

CAZENOVE INVESTMENT FUND MANAGEMENT LIMITED



Simplified Prospectus for P1 Class Shares of the sub-funds
of Cazenove Absolute Return Fund Company

March 2011



The Simplified Prospectus provides important information which will help you decide if you want to invest in one or more of the sub-funds of Cazenove Absolute Return Fund Company. You should be confident that a Fund is right for you, so please read this Simplified Prospectus before making your investment decision.

Helping you decide

What should you know before you invest?

The Simplified Prospectus gives you information that will help you decide if you want to invest in shares in the Cazenove UK Absolute Target Fund and/or the Cazenove Absolute UK Dynamic Fund (the Fund or the Funds). The Simplified Prospectus is intended for investors who are residents in the United Kingdom.

This Simplified Prospectus provides information about P1 class shares. P1 class shares are intended for retail investors. There is a separate Simplified Prospectus for P2 class shares.

What information do I need before I invest?

We have provided information in this Simplified Prospectus on:

- The aims of each Fund
- Your commitment
- The risk factors associated with each Fund
- Questions and answers about investing
- The cost of investing
- Additional investor information which may be of assistance to you
- How to contact us

This information will help you decide whether shares in one of our Funds is suitable for you. You should be comfortable that you understand the Simplified Prospectus before deciding whether to invest.

A Glossary has been included in Appendix Three to help you understand certain terms used in this Simplified Prospectus.

Fund aims

The Funds are sub-funds of Cazenove Absolute Return Fund Company (the Company), an investment company with variable capital incorporated in England and Wales under Regulation 4 of the Open-Ended Investment Companies Regulations 2001. The Company is established as a UCITS Scheme and authorised by the Financial Services Authority (FSA) in the United Kingdom.

The Authorised Corporate Director (ACD) of the Funds is Cazenove Investment Fund Management Limited (CIFM) which is authorised and regulated by the FSA.

The investment aims of each Fund are summarised below. The full investment objective and policy for each Fund can be found in Appendix One.

Cazenove UK Absolute Target Fund

- Predominantly focuses on large to medium sized companies incorporated in the United Kingdom.
- Seeks absolute returns through targeted investment strategies independent of United Kingdom market conditions or indices.
- Uses a range of investment strategies including buying derivatives to obtain long and synthetic short positions in shares.
- Not managed against any index.

Cazenove Absolute UK Dynamic Fund

- Invests in a concentrated portfolio of equities (usually between 30 to 60 companies on both the long side and the short side of the portfolio).
- Seeks absolute returns through targeted investment strategies independent of United Kingdom market conditions or indices.
- Uses various investment strategies including buying derivatives to obtain long and synthetic short positions in shares.
- Focuses on medium to smaller sized companies incorporated in the United Kingdom.
- Not managed against any index.

Your commitment

You should be confident that a Fund is right for you before you invest. The following are some of the factors that should be considered when assessing whether one of our Funds is a suitable investment for you:

- Each Fund may be suitable for investors seeking to spread their risk by investing in a collective investment scheme. Collective investment schemes are a convenient way to invest in shares, bonds or other assets without taking the risk of investing directly in these assets.
- You should only buy our Funds if you are happy for your money to be invested directly in shares, bonds and other assets and intend to hold on to your investment for the medium- to long-term. You must be able to accept that you may not get back all of the money you have invested.
- Investment in one of our Funds will not be suitable for all investors and, in particular, will not be suitable for someone who is not prepared to take risks with their capital. Any investment should be considered against your specific investment needs and your appetite for risk.

Risk factors

These are the main risks applying to each Fund. (More detailed information on each Fund's risks can be found in the full Prospectus available from the ACD).

