

Prospectus

**Prepared in accordance with the
Collective Investment Schemes Sourcebook**

05 July 2010



PREMIER
ASSET MANAGEMENT

PREMIER UK MONEY MARKET FUND

PROSPECTUS

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1. Introduction

This document constitutes the prospectus for the Premier UK Money Market Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook contained in the Financial Services Authority's (the "FSA") Handbook ("the **COLL Rules**"). It is a prospectus for the purposes of 4.2.5R1 of the COLL Rules. This document is based on information, law and practice as at the date stated on the front cover. Any investor or potential investor should check with the Manager to ensure that this document is the most recent version and that no revisions have been made to this document since this date.

This prospectus is dated and valid as at **05 July 2010**.

The Premier UK Money Market Fund (the "**Fund**") is an authorised unit trust scheme under Section 237 of the Financial Services and Markets Act 2000 (the "**Act**") and is constituted by its Trust Deed dated as per Appendix I. The Fund is a UCITS scheme as defined in the COLL Rules.

The Fund is marketable to all retail investors. However, attention should be paid to the risk warnings set out in Section 24 of this Prospectus.

2. Investment objective and policy

The investment objective and policy of the Fund is to generate income through the active management of a diversified portfolio of UK deposits and short dated money market and other investments. Hedging against price fluctuations, using futures and other permitted derivatives, may be effected up to the full extent of these risks in exceptional circumstances.

The detailed investment powers and restrictions for the Fund are explained in sections 8 and Appendix II of this Prospectus.

Shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered or sold in the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia or offered or sold to US Persons. The Funds have not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been and will not be registered under the United States Investment Advisers Act of 1940.

A "US Person", for the purposes of the above paragraph, is a person who is in either of the following two categories:

- (a) a person included in the definition of "US Person" under Rule 902 of Regulation S under the 1933 Act, or
- (b) a person excluded from the definition of a "Non-United States Person" as used in the US Commodity Futures Trading Commission ("CFTC") Rule 4.7.

For the avoidance of doubt, a person is excluded from this definition of US Person only if he or it does not satisfy any of the definitions of "US Person" only if he or it does not satisfy any of the definitions of "US Person" in Rule 902 and qualifies as a "Non-United States Person" under CFTC Rule 4.7.

"US Person" under Rule 902 generally includes the following:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organisation or incorporated under the laws of the United States;
- (c) any estate which any executor or administrator is a US Person;
- (d) any trust of which any trustee is a US Person;
- (e) any agency or branch of a non-US entity located in the United States;
- (f) any non-discretionary account or similar account (other than a estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
 - i. organised or incorporated under the laws of any non-US jurisdiction; and
 - ii. formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised on incorporated, and owned, by accredited investors (as defined in

Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

3. The Manager

The Manager of the Fund is Premier Portfolio Managers Limited, whose registered office and head office is Eastgate Court, High Street, Guildford, Surrey, GU1 3DE. The Manager is a private company limited by shares incorporated in England and Wales (No. 1235867) on 1 December 1975. The authorised and issued share capital is £125,000 fully paid.

The holding company of the Manager is Premier Asset Management plc, which is incorporated in England and Wales, and whose registered office is Eastgate Court, High Street Guildford, Surrey, GU1 3DE.

The Manager is the Authorised Corporate Director of the following ICVCs:

Premier Multi-Asset Funds	Premier Alliance Trust Investment Funds	Premier Castlefield Funds
Premier Fulcrum Funds	The Berkshire Fund	The Brunel Funds
The Clarion Fund	The Compass Funds	The Discovery Fund
The Elan Fund	The Halcyon Fund	The Hurlingham Fund
The Liberation Fund	The Navigatio Fund	The Nevis Fund
The Pennine Fund	The Sentinel Fund	The Snowdonia Fund
Premier Income Fund ICVC	Premier Growth Fund ICVC	The Piccadilly UK Commercial Property Investment Fund

The Manager may provide investment services to other clients and funds and to companies in which the Fund may invest in accordance with COLL and OEIC Regulations.

The Directors of Premier Portfolio Managers Limited are:

Neil Macpherson

Mark Friend

Michael O'Shea

Simon Weldon

Michael Hammond

4. Investment Adviser

The Investment Adviser to Premier Portfolio Managers Limited is Premier Fund Managers Limited, whose registered office is Eastgate Court, High Street, Guildford, Surrey GU1 3DE. The Investment Adviser is a body corporate in a group of which the Manager is a member. The principal activity of the Investment Adviser is investment management and the giving of investment advice. The duties of the Investment Adviser include advising the Manager as to the content of the Fund and dealing on its behalf, subject always to the Fund's investment objective and policy and the terms of the Trust Deeds. A fee, as is agreed from time to time, is payable to the Investment Adviser. This fee is payable by the Manager and not out of the Fund. The arrangement is terminable by notice in writing to the Investment Adviser by the Manager. In addition, the Manager can withdraw the arrangement with immediate effect when this is in the interests of unitholders.

The Investment Adviser is authorised and regulated by the FSA.

5. The Trustee

The Trustee of the Fund is The Royal Bank of Scotland plc who holds the title to the Fund's investments on behalf of the unitholders. It was incorporated in Scotland as a Public Limited Company on 31 October 1984. Its ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in Scotland. Its head office is at

Gogarburn, P.O. Box 1000, Edinburgh EH12 1HQ. Its registered office is at 36 St Andrew Square, Edinburgh, EH2 2YB. The main business activity of The Royal Bank of Scotland plc is banking.

The Trustee is required to carry out the duties specified in the COLL Rules, including having responsibility for the safekeeping of all the Fund's property entrusted to it. Subject to the COLL Rules, the Trustee has full power to delegate and authorise its delegate to sub-delegate its duties.

The Trustee has delegated the custody of assets of the Fund to The Northern Trust Company.

6. The Auditors

The auditors of the Fund are Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU.

7. Delegated Functions

The Manager and the Trustee may retain the services of the other or of third parties to assist them in fulfilling their respective roles. The exceptions to this are:

- (a) the Trustee may not delegate oversight in respect of the Fund to the Manager;
- (b) any delegation by the Trustee of custody of the scheme property must be on arrangements which allow the custodian to release documents into the possession of a third party only with the Trustee's consent; and
- (c) no mandate in relation to managing investments of the scheme property may be given to the Trustee; or any other person whose interests may conflict with those of the Manager or the unitholders; or any other person who is not both authorised or registered for managing of investments and is subject to prudential supervision (unless there is an agreement in place between the FSA and the overseas regulator of the delegate ensuring adequate co-operation).

Where functions are performed for the Manager by third parties, the responsibility which the Manager had in respect of such services prior to the delegation to a third party will remain unaffected. Where the Trustee delegates matters to its own associate to assist in the performance of its functions, then the Trustee's liability in respect of those services shall remain unaffected and, in any other case, the Trustee will not be held responsible by virtue of the COLL Rules for any act or omission of the person so retained if it can show, first, that it was reasonable for the delegator to obtain assistance to perform the function in question, secondly that the delegate was and remained competent to provide that assistance; and thirdly that the delegator took reasonable care to ensure that the assistance was provided in a competent manner.

