



Pillar 3 Summary Disclosures

(covering
Premier Portfolio Managers Limited
and
Premier Fund Managers Limited)

As at 31st March 2010

Introduction:

The EC's Capital Requirements Directive (CRD) sets consistent capital adequacy rules for investment firms. The framework consists of three pillars: Pillar one specifies the minimum amount of regulatory capital deemed appropriate and Pillar two relates to a firm's assessment of its own capital requirements to determine if additional capital should be held against risks not covered by Pillar one. Pillar three requires public disclosure of information relating to a firm's capital, risk exposures and management practice to improve market discipline through enhanced disclosures by market participants. The disclosures are to be made to the market and for the benefit of the market.

Scope:

These disclosures cover Premier Portfolio Managers Limited (PPM) and Premier Fund Managers Limited (PFM), which are both subsidiaries of Premier Asset Management Limited (PAM).

Both companies are authorised and regulated by the FSA. PPM acts as an authorised fund manager to open ended collective investment funds and PFM operates principally to provide investment management services. For regulatory purposes PPM is a UCITS investment firm and PFM is a BIPRU €125k firm. Both companies have an investment consolidation waiver and all numerical disclosures are therefore shown on an individual company basis.

It is the policy of both companies to normally publish this information annually on the PAM website (www.premierassetmanagement.co.uk) based on information contained in the annual report and financial statements which are prepared to the 30th September each year. The companies will not disclose items which they reasonably regard as confidential or not material. The companies will publish information more frequently if deemed necessary due to changes in the characteristics of the business.

Risk Management

The directors of Premier determine the business strategy and risk appetite together with the design and implementation of a risk management framework which focuses on the major areas of operational and business risk.

The main elements of risk governance include regular meetings of the Directors and senior managers to consider the companies' operational and financial performance; clearly defined responsibilities enabling departmental managers to be integral in the management of risk; appropriately documented procedures and regular management reporting. Regular monitoring is carried out by the compliance and risk department through regular reviews of regulatory requirements and business

risks as governed by a combined compliance monitoring and systems and controls reviews across the group.

Risk appetite is the degree of risk that senior management are willing to accept without applying further resources and capital to mitigate the risk. Premier does not quantify its risk appetite in monetary terms. Significant risks are quantified on a risk and probability basis and mitigating action to reduce the potential exposure considered on a case by case basis.

The combination of risk management and capital adequacy is documented in an ICAAP (Internal Capital Adequacy Assessment Process) document prepared in accordance with the rules of the Financial Services Authority, which is periodically reviewed and updated and provided to the FSA upon request.

Capital resources

A summary of the companies' total capital as at 31/3/10 is shown below:

£'000	Premier Portfolio Managers Limited	Premier Fund Managers Limited
Tier 1 consists of:		
Called up share capital	105	138
Share premium account	-	240
Profit and loss account	1,186	1,085
Less: deductions	-	-
Tier 1 Capital after deductions	1,291	1,463
Total Tier 2, innovative Tier 1 and Tier 3 capital	-	-
Deductions from capital	(17)	(87)
Total capital resources, net of deductions	1,274	1,376

Premier views capital resources as adequate if they exceed the capital requirements as calculated under the FSA sourcebook.

There are no current or foreseen impediments to the prompt transfer of capital within the group or repayment of group liabilities.

Capital requirements

To ensure that there is no significant risk that its liabilities cannot be met as they fall due, the regulations require the companies to maintain capital resources greater than the higher of Pillar one and Pillar two capital requirements. Pillar one capital is the higher of (a) the base capital requirement and (b) the variable capital requirement, which in turn is the greater of the fixed overheads requirement (FOHR) and the sum of the market risk and credit risk capital requirements.

For both PPM and PFM, Pillar one capital is the fixed overheads requirement, which for the 09/10 financial year is:

PPM £377,000
PFM £955,000

PFM and PPM do not act as principal or trade on their own account. PPM has a limited amount of Market Risk due to (a) a small box of OEIC shares used for administrative purposes and (b) foreign currency held in connection with non-sterling OEIC share transactions. PPM and PFM have limited credit risk arising from their day to day operations. As they are less than the FOHR, both credit and market risk are deemed immaterial.

Premier's ICAAP assesses known operational and business risks to determine whether any additional capital should be provided. No additional capital is currently required under Pillar two. As a result additional disclosures relating to the following areas, where applicable, are considered immaterial:

- operational risk
- interest rate risk
- liquidity risk
- insurance risk
- concentration risk
- residual risk
- securitisation risk and
- pension obligation risk