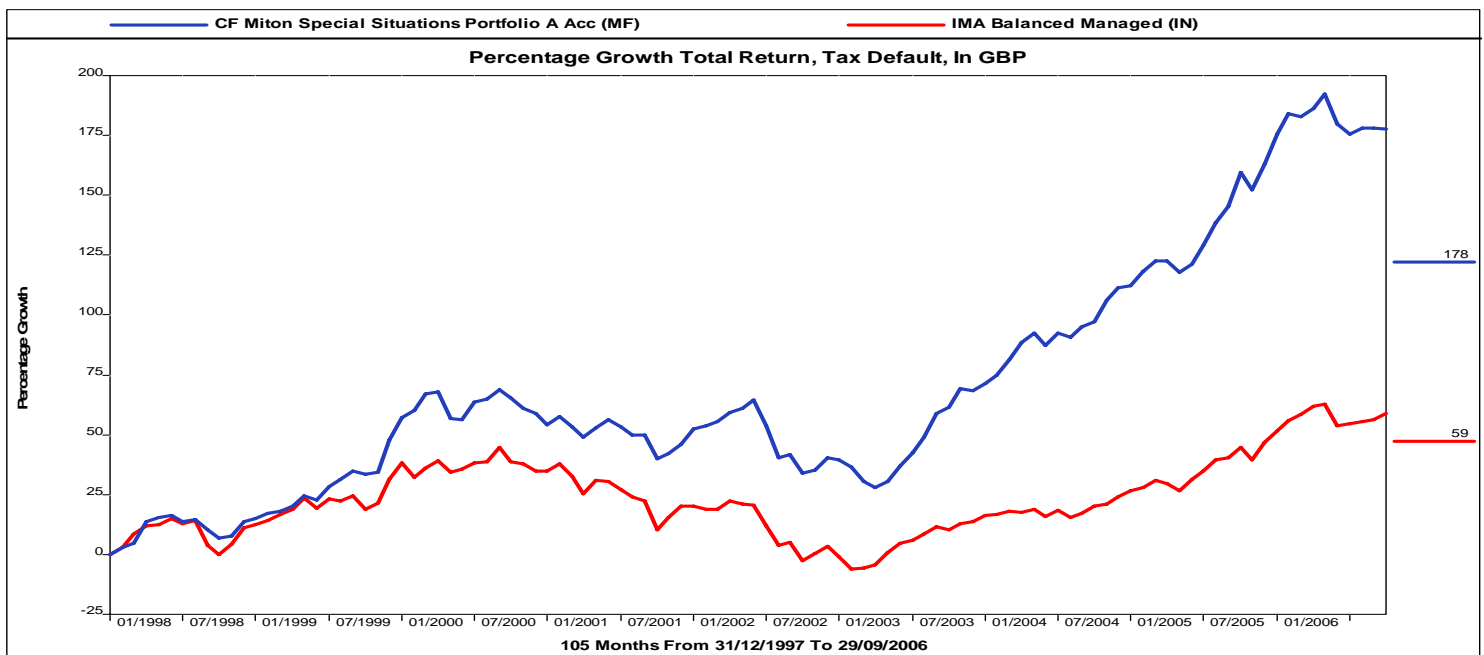


## Portfolio Activity

- The fund was down 0.1% in September, with losses driven by falls in mining stocks and Japanese Smaller companies as higher beta assets continue to be sold off as US economic growth falters.
- There are some signs of slowing in the global economy and as such there is the hope that interest rates have peaked in the majority of countries where rate rises have been an issue. Whilst markets have been reasonable in 2006 (Japan being the unfortunate exception) there is insufficient evidence that there will be scope for large rate reductions during 2007.
- The majority of commentators are now suggesting a soft landing and whilst there are still some bears in the woods it doesn't look like there is too much doom and gloom in the future if one is selective and proceeds in cautious manner.
- Japan continues to be a long term play in our portfolios, whilst the year started well and Japan started to rise from its deflationary problems recent data suggests a mixed picture. The Tankan survey of large manufactures is actually showing an increase in confidence and business conditions for the last quarter whilst non manufacturers remain stable. The key with Japan will be to balance it against other regions and to adopt a long term strategic approach as there is data to suggest an improving picture and it may only be a question of time before the Bank of Japan is able to raise interest rates again.
