

Premier High Income Bond Fund

Premier Funds OEIC



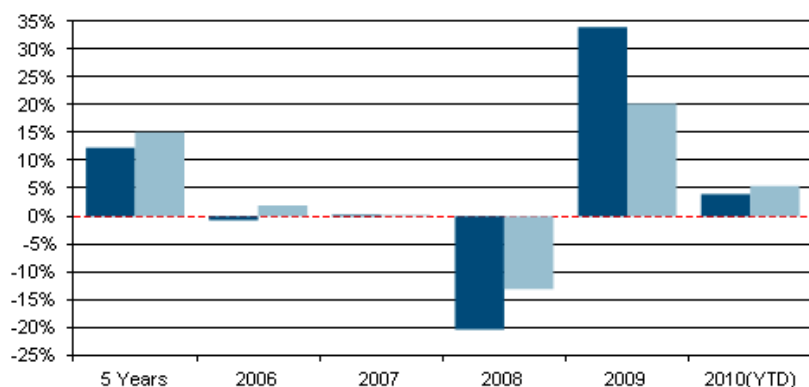
Fund Strategy

- Aims to deliver superior returns on a risk adjusted basis.
- Employs a "top down" asset allocation process. We evaluate relative value of asset types; corporate and sovereign bonds, income funds, equity derivatives and structured products aiming to optimise returns whilst maintaining a prudent approach to risk. This is complimented by a "bottom up" approach to research into individual names held within the portfolio. We only hold companies and securities where we are comfortable with associated non-systematic risk.
- At all times at least 50% of the portfolio will be invested in investment grade or equivalent bonds. Currency exposure will be predominately sterling and where appropriate foreign currency exposure may be hedged back into sterling.

Fund Objectives

The Premier High Income Bond Fund aims to maximise income, with capital appreciation being of secondary importance.

Performance Record



■ Premier High Income Bond TR
■ IMA Sterling Strategic Bond TR

© Financial Express Holdings 2010

Discrete Annual Performance (%)

Share Type	2010(YTD)	2009	2008	2007	2006
Income	3.9	33.9	-20.4	0.2	-0.7

Discrete Annual Performance to Quarter End 30 June 2010 (%)

Share Type	30/06/2009 30/06/2010	30/06/2008 30/06/2009	30/06/2007 30/06/2008	30/06/2006 30/06/2007	30/06/2005 30/06/2006
Income	20.1	-4.5	-3.8	0.1	0.0

Cumulative Performance to 31 July 2010 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Income	-1.9	1.1	16.1	12.2	12.3
Official Sector	-0.2	3.3	15.6	11.9	15.1

Performance quoted on a total return, bid to bid, 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. 09/08/2010

Key Fund Facts |

Launch Date:	01 March 1999
Fund Size:	£18.06m
Sector:	IMA Sterling Strategic Bond
Underlying Yield:	4.6%
Distribution Yield:	6.4%

Top 10 Holdings |

	%
SHORT EXP TO LONG SEPT GILT FUTURE	30.24
SHORT EXP TO LONG SEPT EURO BOND	8.90
Cash	3.17
HENDERSON GROUP 6.5% 02/05/2012 GBP	3.10
INVESCO LEVERAGED ORD GBP	2.90
LLOYDS 7.5884% 12/05/2020 GBP	2.87
ICAP GROUP 7.5% 28/07/2014 EUR	2.71
BARCLAYS BANK 10% 21/05/2021	2.50
SANTANDER 7.3% 27/07/2019	2.32
UNIQUE PUB FINANCE 5.659% 30/06/2027	2.25
TOTAL	60.96

Credit Rating Exposure |

	%
AAA	0.65
AA	7.60
A	22.51
BBB	21.89
BB	11.88
B	5.79
CCC	0.70
Non Rated High Yield	18.92
Non Rated Equities	10.06

Maturity |

	%
Under 1 year	2.74
1-5 years	12.88
5-10 years	41.78
10-15 years	8.12
15 years +	19.46
Undated	15.02

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Fund developments and comments

**Premier High Income Bond Fund, Senior Investment Manager - Paul Smith**

Over the last month, the Fund returned +2.11%, compared to +1.40% from the IMA Sterling Strategic Bond Sector. The Fund continues to provide a relatively high yield in comparison to the sector.

The Monetary Policy Committee (MPC) maintained the UK base rate at 0.5% with Andrew Sentance remaining the only obvious hawk on the committee, as for the second consecutive month, he alone voted for a rate rise. The committee remains torn

between the risks of weak growth and high inflation. The uncertainty of what lies ahead was demonstrated as arguments in favour of both monetary policy tightening and loosening were considered at the meeting. Gilt yields rose sharply mid month following the release of the UK Gross Domestic Product (GDP) figure. UK GDP rose +1.1% in the second quarter, almost double what most analysts were forecasting. These figures eased concerns of a double dip recession occurring in the UK. Gilt weakness reversed in the final days of the month on the back of lower than expected US GDP figures and weak consumer confidence to leave Gilt yields relatively unchanged. The Fund's hedge against the returns of UK Government Bonds and German Government Bonds has been maintained.

The past month has seen a reduction in risk aversion as equity markets have been buoyant and credit spreads have tightened in from recent wides. The risk of a sovereign default remains although sovereigns have regained some stability and the risks of contagion subsided. Funding concerns across the European banking sector have eased following a lower than anticipated demand for the European Central Bank emergency loan rollover and the publication of the long awaited stress test results. Despite the shower of criticism over not including a sufficiently dire scenario, the increased level of transparency this test has provided has been welcomed. More capital will need to be raised across the sector. However, for the time being the tests have calmed fears. We took the opportunity to top up our exposure to Santander prior to the stress test results. The iTraxx Financials indices (Senior and Subordinated) both fell sharply over the month as the cost to insure against financial defaults reduced.

Despite credit spreads tightening over the last month they remain wide relative to the start of the year and historic averages. There will be volatile movements whilst investors remain nervous to sovereign news flows; the recent concerns over fiscal deficits and bank funding illustrates that there are still stumbling blocks to overcome. However, governments, central banks, financials and corporates finally appear alert to such risks and therefore able to nullify any pain quicker than they did two years ago.

Source: Premier Fund Managers Limited.

Fund Information

Annual Management Charge	1.50%
Initial Charge	5.25%
Accounting Dates	30 Nov, 28 Feb, 31 May, 31 Aug
Payment Dates	31 Jan, 30 Apr, 31 Jul, 31 Oct
Valuation Point	12 noon, daily
Published Price	The Financial Times
Share Class	Accumulation & Income
Sedol Code	Acc: B15F6J7, Inc: 0567345
ISA eligible	yes, stocks & shares
Min. Investment	£1,000 / £50pm

Investment Team

I Premier Asset Management Limited I

Premier Asset Management 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 bespoke discretionary management services for retail and corporate clients.

I Paul Smith, Senior Investment Manager I

Paul manages fixed income securities at Premier. His responsibilities include the management of open and closed end funds as well as managing various private client portfolios. Paul 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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