

# Premier Multi-Asset Distribution Fund - Annual Short Report

For the year from 1st March 2008 to 28th February 2009

The information in this report is designed to enable investors to make an informed judgement on the activities of the Fund during the year. Copies of the Long-Form Annual Report & Accounts are available free of charge by calling Premier on 01483 306 090, or can be downloaded from the Premier website at [www.premierassetmanagement.co.uk](http://www.premierassetmanagement.co.uk)

## Investment Objective and Policy

The investment objective of the Premier Multi-Asset Distribution Fund is to provide income together with long-term capital growth. The Fund will achieve this by investing mainly in units in collective investment schemes and may also invest in equities, fixed interest securities, money market instruments, deposits and warrants.

## Fund Facts

**Launch date:** October 1995, converted to an OEIC December 2001  
**Ex-dividend dates:** 30th November, 28th February, 31st May, 31st August  
**Income dates:** 31st January, 30th April, 31st July and 31st October

## Total Expense Ratio (TER)

28/02/2009

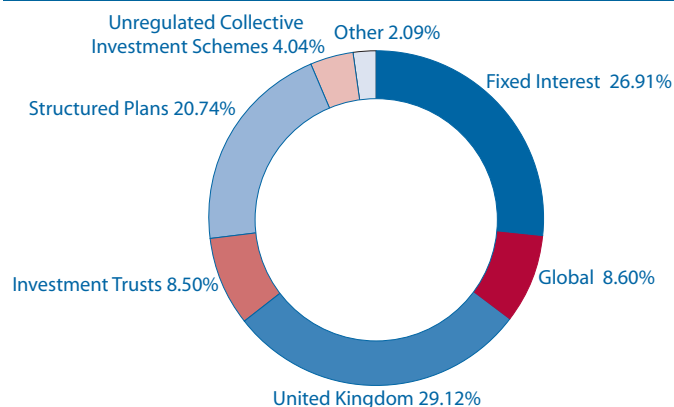
2.34%

The TER shows the annual operating expenses of the Fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses to different schemes. The TER for income and accumulation shares is the same.

## Dividend Distribution (in pence per share)

XD date	Paid on	Share Class	Distribution
31/05/2008	31/07/2008	Income	1.2835
		Accumulation	2.0623
31/08/2008	31/10/2008	Income	1.6158
		Accumulation	2.6066
30/11/2008	31/01/2009	Income	1.3601
		Accumulation	2.2439
28/02/2009	30/04/2009	Income	1.1835
		Accumulation	1.9469

## Asset Allocation as at 28/02/2009



## Top Ten Holdings as at 28/02/2009

Ignis Corporate Bond	5.09%
M&G High Yield Corporate Bond	5.08%
Royal London Corporate Bond	5.01%
Henderson Preference & Bond 'I'	4.98%
Schroder Income Maximiser 'A'	4.97%
Rensburg UK Equity Income	4.76%
Baillie Gifford Corporate Bond 'B'	4.53%
Aviva Morley Global	4.39%
Rathbone Income	4.36%
Neptune Income 'B'	4.21%

## Investment Risks

The Fund deducts all charges, including the annual management charge, from capital rather than income. This may result in the income being higher than would otherwise have been the case and the growth in the capital may be constrained.

## Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2005	Income	132.45	120.29
	Accumulation	194.42	170.82
2006	Income	141.73	130.72
	Accumulation	216.07	194.16
2007	Income	146.46	132.54
	Accumulation	225.45	209.14
2008	Income	135.43	85.68
	Accumulation	214.83	140.87
2009 <sup>1</sup>	Income	90.18	82.86
	Accumulation	150.77	138.08

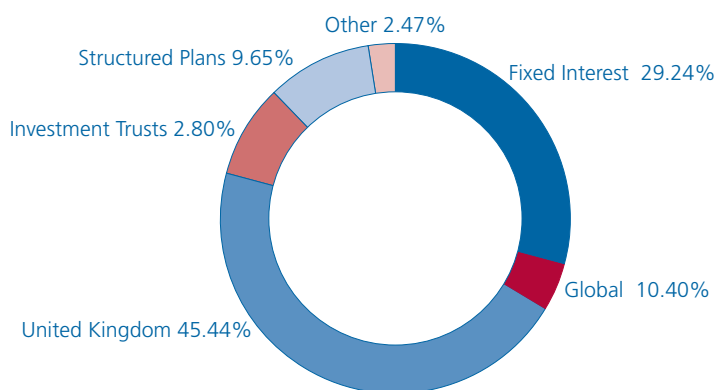
<sup>1</sup>To 28th February 2009

Past performance is not an indication of future returns

## Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
29/02/2008	Income	126.36
	Accumulation	202.70
28/02/2009	Income	81.35
	Accumulation	137.53

