



**PHOENIX**  
Fund Services

**PFS Prodigy Asia Emerging Markets Fund**

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Interim Report 31 December 2011 (Unaudited)

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## Directory

### Authorised Corporate Director & Registrar

Phoenix Fund Services (UK) Ltd  
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW  
Telephone: 01245 398950  
Fax: 01245 398951  
Website: [www.phoenixfundservices.com](http://www.phoenixfundservices.com)  
(Authorised and regulated by the Financial Services Authority)

### Customer Service Centre

PO Box 10530, Chelmsford, Essex CM1 9NR  
Telephone: 0845 026 4285  
Fax: 0845 280 2423  
E-mail: [prodigy@phoenixfundservices.com](mailto:prodigy@phoenixfundservices.com)  
(Authorised and regulated by the Financial Services Authority)

### Directors of the Authorised Corporate Director

A.C. Reed (appointed 1 November 2011)  
J.M. Rice  
R.W. Elliott  
S.A. King  
S.D. Mathieson (retired 31 October 2011)

### Investment Adviser

Prodigy Capital Partners LLP  
54 Marshall Street, London W1F 9BH  
(Authorised and regulated by the Financial Services Authority)

### Fund Manager

David Robinson

### Depositary

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

### Auditor

KPMG Audit Plc  
Chartered Accountants & Registered Auditors  
15 Canada Square, Canary Wharf, London E14 5GL

## Investment Objective and Policy

### Investment Objective

The investment objective of the Fund is to achieve absolute returns annually in all market conditions with risk managed in such a way that portfolio losses should be contained. The Fund seeks to achieve its investment objective by following the investment strategy. There can be no assurance that the investment objective of the Fund will be achieved.

### Investment Policy

The Fund's investment strategy is to invest in transferable securities mainly in Asian emerging markets. The Fund may also invest in transferable securities that are listed in developed markets, such as for example the UK or USA or Australia, where the operations of the company are within Asian Emerging markets, derivatives and forward transactions.

For the purposes of the above Investment Policy, "mainly" means that the Fund will normally seek to be invested as to at least 70% in Asian emerging market transferable securities.

The Fund seeks to reduce risk and volatility in the portfolio by:

- Spreading the investments across uncorrelated sector-related investment themes;
- Analysis of currency exposure and, where appropriate, use of currency hedges to reduce the potential for significant volatility in the Fund's Net Asset Value attributable to currency movements; and
- Applying a disciplined investment process including risk management policies and procedures, incorporating the use of hedging instruments, identification of low risk trade entry points and the application of stop losses.

## Investment Adviser's Report

for the period from 01 July 2011 to 31 December 2011

The Fund held its value well in the turmoil in the second half of 2011. The Manager had taken defensive action to de-risk the portfolio before the markets started to correct, mainly by reducing holdings in more volatile and less developed markets in the region particularly Indonesia, Thailand, the Philippines and Malaysia. The remaining stocks in the portfolio were focused on higher growth consumer markets. The stock selection disciplines place an emphasis on cash flow generating ability and the ability to defend market position, in addition to strong governance. These qualities served investors well, with many stocks actually appreciating during the correction. As we look ahead to 2012 we see a far more benign environment for emerging markets and Asia in particular that the difficult conditions in late 2011. The key factor is an easing of inflation pressures, especially in China, and a subtle shift in policy towards stimulus to induce growth and a relaxation the toughest inflation fighting measures. We have been adding to exposure during the last two months of 2011 and expect to add further on corrections. Our core themes and the stocks we like have not changed.

### Summary of Material Portfolio Changes

Purchases	Cost £	Sales	Proceeds £
First Pacific	27,587	iShares iBoxx \$ Inv Grade Corp Bond Fund ETF	81,261
Kalbe Farma	27,316	Golden Land Property Development	22,853
Unilever	19,994	Dufry	14,636
Coca Cola	19,940	Sri Trang Agro-Industry PCL	12,594
Equatorial Resources	6,015	Coca Cola Co Contract for Difference	5,521

