

# Premier Castlefield UK Equity Fund

ANNUAL SHORT REPORT OF THE AUTHORISED CORPORATE DIRECTOR:  
FOR THE PERIOD FROM 1 JANUARY 2006 TO 28 FEBRUARY 2007

## NET ASSET VALUES (In pence per share)

<b>General Income</b>	
31 December 2005	202.71
28 February 2007	233.34
NAV % change	15.11%
<b>General Accumulation</b>	
31 December 2005	207.07
28 February 2007	246.06
NAV % change	18.83%
<b>Institutional Income</b>	
28 February 2007	235.75
<b>Institutional Accumulation</b>	
28 February 2007	248.16
<b>Charity Income</b>	
31 December 2005	197.12
28 February 2007	229.02
NAV % change	16.18%
<b>Charity Accumulation</b>	
28 February 2007	229.32

Any income available will be removed from the Net Asset Value per Share price and used for the Fund's year-end distribution/accumulation. As a result, no parallel should be made with the quoted high/low prices for the period. Past performance is no guarantee to future performance and the value of the investment can go down as well as up.

## SHARE PRICE RANGE (In pence per share)

<b>General Income</b>		
	<b>High</b>	<b>Low</b>
2005 <sup>1</sup>	204.41	173.55
2006	232.79	199.66
2007 <sup>2</sup>	243.43	230.42
<b>General Accumulation</b>		
	<b>High</b>	<b>Low</b>
2003 <sup>2</sup>	161.34	154.92
2004	173.55	154.25
2005	208.81	173.38
2006	244.90	206.43
2007 <sup>2</sup>	256.50	242.78
<b>Institutional Income</b>		
	<b>High</b>	<b>Low</b>
2006 <sup>3</sup>	235.80	199.75
2007 <sup>2</sup>	246.00	232.63
<b>Institutional Accumulation</b>		
	<b>High</b>	<b>Low</b>
2006 <sup>4</sup>	246.79	206.68
2007 <sup>2</sup>	258.69	244.70
<b>Charity Income</b>		
	<b>High</b>	<b>Low</b>
2003 <sup>1</sup>	161.41	149.44
2004	169.08	151.26
2005	198.86	168.35
2006	228.99	194.34
2007 <sup>2</sup>	239.05	226.09
<b>Charity Accumulation</b>		
	<b>High</b>	<b>Low</b>
2007 <sup>6</sup>	239.05	229.73

<sup>1</sup> From 1 September 2003 to 31 December 2003.

<sup>2</sup> From 5 November 2003 to 31 December 2003.

<sup>3</sup> From 1 February 2005 to 31 December 2005.

<sup>4</sup> From 25 April 2006 to 31 December 2006.

<sup>5</sup> From 1 June 2006 to 31 December 2006.

<sup>6</sup> From 26 February 2007 to 28 February 2007.

<sup>7</sup> To 28 February 2007.

## XD DATES

28 February (final)	31 August (interim)
31 May (interim)	30 November (interim)

## DISTRIBUTION DATES

27 May (final)	27 November (interim)
27 August (interim)	27 February (interim)

## TOTAL EXPENSE RATIO

<b>General Shares</b>	
31 December 2005	1.69%
28 February 2007	1.56%
<b>Institutional Shares</b>	
31 December 2005	1.19%
28 February 2007	1.17%
<b>Charity Shares</b>	
31 December 2005	1.09%
28 February 2007	1.08%

The total expense ratio (TER) shows the annual operating expenses of the Fund, including the annual management charge and other expenses. It does not include transaction charges. All UCITS schemes highlight the TER to help you compare the annual operating expenses of different schemes. The TER for income and accumulation shares is the same.

## DIVIDEND DISTRIBUTIONS (In pence per share)

<b>General Income</b>		
XD date	Paid on	Distribution
31/03/2006	30/06/2006	1.6570
30/06/2006	30/09/2006	1.4051
30/09/2006	31/12/2006	-
31/12/2006	27/02/2007	0.3516
28/02/2007	27/05/2007	0.1900

<b>General Accumulation</b>		
XD date	Paid on	Distribution
31/03/2006	30/06/2006	1.7055
30/06/2006	30/09/2006	1.4628
30/09/2006	31/12/2006	0.9368
31/12/2006	27/02/2007	0.8183
28/02/2007	27/05/2007	0.2086

<b>Institutional Income</b>		
XD date	Paid on	Distribution
30/06/2006	30/09/2006	1.4954
30/09/2006	31/12/2006	1.3026
31/12/2006	27/02/2007	1.1108
28/02/2007	27/05/2007	0.2037

<b>Institutional Accumulation</b>		
XD date	Paid on	Distribution
30/06/2006	30/09/2006	1.3887
30/09/2006	31/12/2006	1.2798
31/12/2006	27/02/2007	1.0103
28/02/2007	27/05/2007	0.3094

<b>Charity Income</b>		
XD date	Paid on	Distribution
31/03/2006	30/06/2006	1.6735
30/06/2006	30/09/2006	1.4727
30/09/2006	31/12/2006	1.3639
31/12/2006	27/02/2007	0.9641
28/02/2007	27/05/2007	0.3043

During the period under review and as agreed by the ACD and Depositary, the Company's year end date changed from 31 December to 28 February. Therefore this Short Report covers a period of 14 months, and as a result an extra quarterly distribution has been paid.

