

PFS INVESTMENT FUNDS

Annual Report
31 March 2011
(Audited)

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Directory

Authorised Corporate Director & Registrar

Phoenix Fund Services (UK) Limited
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
Telephone: 01245 398950
Fax: 01245 398951
(Authorised and regulated by the Financial Services Authority)

Customer Service Centre

PO Box 10729, Chelmsford, Essex, CM1 9PU
Telephone: 0845 026 4290
Fax: 0845 280 0106
E-mail: WHI@phoenixfundservices.com
(Authorised and regulated by the Financial Services Authority)

Directors of the ACD

J. Rice (appointed 22 February 2011)
R. Elliott (appointed 11 April 2011)
S. A. King
S. D. Mathieson

Investment Managers

icf management limited
Albert Buildings, 49 Queen Victoria Street, London EC4N 4SA
(Authorised and regulated by the Financial Services Authority)

WH Ireland Limited
11 St. James Square, Manchester, M2 6WH
(Authorised and regulated by the Financial Services Authority)

Fund Managers

icf Absoute Return Portfolio Fund

Mark Lynam
Jeremy Suffield

WHI America Capital Fund

Richard de Lisle

Depositary

BNY Mellon Trust & Depositary (UK) Limited
The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA
(Authorised and regulated by the Financial Services Authority)

Auditor

Shipleys LLP
Chartered Accountants & Statutory Auditors
10 Orange Street, Haymarket, London WC2H 7DQ

Statement of the Authorised Corporate Director's Responsibilities

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. The Financial Services Authority's Collective Investment Schemes Sourcebook ("the COLL Sourcebook") requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net expenses and of the net gains on the property of the Company for that year. In preparing the financial statements the ACD is required to:

- select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures, which are required to be disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The ACD is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the ACD has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Certification of Accounts by the Authorised Corporate Director

In accordance with the requirements of the OEIC Regulations and COLL, we hereby certify the Report on behalf of the ACD, Phoenix Fund Services (UK) Limited.

S D Mathieson
J. Rice

Directors
Phoenix Fund Services (UK) Limited
15 July 2011

Statement of the Depositary's Responsibilities

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the COLL Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the 'OEIC Regulations') and the Company's Instrument of Incorporation, and prospectus in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

Report of the Depositary for the Year Ended 31 March 2011

Having carried out such procedures as we considered necessary to discharge our responsibilities as depositary of the company, in our opinion, during the period under review, we confirm that, except in respect of the matter referred to below, in all other material respects the Company has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income, in accordance with the rules in the COLL Sourcebook and, where applicable, the OEIC Regulations, the Instrument of Incorporation and prospectus of the Company. In respect of the matter referred to above, as Depositary, we have instructed the ACD to improve their monitoring of investment and borrowing powers and restrictions applicable to the fund.

BNY Mellon Trust & Depositary (UK) Limited
15 July 2011

Independent Auditors' Report to the Shareholders of PFS Investment Fund

We have audited the financial statements of PFS Investment Funds for the period ended 31 March 2011 which comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, together with the related notes. The financial reporting framework that has been applied in their preparations is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook issued by the Financial Services Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the ACD and Auditors

As explained more fully in the ACD's Responsibilities Statement set out on page 2, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Investment Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' Report to the Shareholders of PFS Investment Fund

continued

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of the net expense and the net gains on the property of the Company for the period then ended;
- have been properly prepared in accordance with the Prospectus, the Statement of Recommended Practice relating to Authorised Funds; the rules of the Collective Investment Schemes Sourcebook issued by the Financial Services Authority and United Kingdom Generally Accepted Accounting Practice;
- the information given in the Investment Manager's report for the financial period for which the financial statements are prepared is consistent with the financial statements;

Opinion on other matters

The information given in the Investment Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters, where we are required to report, if in our opinion:

- adequate accounting records have not been kept: or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Guy Fisher, Senior Statutory Auditor

Shipleys LLP

Chartered Accountants and Auditors

15 July 2011

Statement of Total Return

for the period 27 July 2010 to 31 March 2011

	Note	27.07.10 – 31.03.11	
		£	£
Income			
Net capital gains	2		2,584,514
Revenue	3	92,701	
Expenses	4	(158,941)	
Finance costs: Interest	6	(133)	
Net expense before taxation		(66,373)	
Taxation	5	(14,738)	
Net expense after taxation			(81,111)
Total return before distributions			2,503,403
Finance costs: Distributions	6		–
Change in net assets attributable to shareholders from investment activities			£2,503,403

Statement of Change in Net Assets Attributable to Shareholders

for the period 27 July 2010 to 31 March 2011

	27.07.10 – 31.03.11	
	£	£
Opening net assets attributable to shareholders		–
Amounts receivable on issue of shares	11,185,153	
Less: Amounts paid on cancellation of shares	(268,870)	
		10,916,283
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		2,503,403
Closing net assets attributable to shareholders		£13,419,686

PFS INVESTMENT FUNDS

Balance Sheet

as at 31 March 2011

		31.03.11	
		£	£
ASSETS			
Investment assets	Note		13,425,062
Debtors	7	13,172	
Bank balances		65,281	
Total other assets			78,453
Total assets			13,503,515
LIABILITIES			
Investment liabilities			(9,631)
Creditors	8	(62,423)	
Bank overdrafts		(11,775)	
Total other liabilities			(74,198)
Total liabilities			(83,829)
Net assets attributable to shareholders			£13,419,686

Notes to the Aggregated Financial Statements

for the period 27 July 2010 to 31 March 2011

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ("SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

(b) Basis of aggregation

The aggregate financial statements represent the sum of the individual Sub-Funds within the umbrella company.

(c) Recognition of revenue

Revenue is included in the Statement of Total Return on the following basis:

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment and does not form part of the distributable revenue.

Interest on bank and other cash deposits is recognised on an accruals basis.

In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

(d) Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax accounting treatment follows the treatment of the principal amount.

(e) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged against revenue for the year on an accruals basis.

Notes to the Aggregated Financial Statements

continued

(f) Taxation

Corporation tax is provided at 20% on revenue, after deduction of expenses.

Where overseas tax has been deducted from overseas income that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

(g) Distribution policy

The net revenue after taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders as dividend distributions. Any revenue deficit is funded from capital.