- Each Fund's investments are subject to normal market fluctuation. There can be no assurance that the value of the investments will increase. The capital value of your original investment is not guaranteed.
- The value of your investment and any income from it may go down as well as up, and you may not get back the original amount invested. There is no assurance that a Fund's investment objective will be achieved.
- Past performance is not a guide to, nor a guarantee of, future returns.
- Each Fund will primarily invest in UK shares or derivatives thereof. This presents investors with some concentration risk. Moreover, as they invest in shares each Fund may be more volatile than funds investing in bonds, but that may also offer greater potential for growth.
- Each Fund may take the annual management charge from capital if insufficient income is generated by that Fund's investments. This may result in the Fund not growing and could result in capital erosion.
- A performance fee may be payable by each Fund in respect of each performance period, this being 12 calendar months for the Cazenove Absolute UK Dynamic Fund and 3 months for the Cazenove UK Absolute Target Fund. The performance fee may be paid on unrealised gains and will be determined by the increase in value of the Fund over the relevant period. Further information on the performance fee can be found in the full Prospectus.

Derivative Instruments

- Each Fund may use derivatives and forward transactions for investment purposes. This involves special risks which may significantly raise the risk profile of a Fund and increase its volatility when taking additional market or securities exposure.
- Derivatives may not be traded on recognised investment exchanges and are not standardised.
- The value of derivative and forward transactions may fluctuate and, whilst they may in certain circumstances reduce or eliminate risk, they may also limit the potential for capital appreciation. In general the possible effect on a Fund's risk profile from the use of these instruments and techniques will be to reduce volatility when used for efficient portfolio management and could increase volatility when taking additional market or securities exposure.

Leverage

- Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss regardless of the size of the initial investment.

Risk factors (continued)

Short Sales

- A short sale involves a risk of a theoretically unlimited increase in the market price of the security.

Hedged Currency Classes

- The Funds issue euro denominated shares. The base currency of each Fund is sterling. Hedging transactions using forward currency contracts are undertaken to mitigate euro investors' exposure to movements in the base currency. The costs of the hedging transactions are borne by the euro hedged share classes. Whilst these hedging transactions seek to provide the necessary level of protection against adverse currency movements, there is no guarantee that currency risk is totally eliminated.
- In the case of a net flow to or from the euro share classes, the currency conversion may be carried out at different spot rates to those used to calculate the price of these share classes. This may result in a currency gain or loss to the particular share class.

Counterparty Exposure

- There is a risk that the counterparty to a derivative transaction may wholly or partially fail to honour its contractual obligations. This may result in financial loss to a Fund.

Questions & answers

How can I make an investment?

To buy shares in a Fund complete an application form and then send it to us at:

Cazenove Investment Fund Management Limited
PO Box 67546
London EC2P 2JB
United Kingdom

An investment into a Fund can also be made by telephoning +44 (0) 20 3479 0000 between the hours of 9.00 a.m. and 5.00 p.m. UK time on any business day.

The minimum investment in P1 class shares of each Fund is £1,000 (or €1,000 for euro hedged class shares). Additional investments in P1 class shares can be made with a minimum value of £500 or €500.

Investment must be made in the currency of the share class in which you intend to invest.

You may decide to take the advice of a professional financial adviser. Your adviser will explain to you about investing.

Limited Issue

Please note that we may restrict the issue of shares in the Cazenove Absolute UK Dynamic Fund where we consider that further subscriptions into the Fund would compromise its investment objective or materially prejudice existing shareholders. Effectively this means that at certain times we will not accept applications for shares in the Fund.

In the event that we decide to close the Fund to further subscriptions, we will reject further applications to purchase shares and will return any relevant subscription money to the investor. At a later date we may resume the issuance of shares in the Fund.

This policy does not affect your right to sell your shares.

You should refer to our website or call our Helpdesk to find out whether or not shares in the Fund are currently available for purchase.

What share classes do the Funds offer?

The Funds have both euro and sterling P1 class shares.

The euro currency shares will be hedged. To do this we will undertake hedging transactions that will seek to provide the necessary level of protection against adverse currency movements, but there can be no guarantee that such protection will eliminate such risk.

Each Fund only has accumulation shares.