The COLL Rules contain various requirements relating to transactions entered into between the Manager and the Trustee, the Investment Adviser or any of their associates which may involve a conflict of interest. These are designed to protect the interests of the Fund. Certain transactions between the Trustee and the Manager, or an associate of the Manager may be voidable.

Administration and Registrar

The Manager has appointed Northern Trust International Fund Administration Services (UK) Limited and Northern Trust Global Services Limited to provide administration and fund accounting services to the Fund and to act as the registrar. The register is maintained at the Registrar's offices at 50 Bank Street, Canary Wharf, London, E14 5NT, where it may be inspected during normal business hours.

8. The Fund's investment powers and restrictions

The assets of the Fund will be invested with the aim of achieving its investment objective and policy as set out in section 2 of this Prospectus. The Fund must also be invested so as to comply with the investment and borrowing powers and restrictions applicable to UCITS schemes set out in the COLL Sourcebook, its Trust Deed and this Prospectus. The investment and borrowing powers which are applicable to the Fund are set out in further detail in Appendix II.

It is intended that the Fund will qualify for the cash element of an ISA.

9. Base Currency

The base currency of the Fund is pounds sterling.

10. Characteristics of Units in the Fund

The units in the Fund are denominated in pounds sterling. All units are registered units. The Trust Deed provides for the creation of one or more classes of Units with the respective criteria for eligibility and allocation of rights to participate in the property of the Fund as set out in the Trust Deed and in this Prospectus from time to time. The type of units currently issued by the Fund are as detailed in Appendix I.

Each unitholder in the Fund is entitled to participate in the property of the Fund and its income in the proportion that the value of the holding of units bears to the value of the property of the Fund. If more than one class of Units is in issue in the Fund, the holder of Units will participate in the property of the Fund in accordance with his proportionate share entitlements calculated in accordance with the terms of the Trust Deed.

A unitholder's right in respect of the Fund as represented by his units is that of a beneficial interest under a trust. Unitholders are not liable for the debts of the Fund.

Income attributable to income units is distributed to income unitholders. Income is paid to unitholders in the Fund on 30 September each year.

Income attributable to accumulation units is automatically added to (and retained as part of) the capital assets of the Fund and is reflected in the unit price of accumulation units.

The title to units is evidenced by entries on the register of unitholders.

Six monthly statements will be issued during April and October which will detail transactions for the preceding six month period together with the balance and value of your holding.

11. Buying Units

The minimum initial lump sum payment and holding for units in the Fund is £1000. The minimum value of units which may be the subject of any subsequent purchase is £500. Regular monthly savings are available, with the minimum amount being £100 per month. Units may be bought direct from the Manager (requests will be accepted in writing or by telephone) or through intermediaries, normally at no extra cost, at not more than the offer price applicable at the time instructions are received, as calculated in accordance with the applicable provisions on dual pricing contained in the COLL Rules. A contract note confirming the transactions will be sent and as no unit certificate is issued it is important that this is retained in a safe place. All written applications should be accompanied by a cheque in respect of any lump sum investment, or a completed Direct Debit instruction in respect of regular contributions. Settlement of a purchase contract must be made within four business days from the effective valuation point for the contract.

12. Selling Units

The Manager normally will buy back units from registered holders free of commission, at not less than the bid price applicable at the time instructions are received, as calculated in accordance with the applicable provisions on dual pricing contained in COLL. They may also be sold back through an authorised intermediary who may charge commission. Instructions for sale may be given in writing or may be telephoned to the Manager's dealing department. A contract note will be issued to confirm the transaction. Payment normally is made within four working days of the Manager receiving properly completed documentation. The form of renunciation, which needs to be completed before the proceeds are released, is issued with the unit purchase contract note.

Alternatively, additional forms are available on request. In all cases payment will only be made to the registered unitholder(s) and will be made by cheque.

Partial disposals are permitted, but the Manager may refuse to accept an instruction to redeem part of a holding if by doing so the residual value of the units remaining in the holding would be less than the minimum investment requirement of £1000.

Deferred redemptions of Units

If requested redemptions of Units on a particular day exceed 10% of the Fund's value, redemptions of Units may be deferred to the next valuation point. Any such deferral would only be undertaken in such manner as to ensure consistent treatment of all unitholders who had sought to redeem Units at the valuation point at which redemptions were deferred. The Manager does not currently intend to employ deferred redemptions.

Compulsory redemptions of Units

The Manager may impose such restrictions as it thinks necessary to ensure that no Units are acquired or held by any person in breach of law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. The Manager may reject any application for, or sale of, Units, if the Manager becomes aware that:

- any Units are owned directly or beneficially in breach of any law or governmental regulation; or
- the Unitholder in question is not eligible to hold such Units or if the Manager reasonably believes this to be the case; or
- a holding of Units constitutes a breach of the Trust Deed or this Prospectus as to eligibility or entitlement to hold any Units then the Manager may give notice requiring the transfer, repurchase or exchange of such Units. If any person does not take such steps within 30 days, he shall then be deemed to have given a written request for the redemption of all of his Units.

A person who becomes aware that he is holding or owning Units in breach of any law or governmental regulation or is not eligible to hold those Units must either:

- transfer all those Units to a person qualified to own them; or
- give a request in writing for the redemption of all such Units unless he has already received such a notice from the Manager to transfer the Units or for them to be repurchased.

13. In Specie Cancellation

If a unitholder gives an instruction to sell units representing 5% or more in value of the total scheme property of the Fund, the Manager is entitled to give notice to the unitholder that he intends to transfer a proportionate share of the scheme property to the unitholder instead of payment for the units.

The notice must be served by the Manager on the unitholder no later than close of business on the second business day following the day of receipt of the instruction to sell.

If such a notice is served, the unitholder can, if he wishes, serve a notice on the Manager asking the Manager to sell the relevant proportionate share of the property and to transmit the net proceeds to the unitholder. Such notice must be served no later than close of business on the fourth business day following the day of receipt of the original notice served by the Manager.

14. Dealing

Units normally may be bought and sold on any working day between 9.00am and 5.30pm. (A working day, throughout this Prospectus, is a date on which the London Stock Exchange is open).

The Manager deals at forward prices.

Telephone transactions received between 12.00 pm and 5.30 pm on any working day normally will be dealt at the first price calculated on the following working day unless the Manager is otherwise instructed.

Telephone deals received before 12.00 pm on any working day normally will be dealt at the first price calculated on that working day.

Postal instructions received prior to 12.00 pm on any working day normally will be dealt at the first price calculated for that day unless the Manager is otherwise instructed. Postal instructions received after 12.00 pm on any working day or if they are received on a day which is not a working day normally will be dealt at the price resulting from the next valuation of the Fund after receipt of those instructions. In the case of a transaction under which the total consideration is more than £15,000 the Manager reserves the right to quote a special price within the limits of the parameters laid down in the COLL Rules.

