



Investment Objective and Policy

The Fund will aim to achieve a long term capital return.

The Fund will invest in, predominantly, listed securities, typically common stock and American Depositary Receipts listed on US exchanges, including exchange traded Funds.

The Fund may invest in collective investment schemes, transferable securities, cash deposits and money market Funds as permitted by FSA rules.

Investment Manager's Report

for the half year from 01 April 2011 to 30 September 2011

The Sub-Fund underperformed in the six months to September 30th 2011, falling 17.23% against a fall of 14.66% for the S&P500 Index. We measure performance against the S&P500 Index as this is the principal US index, covering 96% of the market by capitalisation. We are in small caps as they perform better in the long run. However, 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, fell 23.64% in the period, so our underperformance related to our choice of asset class.

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 passed through a time, coming off a market low, when growth trumped value, and so, with an eye on this periodic theme, we also had a number of growth stocks which we recently reduced. The market peaked at the beginning of the period and declined to the end, with increasing volatility and mania as investors feared another recession. We chose to follow Warren Buffett and disbelieve this proposition and consequently lost heavily in our cyclicals. It is currently apparent, however, that value is reasserting itself and these same cyclicals are leading the rebound.

Investment Manager's Report

continued

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. Small cap value is the long-term leading asset class and yet is the worst asset class when the economy is going into recession. It is where we are aligned, and in the event of no slowdown occurring, we expect to outperform.

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.

Fund Facts

Accounting and distribution dates

	Accounting	Distribution
Interim	30 September	30 November
Final	31 March	31 May

Fund performance

Share class	Net asset value as at 30.09.11 (pence per share)	Net asset value as at 31.03.11 (pence per share)	Net asset value % change
Class B	110.03p	131.00p	(16.01)
Class B US\$	110.88c	134.06c	(17.29)

Net asset values

As at 30 September 2011	Net asset value	Number of shares in issue	Net asset value
Class B	£3,823,621	3,475,170	110.03p
Class B US\$	\$7,357,779	6,635,954	110.88c

As at 31 March 2011	Net asset value	Number of shares in issue	Net asset value
Class B	£4,360,644	3,328,647	131.00p
Class B US\$	\$9,014,477	6,724,108	134.06c

Price history & distribution record

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

2011 [^]	Highest	Lowest	Net revenue per share (pence)
Class B	139.93p	105.92p	–
Class B US\$	142.53c	112.02c	–

[^] As at 30 September 2011

2010 ^{^^}	Highest	Lowest	Net revenue per share (pence)
Class B	120.99p	97.18p	–
Class B US\$	118.92c	92.78c	–

^{^^} From launch 11 August 2010

Fund Facts

continued

Total expense ratio

30 September 2011 [^]	Expense type	%
Class B	Investment Manager's charge	1.00
	Other expenses	0.65
	Total expense ratio	1.65
Class B US\$	Investment Manager's charge	1.00
	Other expenses	0.65
	Total expense ratio	1.65

31 March 2011	Expense type	%
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% if initial set up costs of the Sub-Fund.

Sector spread of investments

All sectors in percentage order are shown below

Sector	% of Fund as at 30.09.11	Sector	% of Fund as at 31.03.11
Beverages	11.56%	Engineering & Machinery	11.86%
Engineering & Machinery	9.21%	Beverages	8.38%
Electronic & Electrical Equipment	8.22%	Electronic & Electrical Equipment	8.06%
Pharmaceuticals	7.06%	Pharmaceuticals	7.31%
Investment Companies	6.51%	Support Services	7.15%
Support Services	6.25%	Software & Computer Systems	6.81%
Diversified Industrials	5.13%	Leisure, Entertainment & Hotels	5.89%
Leisure, Entertainment & Hotels	5.02%	Diversified Industrials	5.68%
Chemicals	4.47%	Investment Companies	5.68%
Software & Computer Systems	4.34%	Banks	5.55%
Banks	4.21%	Construction & Building Materials	4.23%
Food Producers & Processors	3.74%	Steel & Other Metals	4.16%
General Retailers	3.33%	Chemicals	3.57%
Food & Drug Retailers	3.24%	Food & Drug Retailers	3.26%
Personal Care & Other Products	3.17%	Food Producers & Processors	3.05%
Construction & Building Materials	3.02%	General Retailers	2.12%
Housing Goods & Textiles	2.06%	Oil & Gas	2.02%
Steel & Other Metals	1.84%	Personal Care & Other Products	1.98%
Oil & Gas	1.66%	Health	1.47%
Packaging	1.12%	Automobiles	1.12%
Health	0.96%	Housing Goods & Textiles	0.77%
Automobiles	0.89%	Telecommunications Services	0.10%
Transport	0.45%	Net other assets	-0.22%
Telecommunications Services	0.09%		
Net other assets	2.45%		

Fund Facts

continued

Major holdings

The top ten holdings at the end of the period are shown below

Holding	% of Fund as at 30.09.11	Holding	% of Fund as at 31.03.11
Green Mountain Coffee Roasters	9.84	MWI Veterinary Supply	6.47
MWI Veterinary Supply	6.97	Green Mountain Coffee Roasters	6.05
Westwood	5.14	TriMas	5.17
TriMas	4.29	Westwood Holdings	4.99
StoneMor Partners LP Unit	3.56	Marine Products	4.94
Mocon	3.54	Village Super Market	3.26
Handy & Harman	3.39	Handy & Harman	3.17
Village Super Market	3.24	NN	2.61
Tractor Supply	2.82	Smurfit-Stone Container	2.41
Marine Products	2.57	Craft Brewers Alliance	2.33

General Information

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.

Report and accounts

This document is a short report of the PFS Investment Fund – WHI America Fund for the six month period ended 30 September 2011. The full report and accounts for the Fund is available free of charge upon written request to Phoenix Fund Services (UK) Limited, PO Box 10729, Chelmsford, Essex, CM1 9PU.

Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

Directory

Authorised Corporate Director & Registrar

Phoenix Fund Services (UK) Limited
Springfield Lodge, Colchester Road, Chelmsford,
Essex CM2 5PW

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Fax: 01245 398951

(Authorised and regulated by the Financial Services Authority)

Customer Service Centre

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Telephone: 0845 026 4290

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E-mail: WHI@phoenixfundservices.com

(Authorised and regulated by the Financial Services Authority)

Directors of the ACD

R. Elliott (appointed 11 April 2011)

S. A. King

S. D. Mathieson (retired 31 October 2011)

A. C. Reed (appointed 1 November 2011)

J. M. Rice

Investment Manager

WH Ireland Limited

11 St James Square, Manchester, M2 6WH

(Authorised and regulated by the Financial Services Authority)

Fund Manager

Richard de Lisle

Depository

BNY Mellon Trust & Depository (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

KPMG Audit Plc

Chartered Accountants & Registered Auditors

15 Canada Square, Canary Wharf, London, E14 5GL