## Portfolio Statement

as at 31 December 2011

Holding	Security	Market Value £	% of Total Net assets 2011
	<b>Australia 6.05% (4.78%)</b>		
15,900	Equatorial Resources	17,516	2.16
33,833	Kingrose Mining	31,470	3.89
		<hr/>	
		48,986	6.05
	<b>China 3.31% (3.03%)</b>		
59,958	China Construction Bank 'H'	26,824	3.31
	<b>Hong Kong 24.16% (20.02%)</b>		
22,001	Café de Coral	32,372	4.00
4,199	Cheung Kong	32,075	3.96
12,000	China Resources Enterprise	26,346	3.25
44,000	First Pacific	29,455	3.64
1,570,000	Sino Prosper State Gold Resources	11,056	1.36
1,960	Tencent	25,332	3.13
60,999	Want Want China	39,015	4.82
		<hr/>	
		195,651	24.16
	<b>Indonesia 3.29% (0.00%)</b>		
112,000	Kalbe Farma	26,625	3.29
	<b>Japan 3.88% (3.81%)</b>		
12,000	Toshiba	31,412	3.88
	<b>Singapore 8.67% (8.39%)</b>		
30,001	Raffles Medical	31,414	3.88
4,001	Singapore Airlines	20,153	2.49
14,000	Singapore Technologies Engineering	18,619	2.30
		<hr/>	
		70,186	8.67
	<b>Switzerland 2.41% (4.63%)</b>		
283	Sulzer	19,552	2.41
	<b>Thailand 7.97% (10.69%)</b>		
2,300	Banpu Public	25,612	3.16
13,900	KasikornBank Public Co (NVDR)	34,444	4.25
12,500	Sri Trang Agro Industry PCL-NVDR	4,487	0.56
		<hr/>	
		64,543	7.97

**Portfolio Statement**

continued

<b>Holding</b>	<b>Security</b>	<b>Market Value £</b>	<b>% of Total Net assets 2011</b>
	<b>United Kingdom 10.65% (8.73%)</b>		
8,776	Avocet Mining	16,082	1.99
4,857	HSBC	23,850	2.94
2,484	Ocean Wilsons	26,082	3.22
935	Unilever	20,215	2.50
		<hr/>	
		86,229	10.65
	<b>United States 19.12% (21.25%)</b>		
470	Coca Cola	21,161	2.61
720	iShares iBoxx \$ Inv Grade Corp Bond Fund ETF	52,676	6.50
1,200	Jardine Matheson	36,322	4.48
152	Samsung Electronics 144A GDR's	44,805	5.53
		<hr/>	
		154,964	19.12
	<b>United States - Futures 0.00% (0.26%)</b>		
		<hr/>	
	<b>Investment assets (85.59%)</b>	<b>724,972</b>	<b>89.51</b>
	<b>Net other assets (14.41%)</b>	<b>84,992</b>	<b>10.49</b>
		<hr/>	
	<b>Net assets</b>	<b>809,964</b>	<b>100.00</b>

All holdings are ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent % holdings as at 30 June 2011.

## Comparative Tables

### Net asset value

Year as at 30 June	Accumulation Shares		
	Net asset value (£)	No. of shares in issue	Net asset value (pounds per share)
<b>Class A</b>			
2010	2,238,490	236,525	9.46
2011	159,789	13,322	11.99
2011*	170,594	19,395	8.80
<b>Class I</b>			
2010	534,279	5,432	98.36
2011	862,332	7,836	110.04
2011*	639,370	6,880	92.93

\* As at 31 December 2011

### Price history & distribution record

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

Year	Accumulation Shares		
	Highest (£)	Lowest (£)	Net revenue per share
<b>Class A</b>			
2009*	10.47	9.71	0.0000p
2010	11.06	9.26	0.0000p
2011	11.25	8.74	0.0000p
<b>Class I</b>			
2010**	114.80	96.58	0.0000p
2011	116.84	92.34	0.0000p

\* From launch on 24 August 2009

\*\* From launch on 16 February 2010

### Total expense ratios

Expense type	31 December 2011* %	30 June 2011 %
<b>Class A</b>		
Investment Adviser's charge	1.50	1.50
Other expenses	6.40	1.89
<b>Total expense ratio</b>	<b>7.90</b>	<b>3.39</b>
<b>Class I</b>		
Investment Adviser's charge	1.00	1.00
Other expenses	6.40	2.24
<b>Total expense ratio</b>	<b>7.40</b>	<b>3.24</b>

\* The total expense ratio is annualised based on the fees incurred during the accounting period.