Suspension of dealings in units

The sale or redemption of Units may be suspended by the Manager with the prior agreement of the Trustee or, if the Trustee so requires, at any time for a period not exceeding 28 days, if the Manager or the Trustee as appropriate is of the opinion that there is good and sufficient reason to do so having regard to the interests of unitholders. If such a suspension occurs, the recalculation of the price of the Units will recommence on the next business day following the resumption of dealing.

15. Valuation of the Fund

The property of the Fund is dual priced and will be valued at 12.00 pm on each working day ("the valuation point") in order to calculate the prices at which units in the Fund can be issued, cancelled, bought and sold. The calculation of the issue and cancellation prices of units will commence immediately thereafter.

Detailed provisions concerning the valuation of the Fund are contained in the Trust Deed (a copy of which may be obtained on request). There follows a brief description of how the dual pricing works in the context of the Fund.

Maximum Offer Price

To work out the maximum offer price of units the value of an investment within the Fund's property is calculated by reference to the most recent price that can reasonably be obtained after the valuation point, with a view to giving an accurate valuation of the property of the Fund at that point. For this purpose the valuation of the Fund's property will be at the best available market offer price. Securities traded under the Stock Exchange Automated Quotation System will be valued using the price of the lowest sell order on the book. Japanese shares will be valued at the last traded price.

Minimum Bid Price

To work out the minimum bid price of units the value of an investment within each of the Fund's property is calculated by reference to the most recent price that can reasonably be obtained after the valuation point, with a view to giving an accurate valuation of the property of the Fund at that point. For this purpose the valuation of the Fund's property will be at the best available market bid price. Securities traded under the Stock Exchange Automated Quotations System will be valued using the price of the highest buy order on the book. Japanese shares will be valued at the last traded price.

Fair Value Pricing

To the extent permitted by the FSA and subject to appropriate controls, the Manager may use a technique known as 'fair value pricing'. This is used to adjust the prices of underlying securities by reference to external price indicators and appropriate trigger levels so that the valuation of the Funds will more accurately reflect developments on any given Dealing Day. For example the occasions when Fair Value Pricing may be used by the Manager are: closure or failure of markets, volatile or 'fast' markets, war, natural disasters, terrorism, Government actions, political instability;

The purpose of Fair Value Pricing is to ensure that investors in a Fund are protected from suffering losses as a result of unusual events, which occur outside normal dealing times and may have a material effect on the value of the investment.

Publication of prices

The most recent issue and redemption prices of units in the Fund are available on-line at www.premierassetmanagement.co.uk or at the IMA's website www.investmentuk.org, and prices are also obtainable by calling the Manager on **0845 605 6363**. Prices for the Fund are currently also published daily in the Financial Times.

The Manager reserves the right to cease to publish prices in the Financial Times in the future.

The Manager reserves the right to revalue the Fund at any time if it considers it desirable to do so.

The last cancellation price notified to the Trustee is available on request.

16. Manager's remuneration

Initial charge

The Fund's Trust Deed permits the Manager to include in the offer price of units an initial charge. Out of this, remuneration will be paid to authorised professional advisers on applications bearing their stamp. The Manager may waive the initial charge in whole or in part in its discretion. The current initial charge applicable to the Fund is set out in Appendix 1. The Manager's initial charge may be increased following 60 days' prior written notice to the Trustee and Unitholders of the Fund.

Redemption charge

The Manager may charge a fee on the redemption of units in the Fund, but currently no redemption charge is applied. Any such charge could only be introduced in the future in respect of units issued after the time of its introduction (and not in respect of existing units).

Periodic charge

In addition, the Manager is entitled under the Trust Deed to take remuneration out of the property of the Fund as disclosed in this Prospectus. The Periodic Charge is accrued on the prior business day's Net Asset Value of the Fund (or, where more than one share class is available, on a class by class basis) calculated on a mid market basis. This charge is accrued daily and payable on, or as soon as is practicable after, the last business day in that calendar month. The current rate of the Periodic Charge is set out in Appendix I

17. Expenses payable out of the Fund's Property

In addition to the Manager's remuneration, the following charges and expenses are payable out of the property of the Fund:

A) Trustee's remuneration and expenses

The Trustee will be remunerated for its service by a periodic charge payable out of the property of the Fund.

The Trustee's charge, (which is subject to VAT) is currently calculated on a sliding scale of 0.02% on the first £50 million and 0.01% thereafter of the value of the Fund. The periodic charge is calculated on a daily basis and is paid on the last business day of each accrual period, the accrual periods being based on calendar months and is paid in arrears. The monthly charge is calculated with reference to the mid market valuation of the property of the Fund at the valuation point on the last business day of the preceding month.

As custodian, Northern Trust Company will be paid custody, other transaction and bank charges plus VAT (if any) together with out of pocket expenses. These charges vary according to the countries in which dealings take place and custody services are rendered. The charges for transactions range between £7.50 and £120 per transaction. The custody charges currently range between 0.003% and 0.27% calculated monthly on the average of creation and cancellation values of the fund. An accrual is made based on the estimated aggregate of the number of transactions or lines of stock. This is then paid monthly in arrears for transaction charges and custody services. The full tariff is available on request from the Manager's office.

The Trustee is entitled to be reimbursed out of the holding of the Fund for expenses properly incurred in performing duties imposed on it or exercising powers conferred upon it by the COLL Rules, together with any VAT payable. The relevant duties may include, without limitation:-

- delivery of stock to the Trustee or custodian;
- custody of assets;

- maintenance of the register;
- collection of income;
- submission of tax returns;
- handling of tax claims;
- preparation of Trustee's annual report;
- such other duties as the Trustee is required by law to perform.

In addition, the Trustee may be paid the following expenses or disbursements (plus VAT):-

- all fees charged by and any expenses and disbursements agreed for payment to any registrar appointed under the COLL Rules or any expenses or disbursements incurred by the Trustee acting as registrar, these include but are not limited to dealing transaction charges; charges for keeping the register (and any sub-plan register) and management accounting charges. Charges are subject to annual review subject to the agreement of the ACD and minimum charges may apply; and
- all expenses of registration of assets in the name of the Trustee or its nominees or agents, of acquiring, holding, realising or otherwise dealing with any asset; of custody of documents; of insurance of documents and of collecting income or capital; of opening bank accounts, effecting currency transactions and transmitting money; relating to borrowings or other permitted transactions; of obtaining advice, including legal, accountancy or other advice, of conducting legal proceedings, of communicating with Unitholders, the Manager, the Registrar or other persons in respect of the Fund, relating to any inquiry by the Trustee into the conduct of the Manager and any report to holders; or
- otherwise relating to the performance by the Trustee of its duties or the exercise by the Trustee of its powers; and
- all charges of nominees or agents in connection with any of the matters referred to at (b) above; and
- any other costs, disbursements or expenses accepted under the laws of England and Wales from time to time as being properly chargeable by Trustees. If any person, at the request of the Trustee in accordance with the COLL Rules, provides services including but not limited to those of a custodian of the holding of the Fund, the expenses and disbursements hereby authorised to be paid to the Trustee out of the holding of the Fund shall extend to the remuneration of such persons as approved by the Trustee and the Manager.

