

The Navigatio Fund

The Navigatio Euro Balanced Fund

| Fund Strategy |

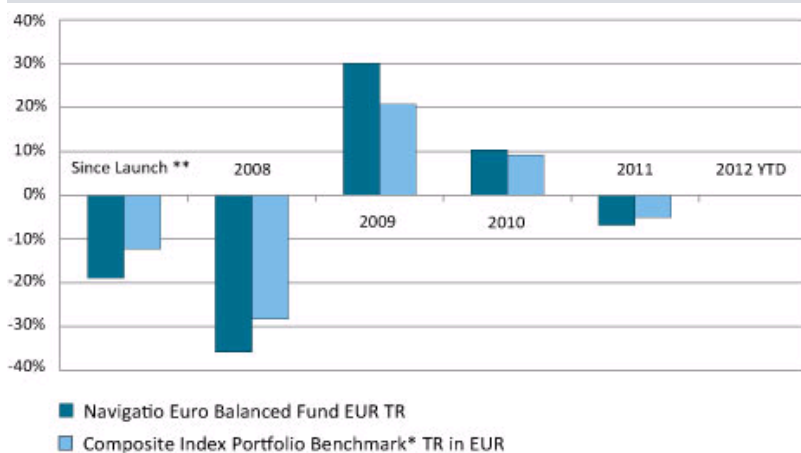
- The Fund will typically be diversified across different asset classes.
- The Fund will be actively managed, seeking to ensure that investments are appropriate for prevailing market conditions. As the Euro is the base currency for the majority of investors in the Fund, returns will be reported in Euros.

| Fund Objectives |

To provide long-term capital growth from a portfolio of European investments.

*Note: On 01.05.2011 the Navigatio Euro Balanced Fund moved from the IMA Balanced Managed sector to the IMA Unclassified sector.

Performance Record



* Composite benchmark:

45% MSCI Europe ex UK(€), 25% MSCI World (€), 30% Merrill Lynch EMU Direct Govt Bonds (€).

** Since launch data from 26/04/2007 to 31/12/2011

Data taken on 19/01/2012

Discrete Annual Performance (%)

Share Type	2011	2010	2009	2008
Accumulation	-6.8	10.3	30.1	-35.8

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	-6.8	10.3	30.1	-35.8	-

Cumulative Performance to 31 December 2011 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Accumulation	2.0	-5.7	-6.8	33.8	-
Benchmark	5.7	-5.5	-5.0	25.2	-

Quoted on a bid to bid, total return, Euro 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. 19/01/2012

| Key Fund Facts |

Fund Size:	£13.5m
Launch Date:	20 April 2007
Sector:	*IMA Unclassified

| Top 10 Holdings |

	%
HENDERSON GBL INVS EURP SPECIAL SIT	8.75
CAZENOVE INV FD MT EUROPEAN FUND X	7.63
FIDELITY FUNDS FAST EUROPE FDY'EUR	6.48
JUPITER UT MNGRS STRATEGIC BOND I I	6.18
SCHRODER ASIAN INC MAX-C INC	6.16
GLG PARTNERS INV JAPAN COREALPHA PR	6.02
POLAR CAPITAL FUND HEALTHCARE OPPTS	5.75
INVECO MGRS IP GBL EQTY INCOME ACC	5.62
M&G UK INFLAT LK CORP BD-IA	5.52
CAZENOVE INV FD MT STRATEGIC BOND X	5.49
TOTAL	63.6

| Asset Allocation |

	%
Equities	57.18
Corporate and Other Bonds	18.04
Hedge / Absolute Returns	8.23
Commodity / Resources	7.01
Sovereign Bonds	4.89
Cash	4.65

| Geographical Allocation (equities) |

	%
Europe ex UK	31.6
UK	27.1
Asia ex Japan	15.4
North America	13.6
Latin America	6.1
Japan	5.9
Other Emerging Markets	0.4

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Fund developments and comments



Navigatio Euro Balanced Portfolio, Investment Managers:

From left to right: Daniel Lockyer, Fund Manager; Richard Scott, Chief Investment Officer; Ben Conway, Assistant Fund Manager

On 1 May 2011, Hawksmoor Investment Management Limited took over the responsibility of Investment Adviser for this Fund.