What documentation will I receive?

You will be sent a contract note on purchasing shares in a Fund and again on selling those shares back to us. The contract note will normally be sent on the day after shares have been bought or sold. You will not be issued with a share certificate.

We will also send you six-monthly valuations of your investment. You may also be sent half yearly and annual report and accounts. If you do not receive the report and accounts or you want a copy of the full Prospectus then you can request copies from us.

Questions & answers (continued)

Can I switch between share classes?

You can switch free of charge between share classes of the same currency class of a Fund provided that you fulfil the minimum investment requirements.

How can I sell my shares in a Fund?

You can sell your shares through a professional financial adviser or directly by writing to us at our address given previously. You can also sell your shares by calling us on +44 (0)20 3479 0000.

Can I change my mind?

If you are eligible for cancellation rights the you can cancel your investment in a Fund only if you have received advice from a professional financial adviser. We will assume that you did not receive advice if you invest directly with us (i.e. your investment is not received from a professional financial adviser).

You will have 14 business days to cancel from the day you receive the contract note. To cancel you must telephone us on +44 (0)20 3479 0000. The value of your investment could fall between buying shares and cancellation. In the sale of higher risk Funds, such a fall in value could be substantial. If the value has fallen you will receive less than you originally invested.

The cost of investing

There are charges and expenses associated with investing in a Fund. A summary of the most significant annual operating charges and expenses is provided below:

- You may pay an initial charge of up to 5% on purchasing P1 class shares.
- An annual management charge (AMC) of 1.25% for P1 class shares of Cazenove UK Absolute Target Fund and 1.5% for P1 class shares of Cazenove Absolute UK Dynamic Fund. These fees are paid out of each Fund's assets.
- A performance fee of 20% of any outperformance in any given performance period.
- Other fees and expenses including administration expenses, depositary, audit and regulatory fees incurred in the day-to-day management of a Fund.
- We may also charge a dilution adjustment which may mean that the price at which you buy or sell shares in a Fund may be higher or lower than the mid-market value used in calculating the share price.

Further details on the fees and expenses and an explanation of the dilution adjustment are in the full Prospectus which is available from us on request.

Total Expense Ratio

The total expense ratio (TER) represents our best estimate of the total direct and indirect fees and expenses that will be borne by a Fund. These expenses are expressed as a percentage of the net assets of the Fund. The TER does not include costs associated with buying and selling securities for the Fund.

TER information helps you compare annual operating expenses between funds

	Initial Charge %	Annual Charge %	Share Type	Total Expense Ratio	Dividend Payment Dates
Cazenove UK Absolute Target Fund P1 GBP class shares	5	1.25	Accum	1.40%	November May
Cazenove UK Absolute Target Fund P1 Euro class shares	5	1.25	Accm	1.62%	November May
Cazenove Absolute UK Dynamic Fund P1 GBP class shares	5	1.50	Accum	1.67%	November
Cazenove Absolute UK Dynamic Fund P1 Euro class shares	5	1.50	Accum	1.67% [†]	November

TER for period 1 October 2009 to 30 September 2010 and includes the performance fee. There was no performance fee charged by either Fund for the period.

[†] Estimate.

Portfolio Turnover Ratio

The portfolio turnover ratio is defined as the monetary value of total purchases and total sales of underlying securities in a Fund less the monetary value of all purchases and sales of shares in the Fund, divided by the average value of the Fund during the year. The rate is calculated in accordance with an established formula.

$$\frac{(\text{Purchases of securities plus sales of securities}) - (\text{Monetary value of shares purchased and sold in the Fund})}{\text{Average Fund value over the last 12 months} \times 100}$$

Portfolio turnover for the Cazenove UK Absolute Target Fund for the 12 months to 31 December 2010 was -59%.

Portfolio turnover for the Cazenove Absolute UK Dynamic Fund for the 12 months to 31 December 2010 was -46%.

The cost of investing (continued)

How will charges and expenses affect my investment?

