

Premier Strategic High Income Bond Fund

Premier Funds OEIC



Fund Strategy

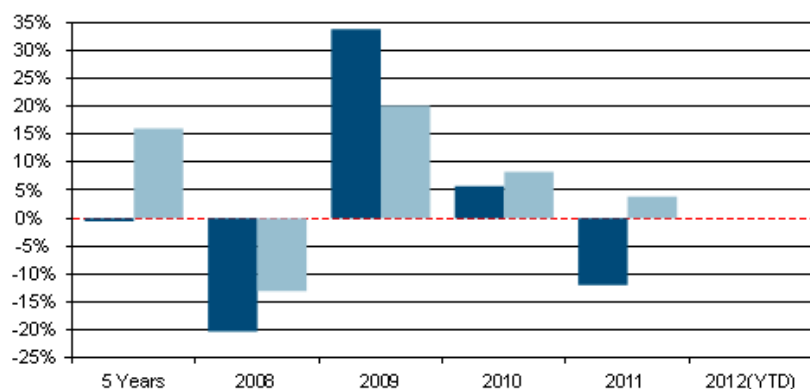
- Aims to deliver superior returns on a risk adjusted basis.
- Employs a "top down" asset allocation process. We evaluate the relative value of corporate, financial and sovereign bonds, as well as other asset classes, providing geographical and sector exposures.
- This is complimented by a fundamental research into individual names held within the portfolio.

Fund Objectives

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

Important Note: Following shareholder approval on 18 January 2012, the Fund's investment policy was changed.

Performance Record



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

Powered by data from FE

Managed by Paul Smith since 1 June 2006

Discrete Annual Performance (%)

Share Type	2012(YTD)	2011	2010	2009	2008
Income	-	-12.0	5.7	33.9	-20.4

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	-12.0	5.7	33.9	-20.4	0.2

Cumulative Performance to 31 December 2011 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Income	-0.7	-13.7	-12.0	24.6	-0.6
Official Sector	2.9	0.0	2.7	34.1	16.1

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. 11/01/2012

Key Fund Facts |

Launch Date:	01 March 1999
Fund Size:	£14.1m
Sector:	IMA Sterling Strategic Bond
Distribution Yield:	7.9%
Underlying Yield:	6.0%

Top 10 Holdings |

	%
Short Exp to Long Dec Gilt Future	37.46
Short Exp to Long March Bund Future	16.53
Cash	6.36
Lloyds 7.5884% 12/05/20	5.78
Credit Suisse 7.875% 24/02/41	4.15
Rabobank 6.875% 19/03/20	4.13
HSBC 8.208% Perp - 15	3.28
Invesco Leverage High Yield Ord	3.22
Barclays 10% 21/05/21	2.62
Henderson 7.25% 24/03/16	2.57
TOTAL	86.1

Credit Rating Exposure |

	%
AAA	2.19
AA	5.47
A	13.82
BBB	31.26
BB	18.48
B	3.91
CCC	0.73
CC	0.61
Non Rated High Yield	16.50
Non Rated Equities	7.03

Maturity |

	%
Under 1 year	4.81
1-5 years	11.92
5-10 years	32.69
10-15 years	8.54
15 years +	30.55
Not Dated	11.49

Fund developments and comments

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

Over December, the Fund returned +0.80% against the IMA Sterling Strategic Bond Sector which returned +1.57%.

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 21 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 participated in three bank liability management schemes, however terms varied. We took part in the Santander exchange to provide better liquidity despite the liability management scheme offering little upside. We exited at no cost in the Societe Generale exchange following our recent purchase, accruing the interest over the holding period, whilst we fully exchanged a holding in subordinated Lloyds bonds into longer dated debt given the new notes had significant protection against not being called at the earliest date.

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

Managed by current manager since	1 June 2006
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	www.premierfunds.co.uk
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 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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