## 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.

## Statement of Total Return

for the period ended 31 December 2011

	31.12.11		31.12.10	
	£	£	£	£
Income				
Net capital (losses) / gains		(147,075)		487,038
Revenue	9,225		36,065	
Expenses	(36,365)		(74,518)	
Finance costs: Interest	(2,274)		(12,579)	
Net expense before taxation	(29,414)		(51,032)	
Taxation	(349)		(3,899)	
Net expense after taxation		(29,763)		(54,931)
<b>Total return before distributions</b>		<b>(176,838)</b>		<b>432,107</b>
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>£(176,838)</b>		<b>£432,107</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31 December 2011

	31.12.11		31.12.10	
	£	£	£	£
<b>Opening net assets attributable to shareholders</b>		1,022,121		2,772,769
Amounts receivable on issue of shares	60,000		59,466	
Less: Amounts payable on cancellation of shares	(95,319)		(217,669)	
		(35,319)		(158,203)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(176,838)		432,107
<b>Closing net assets attributable to shareholders</b>		<b>£809,964</b>		<b>£3,046,673</b>

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

**Balance Sheet**

as at 31 December 2011

	31.12.11		30.06.11	
	£	£	£	£
<b>ASSETS</b>				
<b>Investment assets</b>		724,972		881,384
Debtors	793		3,726	
Bank balances	150,996		282,692	
<b>Total other assets</b>		151,789		286,418
<b>Total assets</b>		<b>£876,761</b>		<b>£1,167,802</b>
<b>LIABILITIES</b>				
<b>Investment liabilities</b>		–		(6,599)
Creditors	(35,203)		(22,094)	
Bank overdrafts	(31,594)		(116,988)	
<b>Total other liabilities</b>		(66,797)		(139,082)
<b>Total liabilities</b>		(66,797)		(145,681)
<b>Net assets attributable to shareholders</b>		<b>£809,964</b>		<b>£1,022,121</b>

The interim 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 (IMA) in October 2010.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 June 2011.

The financial statements have been prepared on the going concern basis.

**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) Ltd.

**A.C. Reed****R.W. Elliot**

Directors

Phoenix Fund Services (UK) Ltd

24 February 2012

**Distribution Table**

for the period ended 31 December 2011

**Accumulation Share Distribution**

Share Class	Distribution	Shares	Net Income revenue p	Equalisation p	Amount reinvested 2011 p	Amount reinvested 2010 p
'A'	Interim	Group 1	–	–	–	–
		Group 2	–	–	–	–
'I'	Interim	Group 1	–	–	–	–
		Group 2	–	–	–	–

Interim period: 01.07.11 - 31.12.11

Group 1: Shares purchased prior to 1 July 2011

Group 2: Shares purchased on or after 1 July 2011 to 31 December 2011

**Equalisation**

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the Shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the Shares for capital gains tax purposes.

## General Information

### Authorised Status

PFS Prodigy Capital Partners Fund (the “Company”) is structured as an Investment Company with Variable Capital (‘ICVC’) and is classified as a ‘UCITS’ and an ‘Umbrella company’. The Company was incorporated in England on 5 August 2009 under registered number IC000759. The Company is authorised and regulated in the UK by the Financial Services Authority (‘FSA’), 25 The North Colonnade, Canary Wharf, London E14 5HS, UK.

The Company currently has one Sub-Fund, PFS Prodigy Asia Emerging Markets Fund (the “Fund”). The base currency of the Fund is sterling.

All Shares issued are denominated in pounds sterling.

Shareholders are not liable for the debts of the Fund. Shareholders are not liable to make any further payment after they have paid the price on the purchase of Shares.

### Valuation of the Fund

The Net Asset Value per Share of a Sub-Fund is currently calculated at 12.00 noon on each Dealing Day (the Valuation Point). Subject to the FSA Regulations the Manager may at any time carry out an additional valuation if the Manager considers it desirable to do so. Where a Sub-Fund is invested in stocks or markets which are closed at the time of the fund valuation, there is a risk that the quoted prices of those stocks may be out of date and unreliable. In accordance with the FSA regulations, the Manager may make adjustments to the value of any investments which may be materially impacted by out of date prices through a technique known as fair value pricing.