- Short term bond yields should rise as a result of a monetary tightening policy in many regions, how long these levels remain will depend upon the slow down as the expectation of weaker growth will likely cause yields to fall again. Corporate bond yields will most likely widen slightly with the deterioration in economic growth.



## Performance Chart – Since Launch



## Absolute Performance

Total Return on Investment expressed as a percentage, excluding initial charges and showing the ranking within the IMA Balanced Sector Peer Groups listed over the time periods shown up to 29.9.06. Launch date 30.12.1997\*

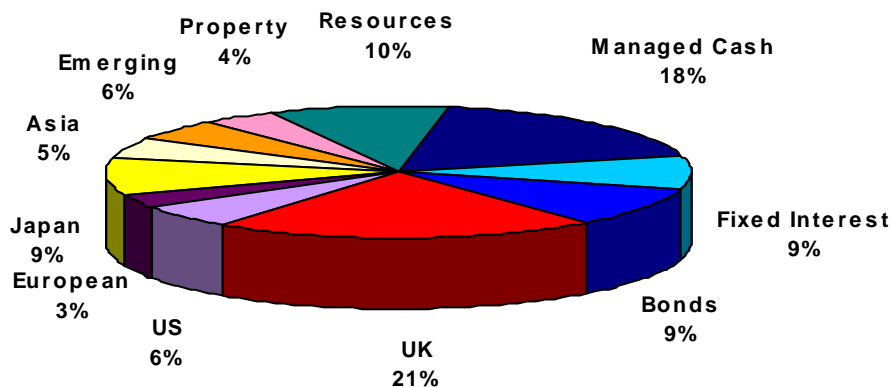
	6 Months	1 Year	3 Years	5 Years	Since Launch
CF Miton Special Situations	-3.01	7.11	71.96	98.55	177.82
Balanced Managed Sector	-1.81	9.96	46.82	49.25	65.44
Fund Quartile Ranking	4	4	1	1	1
Fund Absolute Ranking	104/129	115/125	2/102	1/72	1/47

\*Source: Lipper Hindsight

## CF Miton Special Situations Portfolio

October 2006

### Asset Allocation



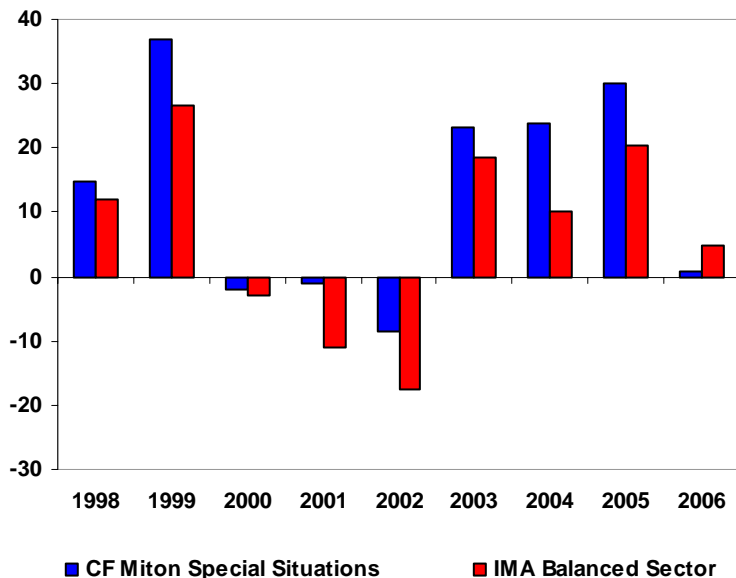
### Top 5 Holdings

limia Group Plc	5.6%
Pimco Euro Bond	4.4%
Delta Plc	4.3%
JPMF Euro Liquidity Fund	4.0%
European Equity Tranche	3.8%