(B) Other charges and expenses

- The following charges and expenses will be reimbursed out of the property of the Funds:
 - broker's commission, fiscal charges and other disbursements which are necessary to be incurred in effecting transactions for the Fund, and normally shown in contract notes, confirmation notes and difference accounts as appropriate, and
 - interest on borrowing permitted under the Fund and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings, and
 - taxation and duties payable in respect of the holding of the Fund, the trust deed or the issue of units, and
 - any costs incurred in modifying the trust deed, including costs incurred in respect of meetings of holders convened for purposes which include the purpose of modifying the trust deed, where the modification is:
 - necessary to implement, or necessary as a direct consequence of, any change in the law (including changes in the COLL Rules), or
 - expedient having regard to any change in the law made by or under any fiscal enactment and which the manager and the trustee agree is in the interest of holders, or
 - to remove from the deed obsolete provisions, and

- (v) any costs incurred in respect of meetings of holders convened on a requisition by holders not including the Manager or an associate of the Manager, and
 - (vi) liabilities on unitisation, amalgamation or reconstruction arising, when paragraph (b) applies, under paragraph (c), and
 - (vii) the audit fee properly payable to the auditor and value added tax thereon and any proper expenses of the auditor, and
 - (viii) the fees of the Financial Services Authority under the Act and the COLL Rules or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units in the Fund are or may be marketed.
- (b) Paragraph (c) applies where the holding of a body corporate (such as an investment trust) or of another collective investment scheme is transferred to the Trustee in consideration of the issue of units in the Fund to shareholders in that body or to participants in that other Fund.
- (c) In such a case the Trustee as the successor in title to the other holding may pay out of the holding of the Fund any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other holding, but it may pay only if:
- (i) there is nothing in the trust deed expressly forbidding the payment; and
 - (ii) the Trustee is of the opinion that the proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer.

C) Administrator's and Registrar's Fee

The Administrator's fees and expenses (plus any VAT thereon) will be paid by the ACD out of its remuneration under the ACD Agreement, with the exception of the services detailed in 15.9, which the Company may pay out of the property of the Company. These will include but are not limited to:

- (i) dealing administration: dealing charge of £18.00 on each transaction, subject to a minimum monthly charge of £350;
- (ii) keeping the register and sub-plan register: £12.00 per annum per shareholder, or in the case of the sub-plan, per account holder, subject to a minimum monthly charge of £350.
- (iii) Management Accounting Fees of £3000 per annum.

The fees are payable to the Registrar out of the property of each Fund and are allocated to each share class based on the value of each share class as a proportion of the Fund value. The Registrar's fees are payable monthly in arrears and are subject to annual review subject to the agreement of the ACD.

18. Determination and Distribution of Income

On the income allocation dates (as detailed in Appendix I), an amount, as determined by the Manager in accordance with the Trust Deed, is either paid, reinvested or accumulated to those unit holders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit or cheque to the unitholders nominated bank account. If the income allocation date is a non business day, payment will be made on the next business day.

If, in respect of a particular accounting period, the average income allocation to unitholders (disregarding, for this purpose, any units held by the Manager or the Trustee or their associates) would be less than £20, the Manager reserves the right (with the agreement of the Trustee) not to make any income allocation and, in such an event, the amount of income for that period will be credited to capital (and reflected in the value of units).

Any distribution payment that remains unclaimed after six years will be transferred to and become part of the

capital property of the trust. Therefore neither the payee or unitholder will have any right except as part of the capital property.

Grouping for equalisation is permitted by the Trust Deed. This means that units purchased during an accounting period (group 2 units; units purchased during a previous period are group 1 units) contain in their purchase price an amount called equalisation which represents a proportion of the net income of the Fund already accrued up to the date of purchase. This is refunded to holders of group 2 units as part of their first accumulation but for tax purposes is treated as a return of capital. The amount of income equalisation is the amount arrived at by taking the aggregate of the amounts of income included in the issue price or the sale price of units of the type in question issued or re-issued in the relevant period for grouping of units, and dividing that aggregate by the number of those units and applying the resultant average to each of the units in question. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes. The grouping periods for the Fund are as detailed in Appendix I.

19. Approvals and notifications to Unitholders

Under the COLL Rules, the Manager is required to seek Unitholder approval to, or notify Unitholders of, various types of changes to the Fund.

Fundamental Changes

A fundamental change is a change or event which changes the purposes or nature of the Fund, or may materially prejudice a Unitholder or alters the risk profile of the Fund or introduces any new type of payment out of the Fund's property. The Manager must, by way of an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed), obtain prior approval from Unitholders for any such change. An extraordinary resolution is required, for example, for certain changes to the investment objective or policy of the Fund.

The convening and conduct of meetings of Unitholders and the voting rights of Unitholders at those meetings is governed by the provisions of the COLL Rules and the Trust Deed of the Fund.

The Manager may convene a meeting at any time. Unitholders registered as holding at least 1/10th in value of all the Units then in issue may require that a meeting be convened. A requisition by Unitholders must state the objects of the meeting, and be dated and signed by those Unitholders and deposited at the head office of the Trustee. The Manager must convene a meeting no later than eight weeks after receipt of such requisition by the Trustee.

Unitholders will receive at least 14 days' written notice of a meeting (including the day of service of the notice and the day of the meeting). The notice will specify the day, hour and place of the meeting and the reductions to be put to the meeting. They are entitled to be counted in the quorum and vote at a meeting either in person or by proxy. The quorum for a meeting is two Unitholders, present in person or by proxy. If, at an adjourned meeting, a quorum is not present after a reasonable time from the time appointed for the meeting, one person entitled to be counted in a quorum present at the meeting shall constitute a quorum.

The Manager will not be counted in the quorum for a meeting. The Manager and its associates are not entitled to vote at any meeting, except in respect of Units which the Manager or an associate holds on behalf of or jointly with a person who, if himself the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions.

Every Unitholder who (being an individual) is present in person or (being a corporation) by its properly authorised representative shall have one vote on a show of hands.

A Unitholder may vote in person or by proxy (a person appointed by the Unitholder to attend and vote in place of the Unitholder) on a poll vote. A poll may be demanded by the chairman of the meeting (who shall be a person appointed by the Trustee, or in the absence of such a person, a person nominated by the Unitholders), the Trustee or any two Unitholders.

A Unitholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Significant Changes

A significant change is a change or event which is not fundamental but which affects the Unitholder's ability to exercise his rights in relation to his investment; or would reasonably be expected to cause the Unitholder to reconsider his participation in the Fund; or results in any increased payments out of the Fund's property to the Manager or an associate of the Manager; or materially increases any other type of payments out of the Fund property. The Manager must give reasonable prior notice (of not less than sixty days) in respect of any such significant change.