In the table below we have calculated how much an initial investment amount would be reduced by these total expenses over a 10-year period. We have made the following assumptions:

- lump sum investments of £1,000 for P1 GBP class accumulation shares.
- a standard growth rate of 6%.

These figures are not guaranteed and are for illustrative purposes only.

Cazenove UK Absolute Target Fund P1 Class Accumulation Shares

At end of year	Investment to date £	Effect of deductions to date £	What you might get at 6% £
1	1,000	67	993
3	-	106	1,085
5	-	153	1,185
10	-	312	1,479

The last line of the table shows that after 10 years the effect of total charges and expenses could amount to £312. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 6.0% p.a. down to 4.0%.

Cazenove Absolute UK Dynamic Fund P1 Class Accumulation Shares

At end of year	Investment to date £	Effect of deductions to date £	What you might get at 6% £
1	1,000	70	990
3	-	115	1,076
5	-	169	1,169
10	-	351	1,439

The last line of the table shows that after 10 years the effect of total charges and expenses could amount to £351. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 6.0% p.a. down to 3.7%.

The cost of investing (continued)

Is there a provision to pay Stamp Duty Reserve Tax?

Stamp Duty Reserve Tax (SDRT) may either be paid by a fund or by individual investors (up to a maximum of 0.5% of the value of the transaction). If a SDRT levy is applied it will increase the cost of buying shares and lessen the proceeds of sales. We do not intend to charge SDRT on the purchase and sale of shares in our Funds, however, we may charge investors this tax should circumstances arise which make the payment of the charge fair to all current investors in that Fund.

How much will advice cost?

We can only provide information on our products and cannot offer advice based on your circumstances. You should contact a professional financial adviser if you are uncertain about an investment.

We may pay the adviser commission for recommending our Fund(s) to you, which may be paid out of your investment. Typical commissions include a one-off payment between nil and 3% of the assets introduced to the firm and ongoing payments of up to 0.50% per annum of the assets under management. If we do not pay commission to the adviser you may have to pay a fee to the adviser. The adviser will disclose commissions received and other costs of providing financial advice to you.

We strongly advise that you contact a professional financial adviser if you have any concerns about investing in a Fund.

Additional investor information

What are the tax implications of investing in a Fund?

Tax rules are subject to change. You should talk to a professional financial adviser or tax adviser if you are in any doubt about your tax position or if you are subject to tax in a jurisdiction other than the UK. The value of tax benefits depends on your circumstances and the favourable tax treatment of some financial products may not be maintained.

Income

The Funds pay only dividend distributions. If you do not pay income tax at the higher rate, you should have no further liability. If you are a higher rate income tax payer then you may have a further income tax liability at the difference between higher rate tax on the gross distribution and the tax paid.

The Funds do not intend to make interest distributions.

Capital gains

You may be liable to capital gains tax in respect of capital gains arising from the sale of shares in a Fund.

Will I need to provide anti-money laundering documentation?

We are required to maintain procedures to combat money laundering. This means that in certain circumstances an investor buying, selling or switching shares may be required to provide proof of identity. Until satisfactory proof of identity is provided we can refuse to issue shares, pay the proceeds from the sale of an investment or pay income to an investor.

What do I do if I have a complaint regarding my investment?

In the first instance you can complain about your investment in our Fund(s) by either contacting your professional financial adviser who may then contact us on your behalf or you can write directly to us. Correspondence should be addressed to the Compliance Officer.

You may also complain directly to the Financial Ombudsman Service (FOS) if you remain dissatisfied with the response you get from us. The FOS can be contacted at the following address:

Financial Ombudsman Service
South Quay Plaza
183 Marsh Walk
London
E14 9SR
Tel 0845 080 1800
www.financial-ombudsman.org.uk

Are there compensation arrangements covering my investment?