Interim distributions may be made at the Investment Manager's discretion and the balance of revenue is distributed in accordance with the regulations.

Distributions not claimed within a six year period will be forfeited and added back to the capital property of the Sub-Fund

(h) Basis of valuation of investments

Listed investments are valued at close of business bid prices on the last business day of the accounting year excluding any accrued interest in the case of fixed interest securities.

Collective investment schemes are valued at quoted bid price for dual priced funds and at quoted price for single priced funds, on the last business day of the accounting period.

Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

(i) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

(j) Dilution levy

The ACD may require a dilution levy on the sale and redemption of shares if, in its opinion, the existing Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a Sub-Fund experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy.

Notes to the Aggregated Financial Statements

continued

2. Net Capital Gains	27.07.10 – 31.03.11
	£
Non-derivative securities	2,657,439
Currency losses	(69,704)
Transaction charges	(3,221)
Net capital gains	£2,584,514
<hr/>	
3. Revenue	27.07.10 – 31.03.11
	£
Overseas dividends	84,152
Franked investment income	1,890
Unfranked investment income	5,130
Bank interest	1,529
Total revenue	£92,701
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Notes to the Aggregated Financial Statements

continued

4. Expenses	27.07.10 – 31.03.11
	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:	
ACD's fee	36,907
Registration fees	3,830
	<u>40,737</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:	
Investment Managers' fee	64,891
	<u>64,891</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary fee (including VAT)	11,223
Safe custody and other bank charges	1,360
	<u>12,583</u>
Other expenses:	
Audit fee (including VAT)	15,000
FSA fee	1,384
Set up costs	23,530
Printing costs	816
	<u>40,730</u>
Total expenses	<u>£158,941</u>

Notes to the Aggregated Financial Statements

continued

5. Taxation	27.07.10 – 31.03.11
	£
(a) Analysis of charge in the period	
Overseas tax	14,738
Total tax charge (note b)	£14,738
(b) Factors affecting taxation charge for the period	
Net expense before taxation	(66,373)
Corporation tax at 20%	(13,274)
Effects of:	
Non taxable dividends	(16,830)
UK non taxable dividends	(378)
Surplus management expenses	30,482
Overseas tax expensed	14,738
Total tax charge (note a)	£14,738

(c) Deferred Tax

At the period end there is a potential deferred tax asset of £30,482 in relation to surplus management expenses. It is unlikely that the Sub-Funds will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the current period.

Notes to the Aggregated Financial Statements

continued

6. Finance Costs	27.07.10 – 31.03.11
	£
Distributions	
The distributions take account of income received on the creation of shares and revenue deducted on cancellation of shares and comprise:	
Final	–
Revenue deducted on cancellation of shares	–
Revenue received on creation of shares	–
Finance costs: Distributions	–
Finance costs: Interest	133
Total finance costs	£133
Reconciliation of net expense after taxation to net distributions:	
Net expense after taxation per statement of total return	(81,111)
Revenue deficit at period end funded from capital	81,111
Finance costs: Distributions	–
7. Debtors	31.03.11
	£
Overseas dividends	5,551
Unfranked dividends	5,250
Bank interest receivable	185
Registration fee rebate	2,186
Total debtors	£13,172

Notes to the Aggregated Financial Statements

continued

8. Creditors	31.03.11
	£
Accrued expenses:	
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD, and agents of either of them:	
ACD's fee	8,306
Registration fees	1,480
	<u>9,786</u>
Amounts payable to the Investment Manager, associates of the Investment Manager, and agents of either of them:	
Investment Managers' fee	16,582
Amounts payable to the Depository, associates of the Depository and agents of either of them:	
Depository fees	3,057
Safe custody and other bank charges	164
	<u>3,221</u>
Other expenses:	
FSA fee	1,384
Set up costs	16,450
Audit fee (including VAT)	15,000
	<u>32,834</u>
Total creditors	<u>£62,423</u>

Notes to the Aggregated Financial Statements

continued

9. Related Party Transactions

Authorised Corporate Director and other fees payable to Phoenix Fund Services (UK) Limited (the ACD) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Management fees payable to the Investment Managers are disclosed in note 4 and amounts due at the period end are shown in note 8.

Depository and other fees payable to BNY Mellon Trust & Depository (UK) Limited are disclosed in note 4 and amounts due at the period end are shown in note 8.

10. Contingent Liabilities and Commitments

Details of contingent liabilities or outstanding commitments are set out in the notes to the accounts for the relevant Sub-Fund.

11. Derivatives and other Financial Instruments

In pursuing their investment objectives, the Sub-Funds may hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Sub-Funds' operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

The Sub-Fund's may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the Sub-Fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The main risks arising from financial instruments and the ACD's policies for managing these risks are stated below. These policies have been applied throughout the period under review.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Sub-Fund might suffer through holding market positions in the face of price movements. This means the value of an investors' holding may go down as well as up and an investor may not recover the amount invested. Investors should consider the degree of exposure of the Sub-Fund in the context of all their investments.

The Sub-Funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Services Authorities Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Sub-Fund will be exposed.

Notes to the Aggregated Financial Statements

continued

11. Derivatives and other Financial Instruments (continued)

Currency risk

Although the Sub-Funds capital and revenue are denominated in sterling, a proportion of the Sub-Funds investments have currency exposure and, as a result, the revenue and capital value of the Sub-Funds are affected by currency movements.

Foreign currency risk is the risk that the value of the Sub-Funds' investments will fluctuate as a result of changes in foreign currency exchange rates. For those Sub-Funds where a proportion of the net assets of the Sub-Fund is denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The ACD monitors the foreign currency exposure of the Sub-Funds and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

Details of foreign currency risk profile per Sub-Fund is set out in the notes to the accounts of the relevant Sub-Fund.

Interest rate risk

Interest rate risk, being the risk that the value of investments will fluctuate as a result of interest rate changes. The majority of the Sub-Fund's assets comprise equity shares which neither pay interest nor have a maturity date.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Details of interest rate risk profile per Sub-Fund is set out in the notes to the accounts of the relevant Sub-Fund.