Notifiable Changes

A notifiable change is a change or event of which a Unitholder must be made aware, but, although considered by the Manager not to be insignificant, it is not a fundamental change or a significant change. The Manager must inform Unitholders of the Fund in an appropriate manner and time scale of any notifiable changes that are reasonably likely to affect or have affected the operation of the Fund.

20. Termination

- A. The Fund shall be terminated upon the happening of any of the following events or dates:
- (i) the authorisation order of the Fund is revoked;
 - (ii) the passing of an extraordinary resolution winding-up the Fund, provided the FSA's prior consent to the resolution has been obtained by the Manager or the Trustee;
 - (iii) in response to a request to the FSA by the Manager or the Trustee for the revocation of the authorisation order, the FSA has agreed, subject to there being no material change in any relevant factor that upon the conclusion of the winding-up of the Fund the FSA will agree to that request;
 - (iv) the effective date of a duly approved scheme of arrangement which is to result in the Fund that is subject to the scheme of arrangement being left with no property;
 - (v) on the expiration of any period specified in the trust deed as the period at which the Fund is to terminate.
- B. If any of the events set out above occurs, the provisions of the FSA's Rules concerning pricing and dealing and investment and borrowing powers will cease to apply. The Trustee shall cease the issue and cancellation of Units and the Manager will stop redeeming and selling Units. The procedure for winding up the Fund will be as follows:
- i) if an extraordinary resolution at a meeting of unitholders in the Fund is passed approving a scheme of arrangement for the Fund, the Trustee will wind up the Fund in accordance with that scheme of arrangement;
 - ii) in any other case, the Trustee will as soon as practicable after the Fund falls to be wound up, realise the property of the Fund and, after paying out of it all liabilities properly so payable and retaining provision for the costs of the winding up, distribute the proceeds to the holders and the Manager (upon production by them of evidence as to their entitlement) proportionately to their respective interests in the Fund; and
 - iii) any unclaimed net proceeds or other cash held by the Trustee after the expiry of twelve months from the date on which the same became payable will be paid by the Trustee into Court subject to the Trustee having a right to receive out of it any expenses incurred by him in making that payment into Court.

21. Taxation

The taxation of the Fund and the unitholders is subject to the fiscal law and practice of the UK and of the jurisdictions in which unit holders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in the UK does not constitute legal or tax advice and applies only to persons holding units as an investment. It is not a guarantee to any unitholder of the tax results of investing in the Fund.

In particular, this summary does not take account of particular unitholders' individual circumstances, does not address the taxation consequences for unitholders who may be subject to taxation or exchange control in a jurisdiction other than the UK and does not address investors falling into particular categories (such as life insurance companies or employees of entities connected to the Fund) which may be subject to special rules.

Prospective investors should consult their own professional advisers on the tax and exchange control implications of making an investment in, holding or disposing of units and the receipt of distributions with respect to units under the laws of the countries in which they may be liable to taxation.

This summary is based on the UK taxation law and HM Revenue & Customs' practice in force at the date of this document, but prospective investors should be aware that the relevant fiscal rules and practice or their interpretation may change.

Taxation of the Fund

The UK tax regime applicable to the Fund is primarily set out in section 468A Income and Corporation Taxes Act 1988 and in the Authorised Investment Funds (Tax) Regulations 2006 SI 2006/964 (the "Tax Regulations").

The Fund is exempt from UK corporation tax on chargeable gains arising on the disposal of its investments, and is not entitled to corporation tax relief on losses which are treated as capital in nature.

The Fund will not be subject to corporation tax on any profits or gains (or be entitled to corporation tax relief for any losses) which it derives from their creditor loan relationships or their derivative contracts, to the extent that those profits, gains or losses are treated as "capital profits, gains or losses". Capital profits, gains or losses for this purpose are those profits, gains or losses arising from such creditor loan relationships or derivative contracts which fall to be dealt with under either the heading "net gains/losses on investments during the period" or the heading "other gains/losses" in the Fund's statement of total return for the accounting period in question.

The Fund will be subject to corporation tax at a rate equal to the lower rate of income tax, currently 20 per cent, on its taxable income from investments after relief for allowable expenses. Dividend distributions or yearly interest distributions received by the Fund from other authorised investment funds (broadly UK OEICs and authorised unit trusts) will be taxed on the Fund in accordance with the rules described under the heading "Taxation on Interest Distributions" below.

However, the Fund is not subject to tax on dividends and similar distributions from UK resident companies.

To the extent that the Fund receives income from, or realises gains on investments issued in, foreign countries, it may be subject to withholding tax or other taxation in those jurisdictions and to UK corporation tax on the income.

Since the Fund distributes its income as yearly interest, the amount of income so distributed will be deducted from the income of the Fund in computing its liability to corporation tax.

There is no specific exemption from UK stamp taxes – stamp duty or stamp duty reserve tax ("SDRT") – for the Fund. Broadly speaking, stamp duty is paid on a transaction involving stock or marketable securities, and the rate is 0.5% of the value of the stock or securities. SDRT is paid on an agreement to transfer chargeable securities, and the rate is 0.5% of the value of the stock or securities. The Fund may incur similar taxes in another jurisdiction if it carries out transactions involving that jurisdiction.

Taxation of the Unitholders

Taxation on Interest Distributions

The Fund allocates its income as interest distributions.

For unitholders who are individuals resident in the UK for tax purposes and other unitholders within the charge to UK income tax, interest distributions will suffer deduction of tax at the lower rate, currently 20 per cent. Such unitholders will be entitled to use the income tax withheld as a credit against their UK income tax liability. Such withholding will satisfy the liability of starting and basic rate taxpayers to tax on the income. Higher rate taxpayers will have additional tax to pay. For unitholders whose income tax liability is less than the tax withheld, the tax withheld can be the subject of a repayment claim.

Unitholders subject to UK corporation tax will receive their interest distributions gross, i.e. no tax will be deducted at source. The tax regime relating to corporate loan relationships contained in Chapter 2 of Part 4 of Finance Act 1996 is generally applied to yearly interest distributions made to such a unitholder as if the yearly interest distribution were interest on a loan by such unitholder to the Fund.

Unitholders who are resident in jurisdictions other than the UK for tax purposes, a yearly interest distribution will be paid after deduction of income tax at source at the lower rate, currently 20%, except in the following circumstances:

- where the unitholder is a company (other than a company which receives the distribution as trustee of a trust);
- where the unitholder is the trustee(s) of a unit trust scheme;
- where a third party nominee company through which the units were purchased is subject to the EC Money Laundering Directive (Directive 91/308/EEC) and has reasonable grounds for believing that the beneficial owner is not ordinarily resident in the UK; or
- where, broadly, the unitholder provides a valid declaration that he/she is not ordinarily resident in the UK for UK tax purposes.

Unitholders who are resident in jurisdictions other than the UK for tax purposes and to whom a yearly interest distribution is paid after deduction of tax may be entitled to reclaim that UK income tax deducted at source under the provisions of any double tax convention or agreement between the UK and the jurisdiction in which they are primarily subject to tax.

