

# Premier Castlefield UK Equity Fund

INTERIM SHORT REPORT OF THE AUTHORISED CORPORATE DIRECTOR:  
FOR THE PERIOD FROM 1 MARCH 2009 TO 31 AUGUST 2009

## NET ASSET VALUES (In pence per share)

<b>General Income</b>		
31 August 2009	172.77	
28 February 2009	134.28	
NAV % change	+28.66%	
<b>General Accumulation</b>		
31 August 2009	196.85	
28 February 2009	150.58	
NAV % change	+30.73%	
<b>Institutional Income</b>		
31 August 2009	175.66	
28 February 2009	136.62	
NAV % change	+28.58%	
<b>Institutional Accumulation</b>		
31 August 2009	201.12	
28 February 2009	153.40	
NAV % change	+31.11%	
<b>Charity Income</b>		
31 August 2009	170.83	
28 February 2009	132.86	
NAV % change	+28.58%	
<b>Charity Accumulation</b>		
31 August 2009	187.25	
28 February 2009	142.19	
NAV % change	+31.69%	

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	184.51
2006	232.79	199.66
2007	251.24	219.03
2008	234.00	133.21
2009 <sup>2</sup>	174.16	124.64
<b>General Accumulation</b>	<b>High</b>	<b>Low</b>
2004	173.55	154.25
2005	208.81	173.38
2006	244.90	206.43
2007	265.50	233.10
2008	252.00	146.66
2009 <sup>2</sup>	196.93	139.79
<b>Institutional Income</b>	<b>High</b>	<b>Low</b>
2006 <sup>3</sup>	235.80	199.75
2007	254.17	221.79
2008	237.10	135.31
2009 <sup>2</sup>	177.41	126.83
<b>Institutional Accumulation</b>	<b>High</b>	<b>Low</b>
2006 <sup>4</sup>	246.79	206.68
2007	268.16	235.63
2008	255.23	149.15
2009 <sup>2</sup>	201.12	142.43
<b>Charity Income</b>	<b>High</b>	<b>Low</b>
2004	169.08	151.26
2005	198.86	168.35
2006	228.99	194.34
2007	246.95	215.39
2008	230.44	131.57

2009 <sup>2</sup>	172.33	123.35
<b>Charity Accumulation</b>	<b>High</b>	<b>Low</b>
2007 <sup>5</sup>	247.91	217.87
2008	236.10	138.10
2009 <sup>2</sup>	186.37	131.93

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

<sup>2</sup> To 31 August 2009.

<sup>3</sup> From 1 June 2006 to 31 December 2006.

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

<sup>5</sup> From 26 February 2007 to 31 December 2007.

## DIVIDEND DISTRIBUTIONS (In pence per share)

<b>General Income</b>		
XD DATE	Paid on	Distribution
31 May 2009	27 August 2009	1.7000
31 August 2009	27 November 2009	1.4068

<b>General Accumulation</b>		
XD DATE	Paid on	Distribution
31 May 2009	27 August 2009	1.7057
31 August 2009	27 November 2009	1.7032

<b>Institutional Income</b>		
XD DATE	Paid on	Distribution
31 May 2009	27 August 2009	1.7136
31 August 2009	27 November 2009	1.5665

<b>Institutional Accumulation</b>		
XD DATE	Paid on	Distribution
31 May 2009	27 August 2009	1.7412
31 August 2009	27 November 2009	1.8525

<b>Charity Income</b>		
XD DATE	Paid on	Distribution
31 May 2009	27 August 2009	1.7152
31 August 2009	27 November 2009	1.6081

<b>Charity Accumulation</b>		
XD DATE	Paid on	Distribution
31 May 2009	27 August 2009	1.7957
31 August 2009	27 November 2009	1.8954

## TOTAL EXPENSE RATIO

<b>28 February 2009</b>	
<b>General Shares</b>	1.57%
<b>Institutional Shares</b>	1.07%
<b>Charity Shares</b>	0.97%

The total expense ratios (TERs) show the annual operating expenses of the Fund, including the annual management charge and other expenses. They do not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses of different schemes. The TER for income and accumulation shares is the same.

## PORTFOLIO TURNOVER RATE

<b>28 February 2009</b>	33.40%
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The PTR is a ratio that reflects the volume of trading within the Fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the Fund's shares and is expressed as a percentage of the Fund's average net asset value.

## 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

Over the reporting period, the Fund achieved a total return of 30.69% against a total return of the benchmark FTSE All Share Index of 33.82%.

## MARKET REVIEW

Gloom relating to the global economy started to lift in early March, helped in no small part by the Bank of England moving interest rates to new record lows of 0.5%, whilst also announcing a programme of quantitative easing that included an extensive purchase programme involving gilts and corporate bonds. Rallying commodity prices and generally positive corporate results saw the FTSE 100 regain 4,000 in April and continue to make progress in May.