Credit risk

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including Commercial Paper (CP) and Floating Rate Notes (FRN)) there is the possibility of default of the issuer and default in the underlying assets meaning that a Sub-Fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-Fund has fulfilled its responsibilities, which could result in the Sub-Fund suffering a loss. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

Notes to the Aggregated Financial Statements

continued

11. Derivatives and other Financial Instruments (continued)

Liquidity risk

There is little exposure to credit or cash flow risk. There are no net borrowings or unlisted securities and so little exposure to liquidity risk.

Liquidity risk is the risk that a Sub-Fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised. Recent market issues following the credit crunch resulted in a significant reduction in liquidity of the bond markets and FRN markets in particular.

Under normal circumstances, a Sub-Fund will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemptions in the Sub-Fund, the Sub-Fund may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of shares.

The ACD manages the Sub-Fund's cash to ensure they can meet their liabilities. The ACD receives daily reports of subscriptions and redemptions enabling the ACD to raise cash from the Sub-Funds' portfolio in order to meet redemption requests. In addition the ACD monitors market liquidity of all securities, with particular focus on the CP and FRN markets, seeking to ensure the Sub-Funds maintain sufficient liquidity to meet known and potential redemption activity. Sub-Fund cash balances are monitored daily by the ACD and the Investment Manager. All of the Sub-Funds' financial liabilities are payable on demand or in less than one year.

Counterparty risk

The risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the Sub-Fund has fulfilled its responsibilities which could result in the Sub-Fund suffering a loss. The Investment Manager minimises the risk by conducting trades through only the most reputable counter parties.

Notes to the Aggregated Financial Statements

continued

11. Derivatives and other Financial Instruments (continued)

Derivatives

Sub-Funds may enter into derivative or forward transactions only for the purpose of hedging with the aim of reducing the risk profile of the Sub-Funds in accordance with the principles of Efficient Portfolio Management (EPM).

In the opinion of the ACD there is no sophisticated derivative use within the Sub-Funds and accordingly a sensitivity analysis is not presented in the individual Sub-Fund financial statements.

Fair value of financial assets and liabilities

There is no material difference between the carrying values and the fair values of the financial instruments disclosed in the balance sheet.

12. Portfolio Transaction Costs

Details of portfolio transaction costs are set out in the notes to the accounts for the relevant Sub-Fund.

Investment Objective

The objective of the Sub-Fund is to achieve a consistent absolute return over the long term irrespective of market conditions.

Investment Policy

The Sub-Fund will invest in a diverse mix of absolute return oriented collective investment schemes. The Sub-Fund may also invest in listed closed-end funds, transferable securities, cash deposits and money market funds.

Investment Manager's Report

for the period 6 August 2010 to 31 March 2011

Manager's Review

The PFS icf Absolute Return portfolio was launched in the summer of last year, with the first investments made on the 26th of August 2010. The stated aim of the Sub-Fund is to generate returns for shareholders close to the long-run returns on equities (of 7% a year) with a volatility of roughly a third of that of equities or approximately 5% per annum. The company's year end is the 31st of March, and we are therefore writing to our fellow investors about a period of less than one year. Over the shorter period, the Sub-Fund has risen from its launch price of 100 pence to 104.15p, an increase of 4.15%, which is the equivalent of 7.1% on an annualised basis. The volatility over the shortened period cannot be converted to an annualised number but the reading of 1.7% would compare favourably with the target of being less than one third of the equity market. For reference the FTSE 100 on the same measure would have exhibited a volatility of 8.7%.

The managers, Mark Lynam and Jeremy Suffield of icf, have invested the assets of the Sub-Fund into a range of absolute return strategies including long/short and market neutral equities, credit, currency, commodities and global macro as well as gaining exposure to management teams who do not feel the need to utilise all the investment powers that the UCITs III regime allow. We refer to these strategies as ARLO (absolute return long only) as they do not use "shorting" techniques - the selling short of assets you do not own in the hope of buying them back when the price has fallen. The ARLO managers instead look to generate absolute returns by using more traditional investment techniques such as retiring to the safety of cash when their chosen asset class is looking unattractive, or including assets in their portfolio which might offer a natural hedge and increase in value when the broader portfolio is under pressure.

When we originally researched into the absolute return universe, our research suggested a portfolio of a small number (12 to 16) of funds accessing a range of strategies would provide the most effective framework for generating the returns our shareholders were seeking. We are selecting that elite band from a burgeoning universe of approaching 1000 funds from the UK and across Europe. It is a universe that continues to grow at some pace with new funds launched virtually every day.

Having observed some of the problems that impacted the world of hedge funds in the recent credit crisis, we also felt it important to pay careful attention to the liquidity of the underlying portfolio. The icf Absolute Return portfolio fund is a UK listed, FSA regulated, open ended fund offering daily liquidity, it invests in a diverse range of regulated investments which, with the exception of a 8% holding in a weekly pricing fund managed by Kennox out of Edinburgh, also offer daily liquidity. As we aim to be long term investors, we sometimes can find the opportunity to invest into our chosen managers on better terms via an investment trust. We currently have exposure to two of our ARLO managers Ruffer and Troy via this route. Even though the return profile may be interesting we do not find more esoteric assets such as property, forestry, life policies or complex structured products offer the liquidity we are looking for and do not invest in them.

Outlook

Traditional markets such as bonds and equities continue to offer high levels of volatility as they track their way through a potentially dangerous landscape. The credit crisis has not yet finished wreaking its havoc and one should expect rising defaults into 2013 driven this time by problems outside the financial sector. The obvious source of changing risk tolerances in the near term is to be found in the Euro zone as the difficult situations in Greece, Ireland and Portugal find some form of solution. The problems, as we are reminded by our (Greek) analyst George Zois, are not confined to Europe. The British finances are not in the most robust of health, the US deficit is uncomfortably large and the Chinese banking system is hardly a model of probity. We see plenty on the horizon that could increase the Sub-Fund's volatility from its current low levels but remain confident the mix of funds, with the emphasis on protecting the downside, is up to the task of resisting.