The Financial Services Compensation Scheme ('FSCS') has been set up to handle compensation claims if a firm cannot meet claims made against it. Currently, for eligible claims for investment business, 100% is covered to a maximum of £50,000. Details of your right to lodge a claim with the FSCS are available at www.fscs.org.uk or by telephone on 020 7892 7300.

Contacts

The Authorised Corporate Director

Cazenove Investment Fund Management Limited
12 Moorgate
London EC2R 6DA
United Kingdom

Further information on our range of investment funds can be found on our website:
www.cazenovecapital.com

Depository:

JP Morgan Trustee & Depository Company Ltd.
Chaseside
Bournemouth BH7 7DA
United Kingdom

Auditors:

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD
United Kingdom

Registrar:

JP Morgan Europe Limited
125 London Wall
London EC2Y 5AJ
United Kingdom

Competent Authority

The Company is an ICVC authorised by:

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

This Simplified Prospectus was produced in March 2011.

Appendix One

Fund Information

The Cazenove UK Absolute Target Fund and Cazenove Absolute UK Dynamic Fund each have a specific investment policy and objective to meet their investment goal. The aims of each Fund are detailed below:

Cazenove UK Absolute Target Fund

The objective of the Fund is to achieve absolute returns through targeted investment strategies independent of United Kingdom market conditions or indices.

The ACD will seek to achieve its investment objective by investing predominantly in companies incorporated in the United Kingdom or in companies which derive a significant proportion of their revenues or profits from this country or which are primarily operating in this jurisdiction. Investments will be made predominantly in the equities of large or mid-sized companies and other equity related transferable securities, such as preferred shares, debentures, warrants (not exceeding 5 per cent of the total assets of the Fund) and convertible securities or in derivatives thereof. This does not, however, preclude investment in a limited way in smaller companies. As the Fund has an absolute return objective it will not be managed against any index.

Whilst the Fund will mainly invest in equities, it may also invest in debt securities (such as bonds and notes of any maturity which are transferable securities), where this is deemed appropriate in the market conditions prevailing at that time. Any such securities will be rated investment grade by Moody's or S&P, or if not rated, deemed by the investment manager to have at least an equivalent rating and will be issued by the United Kingdom government or companies incorporated in the United Kingdom or in companies which derive a predominant proportion of their revenues or profits from this country or which are principally operating in that jurisdiction. The Fund may also invest in short-term securities which are rated investment grade (such as certificates of deposit, bankers' acceptances and commercial paper) for temporary defensive purposes.

The Fund will seek to achieve its investment objective and policy through the use of various investment strategies including the use of derivatives to obtain long and synthetic short positions principally through contracts for differences. The Fund may also use forward foreign exchange transactions, interest rate and government bond futures, and other exchange traded and off exchange traded derivative contracts for the purposes of efficient portfolio management and/or meeting the investment objectives of the Fund.

Such derivative contracts have the potential to significantly increase the Fund's risk profile.

The ACD employs a risk management process that seeks to control the volatility of Fund returns.

The Fund may at any time have substantial holdings in ancillary liquid assets.

Appendix One (continued)

The Cazenove Absolute UK Dynamic Fund

The objective of the Fund is to achieve absolute returns through targeted investment strategies independent of United Kingdom market conditions or indices.

The ACD will seek to achieve its investment objective by investing in a concentrated portfolio of companies (usually between 30 to 60 companies both on the long side and the short side of the portfolio) predominantly incorporated in the United Kingdom or in companies which derive a significant proportion of their revenues or profits from this country or which are primarily operating in this jurisdiction. Investments will be made primarily in companies and other securities which are constituents of the FTSE All-Share Index with a bias towards medium sized and smaller companies. The Fund may also invest in securities listed on the Alternative Investment Market and in equity related transferable securities, such as preferred shares, debentures, warrants (warrants may not exceed more than 5 per cent of the total assets of the Fund) and convertible securities or in derivatives thereof. As the Fund has an absolute return objective it will not be managed against any index.