In relation to Accumulation units, any deduction of income tax at source is made before the yearly interest distribution is reinvested, thereby reducing the amount reinvested.

All unitholders will be sent tax vouchers stating the make-up of their distributions showing taxable income and tax withheld.

Taxation on Capital Gains

Unitholders may, depending on their circumstances, be liable to capital gains tax or corporation tax on chargeable gains arising from a disposal of any units. For these purposes, a disposal includes a sale or a redemption of units. An exchange ("switching") between Income units and Accumulation units in the Fund is usually treated as a disposal. Similarly an exchange of units in the Fund for shares in any other Fund will be treated as a disposal and acquisition for those purposes. Proceeds on the redemption of units are paid to unitholders without deduction of tax. For Accumulation Shares, income accumulated and on which income tax or corporation tax on income has been paid can generally be added to the cost of those Accumulation Shares when computing the amount of any gain.

Individual unitholders who are resident or ordinarily resident in the UK and unitholders who are UK resident trustees may be liable to UK taxation on chargeable gains arising from a disposal of units. A unitholder who is an individual who was resident or ordinarily resident in the UK for tax purposes and who disposes of units during the 5 years after he ceases to be so resident or ordinarily resident may also be liable to UK taxation on chargeable gains. Until 5 April 2008 the amount of any chargeable gain on a disposal by an individual unitholder or by trustees may have been reduced by taper relief depending on how long the units have been held. From 6 April 2008, taper relief has been abolished and that the chargeable gains for individuals and trustees will be taxed at a flat rate of 18%. Each individual has an annual exemption, currently £9,600 (tax year 2008/09), such that capital gains tax is chargeable only on net gains arising from all sources during the tax year in excess of this figure.

Where a unitholder within the charge to UK corporation tax makes a gain on a disposal of units, that gain will be taxed as a profit from a loan relationship. The tax regime relating to corporate loan relationships contained in Chapter 2 of Part 4 of Finance Act 1996 will therefore apply and the profit should be brought into account accordingly (provided, in the case of a non-resident Shareholder carrying on a trade in the UK through a permanent establishment, the units disposed of were held for the purposes of such trade or such permanent establishment).

Unitholders who are not within the charge to UK taxation on chargeable gains, which will generally include unitholders who are resident in jurisdictions other than the UK for tax purposes unless they are carrying on a trade in the UK through a permanent establishment, will not generally be charged to UK tax on gains made on a disposal of units. Their tax position is likely to depend on the law and practice on taxation in the jurisdiction in which they are resident.

EU Savings Directive

The European Union Directive on the Taxation of Savings Income (2003/48/EC) (the "EU Savings Directive") provides that "paying agents" established in a member state of the EU (or certain prescribed dependent or associated territories of member states) which pay "savings income" to individuals resident in another member state (or, depending on the state in which the paying agent is established, possibly also to individuals resident in the prescribed dependent or associated territories) are obliged, depending on the state in which the paying agent is established, either to disclose details of the payment and payee to taxation authorities or to withhold tax from the payment.

For the purposes of the UK's implementation of the EU Savings Directive, the proceeds of a sale, refund or redemption of units and/or the proceeds represented by a distribution from the Fund may be classed as "savings income". Sale, refund or redemption proceeds will be savings income if more than 40% of the Fund's assets are invested in money debts. Distribution proceeds will be savings income if more than 15% of the Fund's assets are invested in money debts.

Under the UK's implementation, where savings income is paid by a paying agent established in the UK to an individual resident in another member state or prescribed territory, the paying agent is obliged to disclose details of the payment to the HM Revenue & Customs. The identity of the relevant paying agent depends on how a unitholder purchases and holds units. For unitholders who purchase units directly, the paying agent is likely to be the Manager.

Consequently, it may be necessary or desirable for the Fund, the Manager or any other person or entity connected to the Fund to collect certain additional information from unitholders or to take other action connected to the EU Savings Directive to enable disclosures to be made to tax authorities or, where applicable, tax to be withheld.

Inheritance Tax

Units held in the Fund will generally form part of an individual's estate and will therefore potentially be subject to inheritance tax (IHT). Units held by trustees are potentially subject to special rules which may charge IHT periodically.

IHT is chargeable on the death of a person, on gifts made within the seven years before an individual's death and (immediately) on gifts to most types of trusts. The rate of tax is 0% up to a cumulative nil-rate limit. The excess is charged at 20% where the tax is charged during an individual's lifetime and 40% if the tax is charged on or by reference to the individual's death. Where tax is charged both during lifetime and again on death by reference to the same transfer, credit is given for the lifetime tax suffered. For these purposes gifts may include transfers at less than full market value unless the transferor can show that there was no gratuitous intent.

Stamp Duty Reserve Tax on Surrender of Units

Stamp Duty Reserve Tax ('SDRT')

SDRT is a tax which is charged on the transfer of chargeable securities at the rate of 0.5% of the amount of consideration for such transfer. For SDRT purposes, the expressions 'chargeable securities' means, subject to certain exceptions, securities which are registered on a register kept in the UK. It includes units in an authorised unit trust.

SDRT in relation to surrender of units

The trustee of an authorised unit trust is liable to pay SDRT at the rate of 0.5% of the value of units in the Fund which are surrendered to the Manager or Trustee. The amount of SDRT for which the Trustee is liable is potentially reduced by two factors:-

- i) If more units are surrendered than are issued during a two week period (which consists of the week the surrender occurs and the following week), then the liability to SDRT is reduced by multiplying the amount otherwise chargeable to SDRT by the ratio I/S where I is the number of units issued, and S is the number of units surrendered, in the relevant two week period; and
- ii) If the Fund holds exempt assets (i.e. non-chargeable securities, such as foreign securities or UK gilts or UK bonds), the liability to SDRT is further reduced by multiplying it by the ratio $N/(N+E)$ where N is the average of the market values of the non-exempt assets of the Fund over the relevant two week period and E is the average of the market value of the exempt assets of the Fund over the relevant two week period;

The following types of surrenders of units are outside the above calculation:-

- i) pro rata in specie redemptions (i.e. a redemption where the unitholder receives his proportionate share of each asset held in the unit trust's portfolio);
- ii) transfers of units where there is no consideration (e.g. a gift, or a transfer on a change of nominee).

Effect of SDRT provision on unitholders in the Fund

The COLL Rules permit the manager of an authorised unit trust to impose a charge on the issue or sale of units, or on the cancellation or redemption of units, which will be made as a provision for SDRT for which the trustee of the unit trust may become liable in respect of a surrender of units to the manager (SDRT provision).

The Manager's policy in respect of the Fund is not to impose the SDRT provision on either the issue or sale of units or on the cancellation or redemption of units, with the result that any SDRT payable in respect of the surrender of units will be paid by the Trustee out of the capital property of the Fund. However, the Manager reserves the right to require the payment of an SDRT provision in relation to units in the Fund (up to a maximum of 0.5% of the value of the surrender) as an addition to the price of units on their issue or sale, and as a deduction on their cancellation or redemption (other than on a pro rata in specie cancellation) of whatever size whenever it considers that circumstances have arisen which make such imposition fair to all unitholders and potential unitholders. The Manager may impose an SDRT provision on large deals when no provision is made on smaller deals or which is larger than that imposed on smaller deals. A 'large deal' is a transaction (or series of transactions) by any person to buy, sell or exchange units at a value of £15,000 or more. In the 12 month period immediately preceding publication of this Prospectus, the Manager did not impose a payment of an SDRT Provision on any deal.