PFS ICF ABSOLUTE RETURN

Portfolio Statement

as at 31 March 2011

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
Investment Companies			
30,000	Absolute Return Trust	34,275	1.00
291,100	Aegon UK Equity Absolute Return Fund - Class B	302,045	8.79
445,000	Artemis Strategic Assets Fund	296,236	8.62
2,000	BH Macro	33,720	0.98
200,000	CF Odey UK Absolute Return Fund	319,740	9.31
25,000	Dexion Absolute	36,425	1.06
20	Exane Fund 1 - Archimedes Fund CI A	262,116	7.63
1,563	Henderson Horizon - Global Currency Fund	159,078	4.63
2,482	Julius Baer Absolute Return Bond Fund	303,797	8.84
14,218	Martin Currie Global Funds - Global Resources Absolute Alpha Fund	146,872	4.28
600	Personal Assets Trust	185,100	5.39
100,000	Ruffer Investment	201,750	5.87
11,900	Schroder ISF EM DBT Absolute Return	293,216	8.53
275,000	Strategic Value Fund - Institutional	260,535	7.58
463,800	Threadneedle Specialist Investment - Absolute Return Bond Fund	298,826	8.70
		3,133,731	91.21
Liquidity Funds			
60,000	Standard Life Investment - Sterling Liquidity Fund	60,000	1.75
225,305	Short-Term Investment (Global Series) - Sterling Liquidity	225,305	6.56
		285,305	8.31
Derivatives - Forward Currency Contract			
	Sold €291,113, Bought £247,446 (07.06.11)	(9,631)	(0.28)
	Investment assets	3,409,405	99.24
	Net other assets	26,133	0.76
	Net assets	£3,435,538	100.00

Significant Portfolio Changes

for the period 6 August 2010 to 31 March 2011.

Major purchases since launch	Cost
	£
Standard Life Investment - Sterling Liquidity Fund	350,000
Short-Term Investment (Global Series) - Sterling Liquidity	300,789
CF Odey UK Absolute Return Fund	300,000
Threadneedle Specialist Investment - Absolute Return Bond Fund	299,986
Julius Baer Absolute Return Bond Fund	299,975
Other purchases	2,244,604
Total purchases for the period (note 12)	£3,795,354

All sales since launch	Proceeds
	£
Standard Life Investment - Sterling Liquidity Fund	290,000
CF Odey UK Absolute Return Fund	78,420
Short-Term Investment (Global Series) - Sterling Liquidity	75,584
Ruffer Investment	68,597
Artemis Strategic Assets Fund	39,408
Total sales for the period (note 12)	£552,009

Comparative Tables

Net Asset Values

Share Class	Accumulation shares		
	Net asset value (£)	No. of shares in issue	Net asset value (pence per share)
Class F 2011 [^]	3,435,538	3,307,981	103.86

[^] As at 31 March 2011

Price History

The table below shows the highest buying and lowest selling prices on a calendar year basis in pence per share since launch. Past performance is not necessarily a guide to the future performance.

Share Class	Accumulation shares	
	Highest (pence)	Lowest (pence)
Class F 2010 [^]	103.14	99.37
2011 ^{^^}	104.33	102.53

[^] Launched 6 August 2010

^{^^} To 31 March 2011

Distribution Record

Share Class	Accumulation shares
	Net revenue per share (pence)
Class F 2011 [^]	0.0000

[^] To 31 March 2011

Total Expense Ratio [^]

Share Class	Expense Type	31 March 2011* %
Class F	Investment Manager's charge	0.50
	Other expenses ^{^^}	1.56
	Total expense ratio	2.06

[^] The total expense ratio is annualised based on the fees suffered during the accounting period.

^{^^} Other expenses includes 0.36% of initial set up costs of the Sub-Fund.

Comparative Tables

continued

Risk Warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

As a Sub-Fund is not a legal entity, if the assets of one Sub-Fund are insufficient to meet the liabilities attributable to it, the ACD may re-allocate such liabilities between the Sub-Funds then in existence in a manner which is fair to shareholders generally. This re-allocation will normally be performed on the basis of the respective net asset values of the Sub-Funds.

PFS ICF ABSOLUTE RETURN

Statement of Total Return

for the period 6 August 2010 to 31 March 2011

	Note	06.08.10 –	31.03.11
		£	£
Income			
Net capital gains	2		162,665
Revenue	3	8,548	
Expenses	4	(49,660)	
Finance costs: Interest	6	(58)	
Net expense before taxation		(41,170)	
Taxation	5	–	
Net expense after taxation			(41,170)
Total return before distributions			121,495
Finance costs: Distributions	5		–
Change in net assets attributable to shareholders from investment activities			£121,495

Statement of Change in Net Assets Attributable to Shareholders

for the period 6 August 2010 to 31 March 2011

		06.08.10 –	31.03.11
		£	£
Opening net assets attributable to shareholders			–
Amounts receivable on issue of shares		3,463,668	
Less: Amounts payable on cancellation of shares		(149,625)	
			3,314,043
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)			121,495
Closing net assets attributable to shareholders			£3,435,538

PFS ICF ABSOLUTE RETURN

Balance Sheet

as at 31 March 2011

	Note	31.03.11	
		£	£
ASSETS			
Investment assets			3,419,036
Debtors	7	7,621	
Bank balances		40,268	
Total other assets		47,889	
Total assets			3,466,925
LIABILITIES			
Investment liabilities			(9,631)
Creditors	8	(21,674)	
Bank overdraft		(82)	
Total other liabilities		(21,756)	
Total liabilities			(31,387)
Net assets attributable to shareholders			£3,435,538

Notes to the Financial Statements

for the period 6 August 2010 to 31 March 2011

1. Accounting Policies

The Sub-Fund's financial statements have been prepared on the same basis as the Aggregated Financial Statements.

2. Net Capital Gains

06.08.10 – 31.03.11

£

Non-derivative securities	166,060
Currency losses	(2,538)
Transaction charges	(857)

Net capital gains	£162,665
--------------------------	-----------------

3. Revenue

06.08.10 – 31.03.11

£

Franked investment income	1,890
Unfranked investment income	5,130
Bank interest	1,528

Total revenue	£8,548
----------------------	---------------

Notes to the Financial Statements

continued

4. Expenses	06.08.10 – 31.03.11 £
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them: ACD's fee	13,186
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them: Investment Manager's fee	10,109
Payable to the Depositary, associates of the Depositary and agents of either of them: Depositary's fee (including VAT) Safe custody and other bank charges	5,630 385
	6,015
Other expenses: Audit fee (including VAT) FSA fee Set up costs Printing costs	7,500 677 11,765 408
	20,350
Total expenses	£49,660

Notes to the Financial Statements

continued

5. Taxation	06.08.10 – 31.03.11
	£
(a) Analysis of charge in the period	
Total tax charge (note 5b)	–
<hr/>	
(b) Factors affecting taxation charge for the period	
Net expense before taxation	(41,170)
Corporation tax at 20%	(8,234)
Effects of:	
UK non taxable dividends	(378)
Surplus management expenses	8,612
Total tax charge (note 5a)	–
<hr/>	
(c) Deferred Tax	

At the period end there is a potential deferred tax asset of £8,612 in relation to surplus management expenses. It is unlikely that the Sub-Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the current period.