The new found mood of optimism faltered slightly during June, with the Bank of England governor attempting to dampen expectations over the strength and timing of any recovery. International influences were also not entirely positive, with a surprise fall in US consumer confidence and fresh concerns over the demand for Chinese metals pulling indices back.

July saw a pick up in the pace of market recovery, this after a mixed first few days. Investors took heart from unexpectedly good rises in both UK and US purchasing manager indices and a flurry of robust earnings from key US companies, including Goldman Sachs, Morgan Stanley and Intel. During the month, the FTSE 100 matched an historic record by rising for eleven consecutive trading days, adding 11.1% to its value. The final month of the review period saw further very useful progress, extending the FTSE 100 recovery from March's lows to almost 40%. Investors took heart from upbeat US data and the Bank of England's decision to extend its asset purchase programme, whilst domestic retail sales and house price data added to the favourable backdrop.

## PORTFOLIO ACTIVITY

Despite the already described favourable market trend, volatility was still a feature as investors sought to understand the shape and potential longevity of the apparent improvement in the economic background. We were very wary of being caught up in any false dawn rally, but did take fund cash levels down significantly in March, so enabling a more full participation in the upwards trend. During March and April, we added to Royal Dutch Shell, Cadbury and the miner Xstrata, whilst lowering exposure to the more defensive utility, Scottish & Southern. The overall theme of reskewing towards recovery continued throughout, but we did also identify company specific opportunities that allowed us to return to BT for the first time in many years and take new positions in the niche pharmaceutical company, Hikma, De La Rue, the banknote printer, and Croda, a specialist chemicals group. We rebuilt our weightings in banks with selective investments in HSBC, Standard Chartered and Lloyds.



## 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 31/08/2009	% OF NAV	TOP TEN HOLDINGS AS AT 28/02/2009	% OF NAV
BP	7.30%	BP	8.55%
HSBC	6.88%	Royal Dutch Shell 'B'	6.87%
iShares FTSE 100	6.85%	Vodafone	6.26%
Royal Dutch Shell 'B'	6.77%	iShares FTSE 100	5.92%
Vodafone	4.78%	BG	4.56%
BHP Billiton	3.67%	HSBC	4.12%
Barclays	3.52%	GlaxoSmithKline	3.86%
BG	3.33%	BHP Billiton	3.29%
GlaxoSmithKline	3.15%	Inmarsat	3.26%
Rio Tinto	2.89%	Scottish & Southern Energy	3.20%

### INVESTMENT PROFILE AS AT 31/08/2009

Financials	20.77%
Oil & Gas	18.76%
Basic Materials	11.77%
Telecommunications	8.18%
Health Care	8.07%
Net other assets	32.45%

### INVESTMENT PROFILE AS AT 28/02/2009

Oil & Gas	21.26%
Financials	11.31%
Utilities	9.60%
Telecommunications	9.52%
Health Care	8.08%
Net other assets	40.23%

### 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 Global Fund Services Limited

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

## OUTLOOK

At the time of writing in the first half of September 2009, the UK FTSE 100 Index has been flirting with the psychologically significant 5,000 level which, if nothing else, does underline the extent of the market recovery over the summer. The debate continues to rage as to the precise nature of the recovery and whether progress can continue once the various fiscal and monetary stimuli start to be removed. We are wary of becoming too optimistic on the back of rising markets but do remain generally well disposed to equities, finding it hard to ignore the overall positive trend in economic announcements, trading statements from companies themselves and, not least, the recent corporate takeover activity.

Source: Castlefield Investment Partners LLP, September 2009. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

## FUND SPECIFIC RISK FACTORS

### Capital Risk

Half of the charges and expenses of the Fund are treated as capital charges and as such will constrain the capital growth of the Fund.

### Market Risk

The Fund value may fluctuate from day to day. Due to market conditions, the value of your investment may decline in value.

### Exchange or Currency Risk

Investment made by the Fund may not be traded in Sterling and movements in exchange rates may cause the value of investments to fluctuate.

### Liquidity Risk

The Fund may hold a relatively concentrated portfolio of assets. This means that the price of a share may be more volatile than in a fund with a more diversified portfolio of assets. It may not therefore be suitable for all individuals and you should consult your financial adviser if you have any doubts

## 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.

## AUDITOR

Grant Thornton UK LLP,  
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 London, EC2P 2YU

## INVESTMENT ADVISER

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

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 email: queries@castlefield.com  
 website: www.castlefield.com  
 (Authorised and regulated by the Financial Services  
 Authority)

## REPORT AND ACCOUNTS

Copies of the Interim Long-Form Report and Financial Statements of this Fund are available free of charge on request.

Please contact the ACD on 0845 230 9033 or visit  
[www.thecastlefieldfunds.co.uk](http://www.thecastlefieldfunds.co.uk)

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