Whilst the Fund will mainly invest in equities, it may also invest in debt securities (such as bonds and notes of any maturity which are transferable securities), where this is deemed appropriate in the market conditions prevailing at that time. Any such securities will be rated investment grade by Moody's or S&P, or if not rated, deemed by the investment manager to have at least an equivalent rating and will be issued by the United Kingdom government or companies incorporated in the United Kingdom or in companies which derive a predominant proportion of their revenues or profits from this country or which are principally operating in that jurisdiction. The Fund may also invest in short-term securities which are rated investment grade (such as certificates of deposit, bankers' acceptances and commercial paper) for temporary defensive purposes.

The Fund will seek to achieve its investment objective and policy through the use of various investment strategies including the use of derivatives to obtain long and synthetic short positions principally through contracts for differences. The Fund may also use forward foreign exchange transactions, interest rate and government bond futures, and other exchange traded and off exchange traded derivative contracts for the purposes of efficient portfolio management and/or meeting the investment objectives of the Fund. Such derivative contracts have the potential to significantly increase the Fund's risk profile.

The ACD employs a risk management process that seeks to control the volatility of Fund returns.

The Fund may at any time have substantial holdings in ancillary liquid assets.

Appendix Two

Historical Performance

This section provides details on the historical performance of the Fund.

Annual Returns

The Annual Return chart below shows the percentage growth on an annual basis for the first full year of operation for the P1 GBP class shares of each Fund.

Cumulative Performance

The Cumulative Performance chart will show the cumulative returns of each Fund's P1 GBP class shares for the second year of operation and subsequent years.

Past performance does not necessarily indicate future performance. It can in no way provide a guarantee of returns that you will receive in the future.

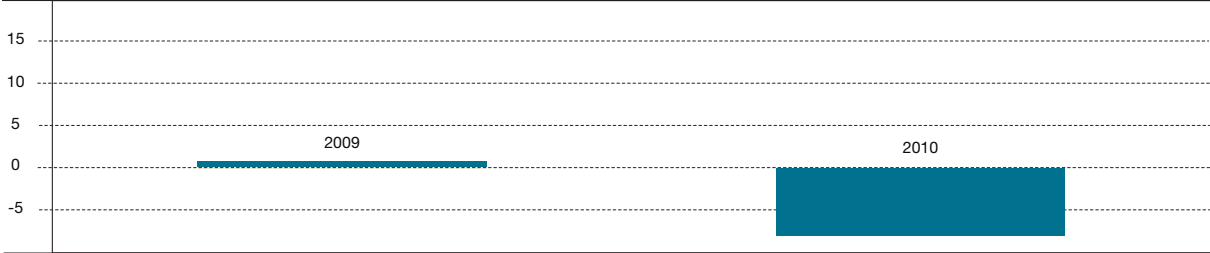
The information about past performance does not constitute a projection of the possible future value of an investment in any Fund and should not be taken as an indication that similar returns will be achieved in the future. The value of investments and the income from that investment can go down as well as up and investors may not get back the amount originally invested.

All returns are sourced from Lipper and calculated net of management fees and with income reinvested net of basic rate tax in sterling terms.

Appendix Two

Cazenove UK Absolute Target Fund Annual Returns

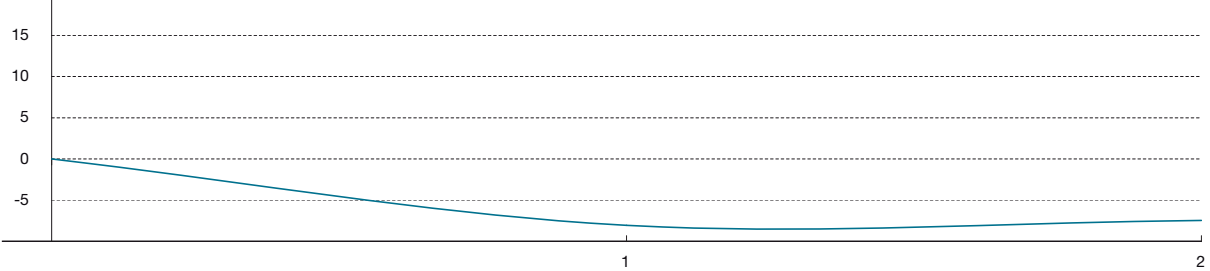
Percentage Growth



(from 1 January 2009 to 31 December 2010)