Notes to the Financial Statements

continued

6. Finance Costs	06.08.10 – 31.03.11
	£
Distributions	
The distributions take account of income received on the creation of shares and revenue deducted on cancellation of shares and comprise:	
Final	–
Revenue deducted on cancellation of shares	–
Revenue received on issue of shares	–
Finance costs: Distributions	–
Finance costs: Interest	58
Total finance costs	£58
Reconciliation of net expense after taxation to net distributions:	
Net expense after taxation per statement of total return	(41,170)
Revenue deficit at period end funded from capital	41,170
Finance costs: Distributions	–
7. Debtors	31.03.11
	£
Bank interest receivable	185
Unfranked dividends	5,250
Registration fee rebate	2,186
Total debtors	£7,621

Notes to the Financial Statements

continued

8. Creditors	31.03.11
	£
Accrued expenses:	
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD, and agents of either of them:	
ACD's fee	2,021
	<hr/>
Amounts payable to the Investment Manager, associates of the Investment Manager, and agents of either of them:	
Investment Manager's fee	1,532
	<hr/>
Amounts payable to the Depository, associates of the Depository and agents of either of them:	
Depository fees	1,656
Safe custody and other bank charges	63
	<hr/>
	1,719
	<hr/>
Other expenses:	
FSA fee	677
Set up costs	8,225
Audit fee	7,500
	<hr/>
	16,402
	<hr/>
Total creditors	£21,674
	<hr/> <hr/>

9. Related Party Transactions

Authorised Corporate Director and other fees payable to Phoenix Fund Services (UK) Limited (the ACD) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Management fees payable to icf management limited (the Investment Managers) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Depository and other fees payable to BNY Mellon Trust & Depository (UK) Ltd are disclosed in note 4 and amounts due at the period end are shown in note 8.

10. Contingent Liabilities and Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

Notes to the Financial Statements

continued

11. Derivatives and other Financial Instruments

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 11 of the Notes to the Aggregated Financial Statements on page 15.

Currency risk

The table below details the foreign currency risk profile at the balance sheet date.

31.03.11

Currency	Monetary exposures £	Non-monetary exposures £	Total £
Euro	–	252,485	252,485
Sterling	26,133	3,156,920	3,183,053
	£26,133	£3,409,405	£3,435,538

Interest rate risk

The tables below detail the interest rate risk profile at the balance sheet date.

31.03.11

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Euro	–	–	262,116	262,116
Sterling	40,268	–	3,164,541	3,204,809
	£40,268	–	£3,426,657	£3,466,925

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Euro	–	9,631	9,631
Sterling	82	21,674	21,756
	£82	£31,305	£31,387

Notes to the Financial Statements

continued

12. Portfolio Transaction Costs	06.08.10 – 31.03.11
	£
Analysis of purchases	
Purchases before transaction costs	3,793,839
Transaction costs:	
Commissions	577
Stamp Duty and other charges	938
Total purchase cost	£3,795,354
<hr/>	
Analysis of sales	
Sales before transaction costs	552,148
Transaction costs:	
Commissions	(137)
Other charges	(2)
Net sales proceeds	£552,009
<hr/>	

Investment Objective

The Sub-Fund will aim to achieve a long term return.

Investment Policy

The Sub-Fund will invest primarily in equities and other investments in America (and may also invest in Canada). The Sub-Fund will invest in, predominantly, listed securities, typically common stock and American Depositary Receipts listed on US exchanges, including exchange traded funds. The Sub-Fund may invest in collective investment schemes, transferable securities, cash deposits and money market funds as permitted by the FSA Rules.

Investment Manager's Report

For the period 11 August 2010 to 31 March 2011

Investment Objectives and Policy

The Sub-Fund seeks to achieve capital appreciation by investing in US smaller companies. Typically, 85% of the portfolio is in US companies of market capitalisation less than \$500 million and the rest is in larger US companies. The portfolio will consist of equity securities quoted on the US stock markets.

Manager's Review

The Sub-Fund performed well in the eight months from inception rising 34.20% against a rise of 20.35% for the S&P500. We measure performance against the S&P500 as this is the principal US index, covering 96% of the market by capitalisation, and because we are only in small caps, to do better. If a long-term trend which favoured large caps arrived, such as deflation in the 1980s and 1990s, we would move to this sector as the Fund Manager did during these two decades. For purposes of comparison, the Russell 2000, the best known small cap index, rose 30.67% in the period, so we got a tail wind from our preferred asset class of small caps.

We start from a top-down overview which shows a weak and weakening dollar, continued low interest rates, and an ever greater plutocracy with continued social polarization. While these themes concur with small stock outperformance, they also prejudice us towards leveraged cyclicals and financially strong consumer stocks. This is because these are ideal conditions for cyclicals, so leverage does better and consumers are acclimatising to the reality that one in four homes is with negative equity so strong consumer companies are enhancing market share as industries consolidate. However our portfolio itself is also based on a bottom up approach, as is typical of any small cap fund, and we try and shoehorn our choices into our thematic top-down propositions.

The principal long-term theme we seek to align with is the trend in demographics but we follow this to a deeper level than the usual Wall Street preoccupation with the lives of the baby boomers. We have consequently had successes in coffee, benefitting from the decline in alcohol sales; in avocados, from the trend to healthy eating; in a children's toy shop chain, based in a breeding zone; crematoriums, from the trends towards cost cutting and secularization; and vet supplies, based on, finally, the baby boomers.