### Shares

The Fund has two types of Shares, Class A and Class I Shares available for purchase.

### Buying and Selling Shares

Shares in the Company can be bought, sold or switched on any dealing day, meaning Monday to Friday excluding UK public and bank holidays and any day on which the London Stock Exchange plc is not open for the normal full duration of its trading hours (‘Dealing Day’).

Buying, selling and switch requests should be made by sending a completed application form to the Manager at Phoenix Fund Services (UK) Ltd, PO Box 10530, Chelmsford, Essex CM1 9NR, United Kingdom. The relevant application forms are available from the Manager’s website: [www.phoenixfundservices.com](http://www.phoenixfundservices.com). Alternatively, requests to buy, sell or switch shares may be made by telephone free of charge on 0845 0264885 or by Fax on 0845 2802423. (Requests to buy shares by telephone or fax will only be accepted from investors who can confirm that they have received the relevant Simplified Prospectus pre-sale.)

The Manager has the right to reject, in whole or in part, any application to buy shares without providing an explanation.

In the case of switches between sub-funds or share classes, the Manager will not apply a switching fee. If such a switching fee is introduced in the future, the switching fee will be payable to the Manager and a period of 60 days notice will be given to all shareholders.

## General Information

continued

### **Buying and Selling Shares (continued)**

The Manager reserves the right to refuse a request to sell or switch shares if the value of sale or switch would result in the investor holding less than the minimum holding in any class, which is currently £20,000 for Class A Shares and £2,000,000 for Class I Shares. The investor may be required to sell or switch his/her entire holding.

A shareholder who switches between sub-funds or share classes of the Company will not be given a right by law to withdraw from or cancel the transaction.

All profits and/or losses which the Manager makes when acting as principal in connection with the sale and repurchase of Shares will be retained by the Manager.

The Manager is under no obligation to account to the Shareholders (or any of them) for any profits made by the Manager on the issue of Shares in a Fund or on the re-issue or cancellation of Shares previously redeemed by the Manager.

### **Dealing Charges**

The price per Share at which Shares are bought or redeemed is the Net Asset Value per Share. Any initial charge or redemption charge is payable in addition to the price. A SDRT provision may also be levied in addition to the price on the purchase or redemption of Shares.

In order to protect the value of shares for existing investors in the Fund, the Manager may make a dilution adjustment on the issue and/or redemption of shares in the Fund. A dilution adjustment is an adjustment to the share prices. This is intended to cover the costs and taxes associated with dealing.

The Manager may impose a charge on the purchase of Shares. The current initial charge for both Class A and Class I Shares of the Fund is 4%. The initial charge is a percentage of the gross subscription amount from a potential Shareholder.

No redemption charge is currently imposed.

### **Prices**

The most recent prices of Shares are currently available on the Manager's website:

[www.phoenixfundservices.com](http://www.phoenixfundservices.com) or [www.investmentuk.org](http://www.investmentuk.org) or by calling the Manager's Contract Centre on 0845 0264285 and/or Fax No: 0845 2802423.

## General Information

continued

### Other Information

The Instrument of Incorporation, the most recent version of the Prospectus and the Simplified Prospectus, the most recent long and short annual and half yearly reports of the Fund may be inspected free of charge during normal business hours on any business day at the offices of the ACD. Shareholders may obtain copies of the above documents from the ACD.

Complaints concerning the operation or marketing of the Fund may be referred to the Compliance Officer at Phoenix Fund Services (UK) Ltd, Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW or if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

The Fund should be regarded as a longer-term investment and investors should be aware that the value of their shares and the income from them can go down as well as up.

### Distributions and reports

An annual and interim report and accounts will be prepared in respect of the Fund each year. The annual long reports will be made available and published up to four months after the annual accounting date of the Fund and interim long reports will be made available and published up to two months following the interim accounting date of the Fund. The short reports will be sent to Shareholders up to four months after the annual accounting date of the Fund and up to two months following the interim accounting date of the Fund.

The Fund accumulates income on the last day of February and 31 August each year.