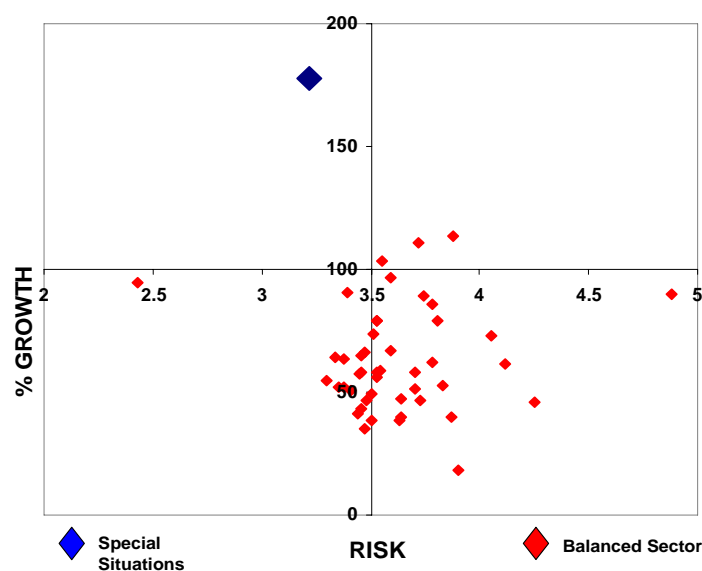
### Fund Facts

<b>Fund Size:</b>	£62 Million	<b>Initial Charge:</b>	5%
<b>A SEDOL:</b>	B031C92	<b>Annual Management Charge:</b>	1.5%
<b>Share Type:</b>	Accumulation	<b>Dealing Service:</b>	0845 6002821
<b>Minimum Investment:</b>	£5000	<b>Price as at 29th September 2006:</b>	A Shares 133.99p B Shares 135.97p
<b>Daily Dealing:</b>	8.30GMT		

### Discrete Year Performance



### Risk Return Scatter - Since Launch



### Investment Objective & Fund Strategy

The aim of the CF Miton Special Situations fund is to provide long-term growth by investing in a balanced portfolio of global equities, fixed interest and cash deposits although the Investment Manager, MitonOptimal, may from time to time choose to invest in property or selected foreign currency deposits. As with any equity biased fund it is possible that over the shorter term, the fund price may experience a degree of volatility.

### The Fund Management Team

Martin Gray, the lead fund manager has over 20 years experience in fund management and is rated one of the top fund managers in the Balanced Managed Sector. The co-fund manager Tom McGrath has over 13 years experience and along with Martin is ranked in the top Hot 100 List of all UK Fund Managers (Professional Adviser, 22 April, 2006). MitonOptimal won the Asset Allocator of the Year Award along with the Lipper Global Mixed Asset Aggressive & Balanced Awards for 3 Year Risk Adjusted Performance 2006.

**Investment Manager:** MitonOptimal UK Ltd, 10-14 Duke Street, Reading, Berkshire, RG1 4RU

**Fund & Administration Manager:** Capita Financial Managers Ltd, Beaufort House, 15 St. Botolph Street, London EC3A 7H

**Trustee:** Bank of New York Trust & Depository Company Ltd, One Canada Square, London E14 5AL

*This document is issued by MitonOptimal UK Ltd, which is regulated by the Financial Services Authority in its conduct of investment business. Investors are reminded that the value of investments and the income from them can go down as well as up and they may not get back the full amount invested. Past performance is not necessarily a guide to future returns. Source: \*Lipper Hindsight as at 29.9.06*