

Premier Corporate Bond Monthly Income Fund

Premier Income Funds ICVC



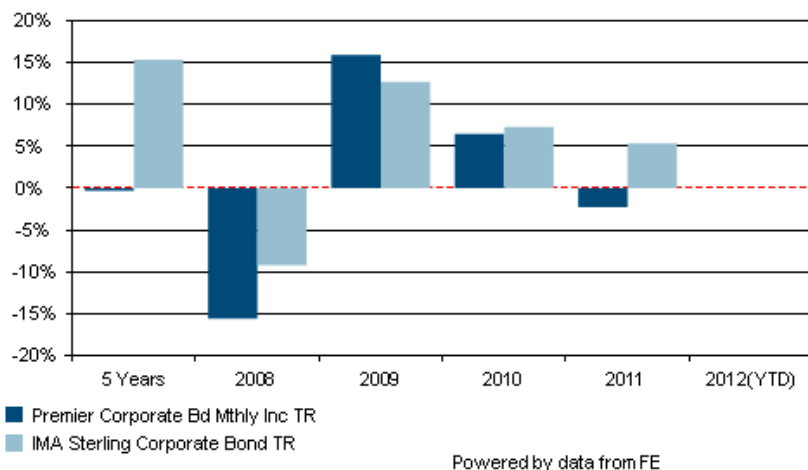
| Fund Strategy |

- Aims to deliver attractive returns on a risk-adjusted basis.
- Employs a top-down asset allocation process, evaluating the macroeconomic environment to drive portfolio construction.
- This is complimented by fundamental research into individual names held within the portfolio.
- At all times, at least 80% of the Fund will be invested in investment grade bonds, or equivalent. Currency exposure will be predominantly sterling and, where appropriate, foreign currency exposure will be hedged back into sterling.
- The Fund will be constructed to distribute monthly income payments.

| Fund Objectives |

To provide a high income payable in monthly instalments.

Performance Record



Managed by Paul Smith since 01 August 2009

Discrete Annual Performance (%)

| Share Type | 2012(YTD) | 2011 | 2010 | 2009 | 2008 |
|------------|-----------|------|------|------|-------|
| Income | - | -2.3 | 6.5 | 16.0 | -15.6 |

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 |
|------------|------------|------------|------------|------------|------------|
| Income | -2.3 | 6.5 | 16.0 | -15.6 | -2.2 |

Cumulative Performance to 31 December 2011 (%)

| Share Type | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
|-----------------|----------|----------|--------|---------|---------|
| Income | 0.3 | -6.3 | -2.3 | 20.8 | -0.3 |
| Official Sector | 2.6 | 1.5 | 4.4 | 28.3 | 15.4 |

Quoted on a bid to bid, total return, UK Sterling basis. Past performance is not a guide to future returns. 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 |

| | |
|----------------------------|-----------------------------|
| Fund Size: | £46.3m |
| Distribution Yield: | R: 6.1%, I: 6.1%, A: 6.1% |
| Underlying Yield: | R: 5.1%, I: 5.5%, A: 5.3% |
| Launch Date: | 06 November 1995 |
| Sector: | IMA Sterling Corporate Bond |

| Top 10 Holdings |

| | % |
|-------------------------------------|--------------|
| Short Exp to Long March Gilt Future | 15.17 |
| Cash | 4.61 |
| France (Govt of) 3.25% 25/10/21 | 2.56 |
| Short Exp to Long March Bund Future | 2.51 |
| ICAP 7.5% 28/07/14 | 2.42 |
| BBC 5.0636% 10/08/33 | 2.31 |
| Lloyds 7.5884% 12/05/20 | 2.24 |
| Invesco Leverage High Yield Ord | 2.22 |
| GE Capital Trust V 5.5% 15/09/66 | 2.17 |
| Barclays 10% 21/05/21 | 2.11 |
| TOTAL | 38.32 |