Cumulative Performance

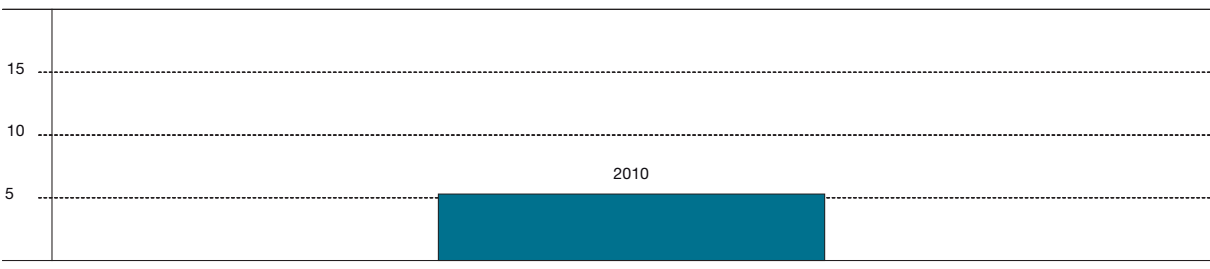
Percentage Growth



Years (for period from 1 January 2009 to 31 December 2010)

Cazenove Absolute UK Dynamic Fund Annual Returns

Percentage Growth



Years from 1 January 2010 to 31 December 2010)

Appendix Three

Glossary

Authorised Corporate Director: The manager of an Open Ended Investment Company.

Absolute return: An absolute return strategy aims to achieve positive investment returns, over the medium-term regardless of market conditions. The positive return is sought from both rising markets through investing in companies expected to increase in value and by synthetically shorting (selling) companies that are expected to fall in value.

Accumulation shares: Accumulation shares retain any income within the Fund. This income is, however, taxable for income tax purposes in the UK.

Contract for differences: This is a contract between two parties, typically described as “buyer” and “seller”, stipulating that the seller will pay to the buyer the difference between the current value of an equity and its value at contract time. If the difference is negative, then the buyer pays instead to the seller.

Counterparty: The other party that participates in a financial transaction. Every transaction must have a counterparty in order for the transaction to go through.

Derivatives: A right or an obligation to buy from or sell to someone else another type of asset – such as a share or a bond – at a specific date and time in the future.

Efficient Portfolio Management: Investment techniques used by the fund manager with the specific purpose of reducing risk, reducing cost and/or generating additional capital or income.

Forward transaction: An agreement between two parties in which one agrees to buy from the other either foreign currency, a bond or some other asset on a fixed future date at a fixed rate of exchange.

Leverage: Leverage takes the form of a loan or other borrowings (debt), the proceeds of which are invested with the intent to earn a greater rate of return than the cost of interest. Derivatives may allow leverage without borrowing explicitly, though the “effect” of borrowing is implicit in the cost of the derivative.

Professional Financial Adviser: A professional financial adviser will assess your personal circumstances and recommend financial products that are suitable for you. You will generally have to pay for this service.

Short sale: A short sale involves the sale of a security that is not owned by the seller in the expectation of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the seller must borrow the security and later purchase the security to return to the lender.

Synthetic short positions: Funds use derivative techniques such as entering into contracts for differences to establish both synthetic “long” and “short” positions in securities. These positions may seek to take advantage of both rising and falling market values.

Volatility: The relative rate at which the price of a security moves up and down. Volatility is found by calculating the annualised standard deviation of the daily change in price. If the price of a stock moves up and down rapidly over short time periods, it has high volatility. If the price almost never changes, it has low volatility.

