMANCE

##### CF Cornelian Growth Fund – 'B' accumulation shares

Past performance is no indication of future performance.



Percentage annual performance, accumulation shares, (total return), based on Lipper data.



Percentage cumulative performance, accumulation shares, (total return), based on Lipper data.

# Appendix

## TABLES, CHARTS AND GRAPHS EFFECTS OF DEDUCTIONS/REDUCTION IN YIELD CF Cornelian British Opportunities Fund – 'B' Accumulation shares (formerly the First State British Opportunities Fund)

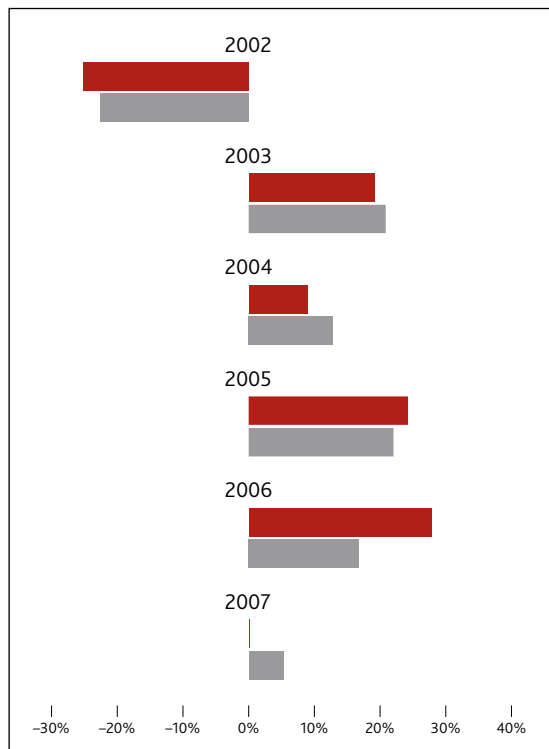
At end of year	Investment to date	Effect of deductions to date	What you might get back
	£	£	£
1	1,000	59	1,003
3	1,000	102	1,095
5	1,000	154	1,196
10	1,000	333	1,489

The last line in the table shows that over 10 years, the effect of the total charges and expenses could amount to £333. Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 4.1%.

The above table assumes that no withdrawals are made and that income is accumulated.

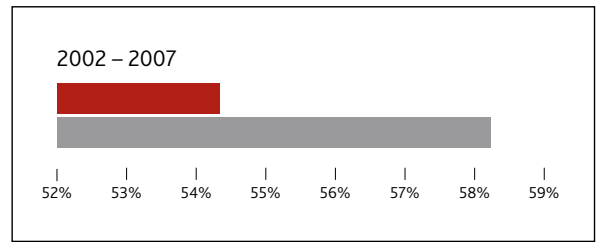
### PAST PERFORMANCE

CF Cornelian British Opportunities Fund –  
'B' Accumulation shares  
(formerly the First State British Opportunities Fund)  
Past performance is no indication of future performance.



■ CF Cornelian British Opportunities B Acc  
■ FTSE A All Share

Percentage annual performance, accumulation shares, (total return), based on Lipper data.



■ CF Cornelian British Opportunities B Acc  
■ FTSE A All Share

Percentage cumulative performance, accumulation shares, (total return), based on Lipper data.

## TABLES, CHARTS AND GRAPHS

## TOTAL EXPENSE RATIO ('TER')

## CF Cornelian Investment Funds – accumulation shares

Fund	Estimated TER (%)
CF Cornelian Balanced Fund 'A' shares	1.76
CF Cornelian Balanced Fund 'B' shares	1.98
CF Cornelian Growth Fund 'A' shares	1.72
CF Cornelian Growth Fund 'B' shares	1.96
CF Cornelian British Opportunities Fund A Acc	1.36
CF Cornelian British Opportunities Fund A Inc	1.36
CF Cornelian British Opportunities Fund B Acc	1.61
CF Cornelian British Opportunities Fund B Inc	1.61
CF Cornelian British Opportunities Fund 'C' shares - Acc	0.86
CF Cornelian British Opportunities Fund 'C' shares - Inc	0.86

These expenses are normally paid from a Fund's income and will only be taken from capital if there is not enough income to cover them. However, in the case of CF Cornelian Balanced Fund, expenses are paid from capital. Previous TERs can be obtained from the ACD.

## PORTFOLIO TURNOVER RATE ('PTR')

## CF Cornelian Investment Funds

$$\frac{(\text{Purchases of securities} + \text{Sale of securities}) - (\text{Subscription of units} + \text{Redemption of units})}{(\text{Average fund value over 12 months})} \times 100$$

Fund	PTR (%)
CF Cornelian Balanced Fund	56.39
CF Cornelian Growth Fund	52.68
CF Cornelian British Opportunities Fund	101.37