

The Compass Fund

The Compass Balanced Portfolio

| Fund Strategy |

The Fund will invest in units in collective investment schemes, equities, fixed interest securities, money market instruments and warrants. Investments may be made in immovable property typically through units in collective investment schemes and/or shares of property companies.

The Fund may invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective and policy of the Fund).

| Fund Objectives |

The Fund aims to provide medium term capital growth from a portfolio of investments.

Performance Record



■ Compass BalancedTR [14.0]

13/10/2008 - 30/12/2011 Powered by data from FE

Discrete Annual Performance (%)

Share Type	2012(YTD)	2011	2010	2009	2008
Accumulation	-	-9.0	11.8	9.7	-

Discrete Annual Performance to Quarter End 31 December 2011 (%)

Share Type	31/12/2010	31/12/2009	31/12/2008	31/12/2007	31/12/2006
Accumulation	-9.0	11.8	9.7	-	-

Cumulative Performance to 31 December 2011 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Accumulation	0.6	-9.5	-9.0	11.6	-

Quoted on a bid to bid, total return, UK Sterling basis. Past performance is not a guide to the future. The price of units and shares and the income from them may go down as well as up and you may get back less than you invested.

Source: Financial Express. 11/01/2012

| Key Fund Facts |

Launch Date:	13 October 2008
Fund Size:	£13.4m
Benchmark:	LIBOR plus 2% over a rolling 3 year period
Sector:	IMA Unclassified

| Top 10 Holdings |

	%
Cash	12.15
TRADITIONAL FUNDS THAMES RIVER CRDT	7.39
TRADITIONAL FUNDS THAMES RIVER GBL	6.53
CAPITA FINL MNGRS WALKER CRIPS UK H	5.75
TRADITIONAL FUNDS PLC GLOBAL EMERGI	4.95
PREMIER PORTFOLIO PAN EURP PROP INS	4.73
IFDS MANAGERS LTD IM MATTERLEY UA I	4.53
STANDARD LIFE INVS GLOBAL IDX LKD B	4.44
PHOENIX FUND SVCS CHELVERTON UK EQT	4.41
THAMES RIVER WATER AND AGRICULTURE	4.09
TOTAL	58.97

| Asset Allocation |

	%
Bonds/Fixed Interest	34.42
Cash	12.17
UK Equities - Growth	13.91
Specialist	11.96
Emerging Markets	8.55
Global Equities	7.59
UK Equities - European	6.99
UK Equities - Income	4.41

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Fund developments and comments



Compass Fund Investment Manager: David Oakes

Overview

Equity markets recovered some composure during the month, at least in developed markets. The UK, US and Euro-zone all showed modest positive returns, but over the twelve month period, only America made progress.

Government bond markets did well, particularly in Europe, as investors judged that the euro-zone would hold together. This helped deliver a return of 2% for the year in this asset class, but the outstanding performers were the sovereign debt markets of America, and the UK.

Commodities, hard and soft, continued to lose ground, on worries about a slowdown in global growth, particularly in China. Indeed, shipping rates have collapsed, which would confirm a softening in activity.

The initial indications are that retail spending over the Christmas break was better than anticipated, and the longer term trend of migration to the internet is gathering pace. Nevertheless, the sector will continue to struggle in the face of severe pressure on incomes.

Activity

Cash was maintained at a reasonably high level, and no other changes were made to the underlying holdings.

Outlook

Markets have entered a period of relative stability, certainly compared to events in the third quarter. There are significant problems to be resolved in the Euro-zone, and equities are likely to remain modestly rated until these are resolved.

Fund Information

Annual Management Charge	1.50%
Initial Charge	5.57%
Accounting Dates	30 Sept, 31 Mar
Payment Dates	31 Jan, 31 May
Valuation Point	12 noon, daily
Sedol Code	B39LZP4
Share Class	Accumulation
Published Price	www.thecompassfund.co.uk
ISA eligible	Yes, stocks & shares
Min. Investment	£3,000 / £100pm

Investment Team

I Mercater Capital Management I

Mercater Capital Management was established in 2003 by Alaric Gordon and David Oakes, both long standing and experienced investment professionals. The company manages a total of £120m of discretionary assets with a further £35m under advice. The company specialises in 'Multi Manager' investing and thanks to strong relationships with key strategic partners, Mercater offers access to sophisticated asset management systems, global institutional research and leading edge administration processes.

I David Oakes, Director and Investment Manager I

David has over 25 years of experience in assessing and selecting funds. He started his career with Manchester based stock broker Henry Cooke Lumsden (HCL) where he became Managing Director of the company's unit trust subsidiary, Arkwright Management. David was also responsible for the management of the company's Portfolio Management Service which was a forerunner of the Multimanager concept. David left HCL in 1994 to establish a northern office for Cazenove Fund Management, based in Chester. In 2003, David joined forces with a group of experienced professionals to set up Mercater Capital Management.

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