22. Managers Trading Profits

The Manager is under no obligation to account to the Trustee or to the Unitholders any profits made by the Manager on the issue of units in the Fund or on the re-issue or cancellation of units of previously redeemed buy the Manager.

23. General Information

For your security we may record or randomly monitor all telephone calls.

Copies of the Trust Deed, any deeds supplemental thereto, this Prospectus and the annual and half yearly long and short reports are kept and may be inspected at and obtained from Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

The Manager will distribute short reports to unitholders regarding the progress of the Fund six months after dates shown in Appendix I. Full Reports and Accounts of the Fund will be available from the Manager on request.

The Manager is a member of the same group as Premier Fund Managers Limited which manages a number of investment vehicles. Subject to the investment limits summarised in paragraph 8 and Appendix II, the Manager

may from time to time invest part of the Fund in investment vehicles managed by Premier Fund Managers Limited or any Associate of Premier Fund Managers Ltd.

All notices or documents required to be served on Unitholders shall be served by post to the address of such Unitholder as evidenced in the unitholder register.

Supplementary information relating to the quantitative limits which apply to the risk management of the Fund, the methods used for the purposes of such risk management and any recent developments which relate to the risk and yields of the main categories of investment which apply to the Fund may be obtained from the Manager upon request.

24. Risk Factors

a) General Risk Factors

Past performance should not be seen as an indication of future performance. The investments of the Fund are subject to normal market fluctuations and other risks inherent in investing in securities. Consequently, the value of units in and the income derived from them can go down as well as up and a result an investor may not get back the amount originally invested. This can be as a result of market movements and also variations on the exchange rates between currencies.

There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested in the Fund. There is no assurance that the investment objective of the Fund will actually be achieved.

The levels of relief from taxation will depend upon individual circumstances. Please note current tax levels and reliefs may change and their value will depend on the investor's individual circumstances.

In certain circumstances, for hedging purposes to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments, the Manager may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The values of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Fund assets. There is also the potential for the capital appreciation of such assets.

When cancellation rights apply, and you exercise them, you may not get back the full amount you invested if the unit price falls before we receive written confirmation that you wish to cancel the contract.

b) Specific Risk Factors

None.

c) Effect of Initial Charge

The Manager's initial charge (see section 16) is deducted from an investment at the outset and an equivalent rise in the value of units is required before the original investments can be recovered. Consequently an investor who realises his units after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Therefore, the Units should be viewed as a mid to long term investment.

d) Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Units may be suspended (see "Suspension of dealings in units" at section 14).

25. Complaints

If you wish to complain about any aspect of the service you have received, please contact the Manager. If your complaint is not dealt with to your satisfaction you can complain to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR. Making a complaint will not prejudice your right to take legal proceedings. Copies of the Manager's internal complaint handling procedure are available on request.

26. Cancellation Rights

Where advice has been given by a unitholder's authorised financial advisor, unitholders may have the right to cancel their investment prior to the expiry of the 14 day cancellation period. Please note that unitholders who exercise their right to cancellation will not recover their investment in full should the market have fallen since the investment was acquired in the case of a lump sum investment or if an initial subscription is made to a savings plan which is larger than the subsequent subscriptions. In such an event, the Manager will deduct the short fall between the then ruling offer price and the purchase price from the refund that the unitholders would otherwise receive. Where the purchase price has not yet been paid the applicant will be required to pay the amount of the shortfall to the Managers. Cancellation rights do not apply to investments made direct with the Managers.

27. Data Protection

The information you provide on your application form (or afterwards) will be held and processed by us as data controller for the purposes of the Data Protection Act 1998.

We may hold and process information for the administration of the service(s) for which you are currently applying or may apply for in the future, for the operation of your investment (including, for example, for registration and distribution purposes), for the purposes of statistical analysis, and the marketing of goods and services by us or other companies in the Premier Asset Management Marketing Group.

We may transfer information to other companies in the Premier Asset Management Marketing Group and to third party agents of such companies or us for any of the above purposes. Such third party agents may be in countries located outside of the European Economic Area (EEA).

We will take steps to ensure that your privacy rights are respected since these countries may not have comprehensive data protection and other laws as countries in the EEA. Where an authorised financial adviser acts on your behalf, we will disclose information concerning your investment to that financial adviser.

Other than as noted above, we will not provide any other third party with any information about you unless you have given your consent or unless we are required to do so by law.

You are entitled to request details of information we hold about you upon payment of a fee and to require us to correct any inaccuracies in your personal data.

6 January 2010

Appendix 1

Fund details and investment objective

Date of FSA Authorisation Order: 24 July 1989
Trust Deed dated: 12 July 1989.
Termination Date: 12 July 2069
Unit Type: Income and accumulation.

Initial Management Charge:	0%
Annual Management Charge:	0.5%

Annual Accounting Date: 31 July.
Interim Accounting Dates: 31 January, 30 April, 31 October.
Income Allocation Date: 30 September.
Interim Income Allocation Dates: 31 December, 31 March and 30 June.
Final Managers Report Issued: 30 September.
Interim Managers Report Issued: 31 March.

Equalisation Grouping Period: each annual accounting period.

Minimum Initial Investment: £1000
Minimum Subsequent investment: £500

Appendix 2

Investment and Borrowing Powers of the Schemes

The full investment and borrowing powers that may be adopted by a unit trust are contained within the FSA's Collective Investment Scheme Sourcebook, a copy of which is available on their website (www.fsa.gov.uk), which is also available from the Manager on request. The following restrictions apply:

Government and public securities

No more than 35% in value of the Fund's holding may be invested in Government and public securities (as defined in the COLL Rules) issued by any one issuer.

Stock lending and hedging transactions

The Fund's assets may be used for the purposes of hedging by employing techniques and instruments relating to transferable securities and not for the purposes of meeting the Fund's investment objective. The Manager may enter into derivative transactions and forward transactions for the purposes of hedging subject to the COLL Rules. Such transactions must be economically appropriate and for the reduction of relevant risk or costs, and the exposure must be fully covered by cash of other property sufficient to meet any obligation to pay or deliver that could arise. Such transactions may include derivatives (i.e. futures, options or contracts for difference), and forward transactions in currencies with certain counterparties.

Stock lending, together with hedging transactions against either price or currency fluctuations, are both permitted within the limits imposed by the COLL Rules. Hedging against price fluctuations, using futures and other permitted derivatives, may be affected up to the full extent of these risks in exceptional circumstances.