## INVESTMENT PHILOSOPHY AND PROCESS

Over a number of years, we have developed a disciplined approach to investment in the Premier Castlefield UK Equity Fund, representing a blend of top-down and bottom-up elements, with a tilt towards the latter. This allows for the construction of an actively managed and risk controlled Portfolio. We are neither value nor growth investors, but rather retain a flexibility to react to fundamental changes in market conditions, as global and sector specific influences impinge upon the domestic investment picture. Our style could best be described as pragmatic, seeking value but also prepared to recognise and pay for growth at a sensible price. We dislike unnecessary risk and take steps to manage this aspect carefully within the Portfolio. In essence, our investment style is based around selecting stocks with which we and our shareholders can feel comfortable. We seek investments whose value is not fully recognised by the market in general and source situations where we see positive internal or external change that should lead to an upwards re-rating of the company within the market. For this reason, we continually strive to thoroughly understand each company, via fundamental analysis and research. We believe that our style should consistently add value and lead to steady out performance. Therefore, we view the Premier Castlefield UK Equity Fund as being well suited to those investors seeking a core domestic equity fund within a long term Portfolio.

## PERFORMANCE

The Premier Castlefield UK Equity Fund (charity share class) produced a total return of 13.2% since the last report at the end of June, compared with a return of 9.6% for the FTSE-All Share Index. Over the reporting period (1st January 2006 to 28th February 2007) the Fund returned 19.0%, out-performing the benchmark, which recorded 16.3%.

## PORTFOLIO ACTIVITY

Several new companies were introduced during the period since the interim report. Notable among these was the utility company, Scottish & Southern Energy (SSE). SSE is involved in the generation, transmission, distribution and supply of electricity and gas throughout the UK and is a constituent of the FTSE 100 Index. Furthermore, SSE's peer, Scottish Power has accepted an offer from the Spanish utility group Iberdrola. We feel that money leaving Scottish Power is likely to find its way back into the sector via remaining listed players such as SSE. This, along with solid operating fundamentals for the group leaves us feeling optimistic over prospects.

Within the Portfolio, new holdings were introduced in the finance sector in the form of the asset management group New Star as well as a holding in the newly de-mutualised life assurance group Standard Life. We built a stake in the industrial equipment hire company, Ashtead, whilst an addition to PFI project construction group, Laing group has paid off quicker than expected with the group being the recipient of competing bids from two specialist investment houses. A further new holding was within self storage group Big Yellow, an established group whose main



## INVESTMENT OBJECTIVE & POLICY

THE INVESTMENT OBJECTIVE OF THE PREMIER CASTLEFIELD UK EQUITY FUND IS TO GENERATE A COMBINATION OF CURRENT INCOME AND LONG-TERM CAPITAL GROWTH BY INVESTING PRINCIPALLY IN A PORTFOLIO OF UK EQUITIES AND/OR COLLECTIVE INVESTMENT SCHEMES, ALTHOUGH MONEY MARKET INSTRUMENTS, DEPOSITS, WARRANTS, DERIVATIVES (FOR HEDGING PURPOSES) AND OTHER PERMITTED INVESTMENTS AND TRANSACTIONS MAY BE INVESTED IN. THE AIM IS TO ACHIEVE A TOTAL RETURN IN EXCESS OF THAT GENERATED BY THE FTSE ALL-SHARE INDEX.