Nevertheless, the shoehorn is light, and no matter how strong the theme, if the company does not pass the value metrics, we tend not to care. So, for instance, neither pet foods nor pet shops pass our test no matter how much isolation, alienation and loneliness drive people towards their animals. We have been passing through a time, coming off a market low, when growth trumps value, and so, with an eye on this periodic theme, we also have a number of growth stocks which we expect to reduce as this bull market matures and the long-term outperformance of value reasserts itself. Our strongest value indicator is the sales per share ratio which has the best correlation with stock market performance, although we are also aware that blind adhesion can lead to a portfolio full of distributors. Other metrics we use are also based on their observed performance and include the usual suspects of book value, return on equity, dividend yield, price/earnings ratio and cashflow roughly in that order.

Our outlook is for continued opportunities in the US where it is easy to find good ideas, profit growth is strong, and the market is still lower than it was eleven years ago, a statistic that remains unique in our lifetime.

PFS WHI AMERICA CAPITAL FUND

Portfolio Statement

as at 31 March 2011

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
	Automobiles		
1,600	Dorman Products	41,941	0.42
8,000	Motorcar Parts of America	69,769	0.70
		<hr/>	<hr/>
		111,710	1.12
	Banks		
1,200	Bancorp Rhode Island	23,102	0.23
2,534	BancTrust Financial	3,778	0.04
1,980	Bank of South Carolina	14,093	0.14
8,500	BCB Bancorp	54,616	0.54
8,515	BNC Bancorp	42,655	0.43
1,793	Carolina Bank	4,295	0.04
4,000	Colony Bankcorp	10,231	0.10
10,000	Community Capital	19,526	0.20
7,000	Dearborn Bancorp	6,114	0.06
1,000	DNB Financial	6,051	0.06
3,000	ECB Bancorp	22,832	0.23
11,000	German American Bancorp	117,342	1.18
1,260	Landmark Bancorp	12,576	0.13
4,536	Mid Penn Bancorp	24,986	0.25
23,500	Monarch Financial	121,092	1.21
12,766	People's Bancorp of North Carolina	52,800	0.53
4,000	Savannah Bancorp	18,341	0.18
		<hr/>	<hr/>
		554,430	5.55
	Beverages		
41,000	Craft Brewers Alliance	232,240	2.33
15,000	Green Mountain Coffee Roasters	604,398	6.05
		<hr/>	<hr/>
		836,638	8.38
	Chemicals		
2,500	Arch Chemicals	64,831	0.65
8,000	Balchem	186,999	1.87
3,000	Westlake Chemical	105,178	1.05
		<hr/>	<hr/>
		357,008	3.57

PFS WHI AMERICA CAPITAL FUND

Portfolio Statement

continued

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
	Construction & Building Materials		
2,000	Ceradyne	56,170	0.56
20,000	Comstock Homebuilding	16,344	0.16
35,096	KSW	77,286	0.78
6,000	Meritage Homes	90,206	0.90
15,000	NCI Building Systems	118,372	1.19
13,000	Standard-Pacific	30,168	0.30
700	Stanley Black & Decker	33,437	0.34
3,236	U.S. Concrete Inc Class A Warrant 31-08-2017	-	0.00
3,236	U.S. Concrete Inc Class B Warrant 31-08-2017	-	0.00
		<hr/>	<hr/>
		421,983	4.23
	Diversified Industrials		
22,000	Charles & Colvard	51,054	0.51
38,500	TriMas	515,895	5.17
		<hr/>	<hr/>
		566,949	5.68
	Electronic & Electrical Equipment		
9,000	Encore Wire	136,432	1.37
28,000	Exide Technologies	195,109	1.95
26,100	Mocon	231,041	2.31
13,000	Richardson Electronics	106,725	1.07
8,000	Sypris Solutions	21,061	0.21
12,500	Williams Controls	86,245	0.87
6,000	Zagg	27,997	0.28
		<hr/>	<hr/>
		804,610	8.06
	Engineering & Machinery		
5,000	Arctic Cat	48,472	0.50
11,638	DXP Enterprises	167,346	1.68
42,243	Handy & Harman	316,757	3.17
10,000	Hardinge	85,278	0.85
8,000	Lydall I	44,317	0.44
2,000	Robbins & Myers	57,380	0.57
10,000	Smurfit-Stone Container	241,110	2.41
6,000	Tractor Supply	223,905	2.24
		<hr/>	<hr/>
		1,184,565	11.86

PFS WHI AMERICA CAPITAL FUND

Portfolio Statement

continued

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
	Food & Drug Retailers		
18,000	Village Super Market Class 'A'	325,527	3.26
	Food Producers & Processors		
7,000	Calavo Growers	95,284	0.95
13,000	Caribou Coffee	82,395	0.83
19,556	Rocky Mountain Chocolate Factory	126,632	1.27
		<u>304,311</u>	<u>3.05</u>
	General Retailers		
10,000	Casual Male Retail	30,568	0.31
4,000	Destination Maternity	57,567	0.58
16,372	Dover Saddlery	43,407	0.43
12,317	West Marine	80,064	0.80
		<u>211,606</u>	<u>2.12</u>
	Health		
3,000	Ensign	59,607	0.60
13,700	IntegraMed America	87,601	0.87
		<u>147,208</u>	<u>1.47</u>
	Housing Goods & Textiles		
5,000	Barry (R.G.)	40,798	0.41
5,100	Chromcraft Revington	6,077	0.06
4,000	Select Comfort	30,069	0.30
		<u>76,944</u>	<u>0.77</u>
	Investment Companies		
8,000	MVC Capital	68,472	0.69
19,903	Westwood Holdings	498,382	4.99
		<u>566,854</u>	<u>5.68</u>
	Leisure, Entertainment & Hotels		
10,000	Johnson Outdoors Inc Class 'A'	94,760	0.95
100,000	Marine Products	493,450	4.94
		<u>588,210</u>	<u>5.89</u>