General power to borrow

The Trustee may, in accordance with the COLL Rules and on the instructions of the Manager, borrow money for the use of each Scheme on terms that the borrowing is to be repayable out of the holding of that Scheme. The Manager must ensure that no period of borrowing exceeds three months and that the borrowing does not, on any business day, exceed 10% of the value of the holding of that Scheme.

Cash and near cash

The Fund may consist of cash and near cash, where this may be reasonably regarded as necessary in order to enable the redemption of units, the efficient management of that Scheme in accordance with its objectives, or other purposes which may reasonably be regarded as ancillary to the objectives of that Scheme.

Spread of Investments

Up to 5% in value of Fund's assets may consist of instruments issued by any one issuer, but this limit does not apply to instruments which are Government and public securities. Up to 30% in value of the Fund's assets may consist of Government and public securities of the same issue.

Up to 10% in value of the holding may be kept on deposit with any one person. In certain circumstances, for an eligible institution this limit is increased to 20%, provided the amount of the deposit does not exceed 10% of that person's issued capital and reserves.

Bills of exchange

The Fund's property may include certain bills of exchange accepted by an eligible institution.

Debentures

The Fund's property may include certain debentures.

Concentration

Each Scheme must not hold more than 10% of debentures issued by the same private issuer (not being a Government and public security). Investment must also not exceed 10% of such institution's reserve capital.

Investment limitations

At least 50% in value of the Fund's property must consist of instruments or deposits which are redeemable or repayable within two weeks. Up to 80% in value of the Fund's property may consist of transferable securities.

Collective Investment Schemes

Up to 10% of the scheme property attributable to the Funds may consist of units in collective investment schemes.

Not more than 10% in value of the property of a Fund may consist of units or shares in any one collective investment scheme.

A Fund must not invest in units or shares of a collective investment scheme (the "second scheme") unless the second scheme satisfies the conditions referred to below and provided that no more than 10% of the value of the scheme property attributed to the relevant Fund is invested in second schemes within categories (b) to (d) below.

- (i) The second scheme must fall within one of the following categories:
 - (a) A scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
 - (b) A scheme which is recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (schemes authorised in designated countries or territories); or
 - (c) A scheme which is authorised as a non-UCITS retail scheme (as defined in COLL) and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met; or
 - (d) A scheme which is authorised in another EEA State (and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met).
- (ii) The second scheme must comply, where relevant, with those COLL provisions regarding investment in other group schemes and associated schemes (referred to below).
- (iii) The second scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes.

The Company may invest in shares or units of collective investment schemes which are managed or operated by (or, in the case of companies incorporated under the OEIC Regulations, have as their authorised corporate director) the ACD or an associate of the ACD. However, if the Company invests in units in another collective investment scheme managed or operated by the ACD or by an associate of the ACD, the ACD must pay into the property of the Company before the close of the business on the fourth Business Day after the agreement to invest or dispose of units:

- (a) on investment – if the ACD pays more for the units issued to it than the then prevailing creation price, the full amount of the difference or, if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and
- (b) on a disposal – any amount charged by the issuer on the redemption of such units.

Appendix 3

Eligible Securities and Derivatives Markets

The Fund may invest in any securities or derivatives market established in a European Member State (except Iceland) and which is an eligible market for the purposes of the COLL Rules.

Appendix 4

Historical Performance Records

<u>Past Performance</u>				
Percentage Growth				
JUNE 2009–JUNE 2010	JUNE 2008 – JUNE 2009	JUNE 2007 – JUNE 2008	JUNE 2006 – JUNE 2007	JUNE 2005 – JUNE 2006
0.6%	3.81%	4.57%	3.62%	3.39%

Source: Financial Express Analytics, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010.

*Please note that the Fund changed its Manager on 7th September 2007. The above past performance information refers to the performance of the Fund prior to this date.

Appendix 5

Valuation of the Fund

- 1 As the Fund is 'dual priced' each valuation of the property of the Fund must consist of two parts:
 - 1.1 a valuation carried out on an 'issue' basis; and
 - 1.2 a valuation carried out on an 'cancellation basis'.
- 2 In each case the value of the property of the Fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions. Where a different approach is taken to the valuation of an asset or liability on an issue basis valuation or cancellation basis valuation, this is highlighted below.
 - 2.1 All the property of the Fund (including receivables) is to be included, subject to the following provisions.
 - 2.2 Property which is not a contingent liability transaction shall be valued **on an issue basis** as follows:
 - (a) units or shares in a collective investment scheme:
 - (i) if a single price for buying and selling units or shares is quoted, at the most recent such price; or
 - (ii) if separate, buying and selling prices are quoted, at the buying price excluding any initial charge included therein; or
 - (iii) if no price or no recent price exists at a price which in the opinion of the Manager is fair and reasonable for buying such an investment
 - (b) any other transferable security:
 - (i) if a single price of buying and selling the security is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the buying price; or
 - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the Manager reflects a fair and reasonable price for buying the investment.
 - (c) property other than that described in 2.2(a) and 2.2 (b) above:

at a value which, in the opinion of the Manager, represents a fair and reasonable buying price.
 - 2.3 Property which is not a contingent liability transaction shall be valued on a **cancellation basis** as follows:
 - (a) units or shares in a collective investment scheme:
 - (i) if a single price for buying and selling units or shares is quoted, at the most recent such price; or
 - (ii) if separate, buying and selling prices are quoted, at the selling price as increased by an exit or redemption charge attributable thereto; or
 - (iii) if no price or no recent price exists at a price which in the opinion of the Manager is fair and reasonable for selling such an investment
 - (b) any other transferable security:
 - (i) if a single price of buying and selling the security is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the selling price; or

- (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the Manager reflects a fair and reasonable price for selling the investment.
- (c) property other than that described in 2.3(a) and 2.3 (b) above:
 - at a value which, in the opinion of the Manager, represents a fair and reasonable selling price.
- 2.4 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 2.5 Property which is a contingent liability transaction shall be treated as follows:
 - (a) if it is a written option (and the premium for writing the option has become part of the scheme property) the amount of the net valuation of premium receivable shall be deducted, if the property is an off-exchange derivative the method of valuation shall be agreed between the Manager and the Trustee;
 - (b) if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the Manager and the Trustee;
 - (c) if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
- 2.6 In determining the value of the property of the Fund all instructions given to issue or cancel Units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 2.7 Subject to paragraphs 2.8 and 2.9 below agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission will not materially affect the final valuation of the Fund property whether carried out on an issue basis or an cancellation basis.
- 2.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 2.7 above.
- 2.9 All agreements are to be included under paragraph 2.7 above which are, or ought reasonably to have been, known to the person valuing the property.
- 2.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax and value added tax will be determined.
- 2.11 An estimated amount for any liabilities payable out of the Fund property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 2.12 The principal amount of any outstanding borrowings wherever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 2.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 2.14 Any other credits or amounts due to be paid into the scheme property will be added.
- 2.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 2.16 In the event of any conflict arising between any provision of the above valuation provisions and the COLL Rules, the COLL Rules shall prevail and these valuation provisions shall be construed and shall take effect accordingly.