The differing economic fortunes of the US and Eurozone were evident during December as data suggested the US is showing signs of recovery, while the Eurozone remains mired in political uncertainty which could lead to a recession. This manifested itself in currency markets with the US dollar gaining more than 3% against the euro. The euro's weakness impacted on performance for the Navigatio Euro Balanced Fund where the current policy is to hedge the majority of non euro currency exposure back to euros, while the benchmark contains a 25% position in the unhedged (mostly US dollar) MSCI World Index. European government bonds also performed strongly with the Merrill Lynch EMU Government Bond Index rising over 4% as the more stressed countries, such as Italy and Spain, managed to refinance their maturing debt, albeit at much higher yields than only a few months ago. The performance of European financial markets and the euro in 2012 will be dominated by the political decisions made to address the region's sovereign debt crisis. While we would never place a large emphasis of the portfolio on a binary outcome, we cannot find obvious reasons why the euro should be a strong currency going forward. Therefore, it is likely that we will reduce the amount of currency hedging in the coming months, but keeping it appropriate for a euro denominated investor.

There was quite a bit of dealing in December as we took advantage of some of the year-end selling pressure by adding to areas that have been heavily sold off in recent months where we believe much of the uncertainty surrounding the economic outlook is already discounted in current asset prices. We switched out of the defensive Schroder Emerging Market Debt Absolute Return fund and into Investec Emerging Market Debt fund which is fully exposed to the asset class. We also took profits on Invesco Perpetual Income fund which has performed very well in these difficult markets and switched into the recently launched BlackRock Continental European Income fund which has a higher dividend yield and invests in global leading companies at depressed valuations purely due to their listing being in a region investors are shunning.

Although underlying market trends do not stop and start according to calendar years, we believe there will be a number of asset allocators that will assess the likely returns available from their portfolios in the year ahead and will need to make a decision as to whether the strategies that worked in 2011 will be appropriate for 2012. Core government bonds have performed remarkably well and we have been wrong footed by this move, but we remain of the view that yields of around 2% in UK, US and Germany 10 year bonds, represent poor value on a sensible investment horizon compared to other assets. We hope that an environment is created in 2012 which allows large institutions such as pension funds to once again adopt return seeking strategies rather than those merely to avoid risk and guarantee negative real returns.

Fund Information

Annual Management Charge	1.35%
Initial Charge	5.55%
Accounting Dates	30 Sept, 31 Mar
Payment Dates	31 Jan, 31 May
Valuation Point	12 noon, daily
Sedol	Euro: B1W4N30, Sterling: B1W4N41
Published Price	www.thenavigatiofund.co.uk
Share Class	Euro & Sterling Accumulation
ISA eligible	Yes, stocks & shares
Min. Investment	€1,500/£1,000, £100pm
Base Currency	Euro

Investment Team

I Richard Scott, Chief Investment Officer; Daniel Lockyer, Fund Manager; Ben Conway, Assistant Fund Manager I

Daniel and Richard have over 25 years of specialist experience in management of portfolios using collective investment vehicles including OEICs and Investment Trusts. They are assisted by Ben Conway. Richard joined Hawksmoor, where he is CIO, in 2008 and has managed fund of funds since 1995. He has been rated by Citywire for his stewardship of previous funds and Richard was the Citywire Fund Manager of the year in 2002 in both the Global and International categories. He is an Associate of the UK Society of Investment Professionals.

Daniel joined Hawksmoor in 2009. His investment career began in 1998 and he has managed funds of funds since 2001, winning the Investment Week Fund Manager of the Year in 2008 and being rated by Citywire along the way.

Ben's investment career began in 2002 after graduation from the University of Cambridge. He joined Hawksmoor in 2010 having spent the majority of his career specialising in Japanese equities at major investment banks in London.

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