PFS WHI AMERICA CAPITAL FUND

Portfolio Statement

continued

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
	Oil & Gas		
700	Carbo Ceramics	61,603	0.62
12,000	Ion Geophysical	94,922	0.95
2,500	TPC	45,025	0.45
		<hr/>	<hr/>
		201,550	2.02
	Personal Care & Other Household Products		
39,597	Summer Infant	197,614	1.98
	Pharmaceuticals		
20,000	DUSA Pharmaceuticals	64,629	0.65
12,853	MWI Veterinary Supply	645,857	6.47
7,200	Transition Therapeutics	19,449	0.19
		<hr/>	<hr/>
		729,935	7.31
	Software & Computer Services		
17,479	Computer Task Group	144,913	1.45
4,058	Ebix	59,819	0.60
14,700	Gerber Scientific	85,559	0.86
5,000	PC Connection	27,636	0.28
13,000	Super Micro Computer	130,000	1.30
1,500	Synnex	30,599	0.31
6,200	TSR	18,836	0.19
17,194	Wayside Technology	146,090	1.46
4,000	Web.Com	36,332	0.36
		<hr/>	<hr/>
		679,784	6.81
	Steel & Other Metals		
700	Cliffs Natural Resources	42,917	0.43
22,902	NN	260,451	2.61
7,000	Noranda Aluminum	70,000	0.70
2,000	Universal Stainless & Alloy	41,921	0.42
		<hr/>	<hr/>
		415,289	4.16

PFS WHI AMERICA CAPITAL FUND

Portfolio Statement

continued

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
	Support Services		
31,423	Carriage Services	107,030	1.07
2,800	Compass Diversified	25,712	0.27
3,240	Standard Parking Services	35,856	0.36
13,000	StoneMor Partners LP Unit	229,021	2.29
28,900	Sunrise Senior Living	214,902	2.15
4,000	World Fuel Services	101,235	1.01
		713,756	7.15
	Telecommunications Services		
10,000	MRV Communications	9,545	0.10
		9,545	0.10
	Investment assets	10,006,026	100.22
	Net other liabilities	(21,878)	(0.22)
		9,984,148	100.00
	Net assets	£9,984,148	100.00

Significant Portfolio Changes

for the period 11 August 2010 to 31 March 2011

Major purchases since launch	Cost £
TriMas	973,014
MWI Veterinary Supply	512,150
Westwood Holdings	451,469
Green Mountain Coffee Roasters	414,466
Marine Products	381,292
Other purchases	9,338,769
Total purchases for the period (note 12)	£12,071,160

Major sales since launch	Proceeds £
TriMas	818,890
Jos. A. Bank Clothiers	274,159
Drew Industries	139,757
Green Mountain Coffee Roasters	131,666
Dynamex	130,866
Other sales	3,214,409
Total sales for the period (note 12)	£4,709,747

Comparative Tables

Net Asset Values

Share Class	Accumulation shares		
	Net asset value	No. of shares in issue	Net asset value
Class B 2011 [^]	£4,360,644	3,328,647	131.00p
Class B US\$ 2011 [^]	\$9,014,477	6,724,108	134.06¢

[^] As at 31 March 2011

Price History

The table below shows the highest buying and lowest selling prices on a calendar year basis in pence per share since launch. Past performance is not necessarily a guide to the future performance.

Share Class	Accumulation shares	
	Highest	Lowest
Class B 2010 [^]	120.99p	97.18p
2011 ^{^^}	129.85p	116.70p
Class B US\$ 2010 [^]	118.92¢	92.78¢
2011 ^{^^}	133.41¢	118.79¢

[^] Launched 11 August 2010

^{^^} To 31 March 2011

Distribution Record

Share Class	Accumulation shares	
	Net revenue per share	
Class B 2011 [^]	0.0000p	
Class B US\$ 2011 [^]	0.0000¢	

[^] To 31 March 2011

Total Expense Ratio [^]

Share Class	Expense Type	31 March 2011 %
Class B	Investment Manager's charge	1.00
	Other expenses ^{^^}	0.86
	Total expense ratio	1.86
Class B US\$	Investment Manager's charge	1.00
	Other expenses ^{^^}	0.86
	Total expense ratio	1.86

[^] The total expense ratio is annualised based on the fees incurred during the accounting period.

^{^^} Other expenses includes 0.14% of initial set up costs of the Sub-Fund.

Comparative Tables

continued

Risk Warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

As a Sub-Fund is not a legal entity, if the assets of one Sub-Fund are insufficient to meet the liabilities attributable to it, the ACD may re-allocate such liabilities between the Sub-Funds then in existence in a manner which is fair to shareholders generally. This re-allocation will normally be performed on the basis of the respective net asset values of the Sub-Funds.

Statement of Total Return

for the period 11 August 2010 to 31 March 2011

	Note	11.08.10 – 31.03.11	
		£	£
Income			
Net capital gains	2		2,421,849
Revenue	3	84,153	
Expenses	4	(109,281)	
Finance costs: Interest	6	(75)	
Net expense before taxation		(25,203)	
Taxation	5	(14,738)	
Net expense after taxation			(39,941)
Total return before distributions			2,381,908
Finance costs: Distributions	6		–
Change in net assets attributable to shareholders from investment activities			£2,381,908

Statement of Change in Net Assets Attributable to Shareholders

for the period 11 August 2010 to 31 March 2011

	11.08.10 – 31.03.11	
	£	£
Opening net assets attributable to shareholders		–
Amounts receivable on issue of shares	7,721,485	
Less: Amounts payable on cancellation of shares	(119,245)	
		7,602,240
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		2,381,908
Closing net assets attributable to shareholders		£9,984,148

Balance Sheet

as at 31 March 2011

	Note	31.03.11	
		£	£
ASSETS			
Investment assets			10,006,026
Debtors	7	5,551	
Bank balances		25,013	
Total other assets			30,564
Total assets			10,036,590
LIABILITIES			
Investment liabilities			–
Creditors	8	(40,749)	
Bank overdraft		(11,693)	
Total other liabilities			(52,442)
Total liabilities			(52,442)
Net assets attributable to shareholders			£9,984,148

Notes to the Financial Statements

for the period 11 August 2010 to 31 March 2011

1. Accounting Policies

The Sub-Fund's financial statements have been prepared on the same basis as the Aggregated Financial Statements.