| Credit Rating Exposure |

| | % |
|----------------------------|-------|
| AAA | 7.75 |
| AA | 10.20 |
| A | 23.21 |
| BBB | 37.61 |
| BB | 8.64 |
| B | 1.69 |
| CCC | 0.52 |
| CC | 0.58 |
| Non-Rated Investment Grade | 1.61 |
| Non-Rated High Yield | 7.66 |
| Non-Rated Equities | 0.53 |

| Maturity |

| | % |
|--------------|-------|
| Under 1 year | 5.22 |
| 1-5 years | 10.10 |
| 5-10 years | 25.89 |
| 10-15 years | 11.82 |
| 15 years + | 44.67 |
| Not Dated | 2.30 |

Fund developments and comments

**Premier Corporate Bond Monthly Income Fund - Investment Manager, Paul Smith (since 01 August 2009)**

Over the last month, the Fund returned +1.03% against the IMA Sterling Corporate Bond Sector which returned +1.81%.

The Monetary Policy Committee (MPC) unanimously voted to maintain the UK base rate at 0.5% in the December meeting. The MPC remains committed to the £75bn increase in the asset purchase programme announced in October and expects this to be completed over the next two months. If

Eurozone troubles persist or escalate over the next quarter we would expect the asset purchase programme to be increased, particularly if bank funding markets remain stressed. Inflation remains high, however we expect this to fall back sharply over the first half of 2012 as the VAT increase, higher energy and higher import prices fall out of the twelve month calculation.

The European sovereign debt crisis continues to drag on as politicians failed to agree the required steps to calm markets, the European Council meeting in mid December proving to be another damp squib. With no clear solution in sight the European Central Bank stepped in on 21st December and provided just under 500bn Euros of 3 year loans to Eurozone banks. With bank funding markets remaining stressed, these cheap loans should assist with liquidity. Gilts and Bunds experienced another strong month as investors remained risk averse, resulting in our relative underperformance of the sector. We have retained a partial hedge against the return of Gilts and Bunds to control the duration of the Fund, limiting the risk of rising "risk-free" rates when risk aversion abates.

Credit spreads have tightened in from the November wides, however until collective action is taken to resolve the on-going crisis markets will remain volatile. We remain predominately invested in financials and despite the volatility we have experienced recently we believe that financials offer the best return potential over the medium term. Over the month we added to our exposure of long dated General Electric and BL Superstore Finance whilst we reduced our exposure to French Government bonds and short dated Henderson bonds.

We are positioned for risk-free rates to rise quicker than the market anticipates and to capitalise on a tightening in credit spreads as confidence returns. We believe credit risk is more attractive than interest rate risk. We remain overweight in financial bonds and despite the possibility of volatility in the short term we expect superior returns from this position over the medium to long term.

Fund Information

| | |
|--------------------------|------------------------|
| Annual Management Charge | 1.00% |
| Initial Charge | 4.25% |
| Accounting Dates | 30 Apr, 31 Oct |
| Payment Dates | 28th day of each month |
| Valuation Point | 12 noon, daily |
| Sedol | 389345 |
| Share Class | Income |
| Published Price | www.premierfunds.co.uk |
| ISA eligible | Yes, stocks & shares |
| Min. Investment | £1,000, £400pm |

Investment Team

I Premier Asset Management Limited I

Premier is a privately owned, dynamic and progressive asset management company that designs and distributes innovative investments, predominantly through financial advisers. Via its FSA regulated subsidiaries, Premier Portfolio Managers Ltd and Premier Fund Managers Ltd, Premier manages a range of authorised UK and offshore funds as well as providing discretionary management services for retail and corporate clients.

I Paul Smith, Senior Investment Manager I

Paul has managed fixed income securities at Premier since 2006 and his responsibilities include the management of a number of open and closed end funds. In 2011, Paul was awarded the 'Investment Week Fund Manager of the Year Award' for the Money Market sector. He has a 1st class BA (hons) degree in Economics and an MA in Finance and Investment (with Distinction) from Exeter University.

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