### TOP TEN HOLDINGS AS AT 28/02/2007 % of NAV

BP	5.17%
HSBC	4.60%
Royal Dutch Shell 'B'	4.09%
GlaxoSmithKline	3.41%
The Royal Bank of Scotland	3.39%
Premier Foods	2.73%
iShares FTSE 100	2.53%
BG	2.46%
Forth Ports	2.38%
Vodafone	2.36%

### TOP TEN HOLDINGS AS AT 31/12/2005 % of NAV

BP	6.56%
HSBC	6.46%
Royal Dutch Shell 'B'	5.66%
Vodafone	4.94%
The Royal Bank of Scotland	4.46%
Barclays	3.30%
GlaxoSmithKline	3.19%
Schroder UK Mid 250	3.03%
Tesco	2.79%
AstraZeneca	2.70%

### INVESTMENT PROFILE AS AT 28/02/2007

Financials	27.54%
Oil & Gas	13.85%
Industrials	13.56%
Consumer Services	8.03%
Consumer Goods	7.26%
Cash/Other	29.76%

### INVESTMENT PROFILE AS AT 31/12/2005

Financials	25.16%
Oil & Gas	12.22%
Industrials	10.35%
Consumer Services	7.85%
Health Care	7.73%
Cash/Other	36.69%

attractions from our point of view are its large real-estate portfolio and aggressive expansion plans. Other new investments included WS Atkins, an engineering consultancy group, Northgate, a van hire company and Tate & Lyle.

Source: Castlefield Investment Partners LLP, March 2007.

Performance figures are taken from Morningstar Micropal and are quoted on a bid to bid, income unadjusted, UK sterling basis.

## FUND SPECIFIC RISK FACTORS

As the Fund invests primarily in the UK, there is a market risk that the Fund might suffer through holding market positions concentrated in the UK in the face of price movements. The value of these investments may decline over a given period because of economic changes or other events that impact large portions of the market.

There is no guarantee that a constant level of income will be maintained throughout the year since the ACD will attempt to smooth the monthly distributions paid during the year. This will be achieved by carrying over the income received in a month which has above average income expectations in order to supplement the income received in another month which has a lower level of income. The value of shares, and any income from them, can go down as well as up and you might get back less than you invested.

The Fund deducts all charges from capital which may result in the income paid by the Fund being higher than would otherwise be the case and the growth in the capital sum may be constrained.

## GENERAL RISK FACTORS

You should remember that past performance is not a guide to the future. The price of shares and the income from them may go down as well as up and you may get back less than you originally invested. Exchange rates will also cause the underlying investments to fall or rise. Tax concessions are not guaranteed and may change at any time; their value will depend on your individual circumstances.

## RISK WARNINGS FOR PRIVATE CUSTOMERS

If you have any doubt as to the suitability of this Fund, you should contact your financial adviser.

Details of the basis or amount of any taxes, charges and expenses are contained in the Simplified Prospectus which can be obtained from the ACD.

Castlefield Investments, its directors, officers, employees and their associates may have a holding in the Fund as well as in the securities referred to herein. Reference to any particular stock does not constitute a recommendation to buy or sell the stock.

## OTHER INFORMATION

The information in this report is designed to enable shareholders to make an informed judgment on the activities of the Fund during the period it covers and the result of those activities at the end of the period. For more information about the activities and performance of the Fund during the period and previous periods, please contact the ACD. For your protection when dealing, your call may be recorded and monitored.

## NOTABLE CHANGES

On 1st January 2006, the Royal Bank of Scotland took over the duties and responsibilities of Depositary of the Company from the Bank of New York Trust and Depositary Company Limited.

Also on this date, Northern Trust International Fund Administration Services (UK) Limited took over the duties and the responsibilities of Administrator of the Company from Sinclair Henderson Fund Administration Limited.

During the period under review and as agreed by the ACD and Depositary, the Company's year end date changed from 31st December to 28th February and therefore these financial statements cover a period of 14 months.

During the period under review and as agreed by the ACD and Depositary, the Registrar has imposed a minimum monthly charge in respect of dealing and registration activity. Details of the rates applied are set out in the Prospectus.

## AUTHORISED CORPORATE DIRECTOR OF THE COMPANY (ACD)

Premier Portfolio Managers Limited

## Registered Office

Eastgate Court,  
High Street,  
Guildford,  
Surrey, GU1 3DE  
(Authorised and regulated by the  
Financial Services Authority)

## DEPOSITARY OF THE COMPANY

The Royal Bank of Scotland plc,  
The Broadstone,  
50 South Gyle Crescent,  
Edinburgh, EH12 9UZ

## ADMINISTRATOR AND REGISTRAR

Northern Trust International Fund  
Administration Services (UK) Limited

## Address

PO Box 55736,  
50 Bank Street,  
Canary Wharf,  
London, E14 1BT

## AUDITORS

RSM Robson Rhodes LLP,  
30 Finsbury Square,  
London, EC2P 2YU

## INVESTMENT ADVISER

Castlefield Investments  
(A registered trademark and the property  
of Castlefield Investment Partners LLP)

## Registered Office

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Financial Services Authority)

## REPORT AND ACCOUNTS

Copies of the Annual Long -Form  
Report and Financial Statements of this  
Fund are available free of charge on  
request. Please contact the ACD on  
01483 306 090 or visit  
www.premierassetmanagement.co.uk