2. Net Capital Gains

	11.08.10 – 31.03.11
	£
Non-derivative securities	2,491,379
Currency losses	(67,166)
Transaction charges	(2,364)
Net capital gains	£2,421,849

3. Revenue

	11.08.10 – 31.03.11
	£
Overseas dividends	84,152
Bank interest	1
Total revenue	£84,153

Notes to the Financial Statements

continued

4. Expenses	11.08.10 – 31.03.11
	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:	
ACD's fee	23,721
Registration fees	3,830
	<u>27,551</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:	
Investment Manager's fee	54,782
	<u>54,782</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fee (including VAT)	5,593
Safe custody and other bank charges	975
	<u>6,568</u>
Other expenses:	
Audit fee (including VAT)	7,500
FSA fee	707
Set up costs	11,765
Printing costs	408
	<u>20,380</u>
Total expenses	£109,281

Notes to the Financial Statements

continued

5. Taxation	11.08.10 – 31.03.11
	£
(a) Analysis of charge in the period	
Overseas tax	14,738
Total tax charge (note 5b)	£14,738
(b) Factors affecting taxation charge for the period	
Net expense before taxation	(25,203)
Corporation tax at 20%	(5,040)
Effects of:	
Non taxable dividends	(16,830)
Surplus management expenses	21,870
Overseas tax expenses	14,738
Total tax charge (note 5a)	£14,738
(c) Deferred Tax	

At the period end there is a potential deferred tax asset of £21,870 in relation to surplus management expenses. It is unlikely that the Sub-Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the current period.

Notes to the Financial Statements

continued

6. Finance Costs	11.08.10 – 31.03.11
	£
Distributions	
The distributions take account of income received on the creation of shares and revenue deducted on cancellation of shares and comprise:	
Final	–
Revenue deducted on cancellation of shares	–
Revenue received on issue of shares	–
Finance costs: Distributions	–
Finance costs: Interest	75
Total finance costs	£75
Reconciliation of net expense after taxation to net distributions:	
Net expense after taxation per statement of total return	(39,941)
Revenue deficit at period end funded from capital	39,941
Finance costs: Distributions	–
7. Debtors	31.03.11
	£
Overseas dividends	5,551
Total debtors	£5,551

Notes to the Financial Statements

continued

8. Creditors	31.03.11
	£
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD, and agents of either of them:	
ACD's fee	6,285
Registration fees	1,480
	<u>7,765</u>
Amounts payable to the Investment Manager, associates of the Investment Manager, and agents of either of them:	
Investment Manager's fee	15,050
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary fees	1,401
Safe custody and other bank charges	101
	<u>1,502</u>
Other expenses:	
FSA fee	707
Set up costs	8,225
Audit fee	7,500
	<u>16,432</u>
Total creditors	£40,749

9. Related Party Transactions

Authorised Corporate Director and other fees payable to Phoenix Fund Services (UK) Limited (the ACD) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Management fees payable to WH Ireland Limited (the Investment Managers) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Depositary and other fees payable to BNY Mellon Trust & Depositary (UK) Ltd are disclosed in note 4 and amounts due at the period end are shown in note 8.

10. Contingent Liabilities and Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

Notes to the Financial Statements

continued

11. Derivatives and other Financial Instruments

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 11 of the Notes to the Aggregated Financial Statements on page 15.

Currency risk

The table below details the foreign currency risk profile at the balance sheet date.

31.03.11

Currency	Monetary exposures £	Non-monetary exposures £	Total £
Sterling	(52,442)	-	(52,442)
US Dollar	30,564	10,006,026	10,036,590
	<u>(£21,878)</u>	<u>£10,006,026</u>	<u>£9,984,148</u>

Interest rate risk

The tables below detail the interest rate risk profile at the balance sheet date.

31.03.11

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
US Dollar	25,013	-	10,011,577	10,036,590
	<u>£25,013</u>	<u>-</u>	<u>£10,011,577</u>	<u>£10,036,590</u>

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	11,693	40,749	52,442
	<u>£11,693</u>	<u>£40,749</u>	<u>£52,442</u>

Notes to the Financial Statements

continued

12. Portfolio Transaction Costs	11.08.10 – 31.03.11
	£
Analysis of purchases	
Purchases before transaction costs	12,064,023
Transaction costs:	
Commissions	7,137
Total purchase cost	£12,071,160
<hr/>	
Analysis of sales	
Sales before transaction costs	4,715,898
Transaction costs:	
Commissions	(6,078)
Stamp Duty and other charges	(73)
Net sales proceeds	£4,709,747
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General Information

Authorised Status

PFS Investment Funds (the “Company”) is incorporated in England and Wales as an ICVC under registration number IC000816. The shareholders are not liable for the debts of the Company.

The Company is authorised by the FSA as a UCITS Scheme under the COLL Sourcebook and is an umbrella company for the purposes of the OEIC Regulations with each Fund being a UCITS Scheme. The effective date of the authorisation order made by the FSA was 19 May 2010.

Head Office

Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW

Base Currency

The base currency of the Company is Pounds Sterling.

Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Structure of the Company

PFS Investment Funds is structured as an umbrella company. Provision exists for an unlimited number of Sub-Funds, and at the date of this Report two Sub-Fund, PFS ICF Absolute Return Portfolio and PFS WHI America Capital Fund are authorised.

Classes of Shares

The Company can issue different classes of shares in respect of any Sub-Fund.

Holders of Income shares are entitled to be paid the revenue attributable to such shares in respect of each accounting period.

Valuation Point

The scheme property of the Company and each Sub-Fund will normally be valued at 12:00 mid day on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any Sub-Fund at any time if it considers it desirable to do so, with the Depositary's approval.

General Information

continues

Buying and Selling of Shares

The ACD will accept orders for the purchase and sale of shares on normal business days between 8:30am and 4:30pm. Instructions to buy or sell shares may either be in writing to:

PO Box 10729, Chelmsford, Essex, CM1 9PU

Or by telephone to:

0845 026 4290

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-Fund which represents the net asset value of the Sub-Fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Management Association website at www.fundlistings.com and in the Financial Times. Neither, the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

Other Information

The Instrument of Incorporation, Prospectus, Simplified Prospectus and the most recent interim and annual reports may be inspected free of charge at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application. Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

Risk Warning

An investment in an investment company with variable capital (ICVC) should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

As a Sub-Fund is not a legal entity, if the assets of one Sub-Fund are insufficient to meet the liabilities attributable to it, the ACD may re-allocate such liabilities between the Sub-Funds then in existence in a manner which is fair to shareholders generally. This re-allocation will normally be performed on the basis of the respective net asset values of the Sub-Funds.



Phoenix Fund Services (UK) Ltd.

Registered in England No 6252939. Authorised and registered by the Financial Services Authority.