## Asset Allocation as at 29/02/2008



## Top Ten Holdings as at 29/02/2008

Schroder Income Maximiser 'A'	4.72%
Baillie Gifford Corporate Bond 'B'	4.68%
Neptune Income 'B'	4.68%
Royal London Corporate Bond	4.65%
Jupiter Income	4.60%
Mellon Newton Global Higher Income	4.59%
Rensburg UK Select Growth	4.55%
Liontrust First Income	4.52%
Rensburg UK Equity Income	4.52%
M&G Leveraged European Loan	4.51%

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## Investment Review

### Performance

The reporting period was a truly damaging one for financial markets as the fallout from the credit crisis caused assets, such as equities and corporate bonds, to sell-off sharply. In this environment, the Fund's focus on producing a steadily rising income led its price to fall more than many of its peers, as reinvesting the Fund significantly into lower-yielding assets, such as gilts or cash, would have resulted in a notable fall in the income it pays. At the same time, the prices of the higher yielding fixed-income assets the Fund holds, such as corporate bonds, endured steep falls amid the market sell-off. The result was a fall of 31.94% for the Fund over the reporting period.

### Portfolio Activity

With markets as volatile as they were, there were plenty of opportunities to top up holdings into weakness and take profits after the rebounds. In addition to these smaller trades, we added several new holdings to the portfolio and sold out of several others in order to make way for them.

One such move was our trimming back of Rensburg UK Select Growth. This holding had outperformed both the UK All Companies and UK Equity Income sectors over both the short and long term. We therefore felt that it was a good time to cut back this holding and raise our exposure to structured products, which offer the potential for attractive capital growth as well as some capital protection.

We sold out of Jupiter Income in July, replacing it with a structured product from Merrill Lynch. This product offers the potential for reasonable capital growth, but also offers a defensive element through a target price which reduces every year until its maturity in four years. We also added PSigma Income during the month, run by the renowned fund manager Bill Mott. We believe that the poor run for equity income funds relative to growth funds may be coming to an end, so adding a classical value-oriented equity income fund such as this makes good sense.

It was at a similar time that we added M&G Strategic Corporate Bond in place of M&G's High-Yield Bond, as we believed high-yield bonds would suffer as corporate defaults rise. This move proved highly beneficial for the portfolio as the former has since significantly outperformed the latter. Later in the year, we added a fund in a similar vein – L&G's Dynamic Bond Trust – which has also performed well throughout the credit crisis.

In October, we sold out of Threadneedle Dollar Bond, as this holding had benefited greatly from the rise of the dollar against sterling, presenting us with an opportunity to lock in some profits in an otherwise barren time.

November was one of our busiest months. We added Aviva Global Convertibles to access the highly attractive prices now available from convertible bonds, as these assets were among the biggest casualties of hedge fund forced selling. To make way, we sold AXA Framlington Monthly Income as we believe its UK smaller company exposure leaves it more exposed than most to the faltering British economy. We also sold the rest of our holding in Marlborough UK Large-Cap Growth following a run of outperformance, thereby further reducing our exposure to growth-style funds.

Early in the new year, we sold out of Liontrust First Income, as we learned that the manager had resigned and we believe he was an integral part of the Fund's investment process. It had also just paid out its income distribution, so this was

an ideal time to make the trade. We also sold out of UK small-cap fund Discretionary Unit, as our favoured small-cap fund, Aberforth, now offers income units making it a suitable addition to our portfolio.

### Outlook

The mood in equity markets is bleak and growing darker by the day, stoked up by the seemingly endless flow of terrible news. However, it is important to remember that stock markets are not economies; they are pricing mechanisms that discount future expectations. Just as they anticipated the economic turmoil we are currently seeing, we believe they will foresee the recovery long before most commentators see it coming. It is this feature of equity markets that has historically caused them to recover while the news is at its darkest, and we see no reason to suspect it will be any different this time around.

Given this belief and our experience that we, or anybody else, are not capable of calling the exact bottom of the market, we are willing holders of assets, such as equities and bonds, at their currently depressed levels. We acknowledge that they may become cheaper in the short term, but for genuine long-term investors they now offer incredible value and, by some measures, look as cheap as they have at any time in the past thirty years. Similarly, the income now offered by these assets is higher than that offered by assets such as cash and government bonds, which are considerably lower-yielding than they were just one year ago.

Source: Premier Fund Managers Limited, March 2009.

Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

The full Investment Review is available in the Long-form Annual Report & Accounts, which is available on request, or from the Premier website at [www.premierassetmanagement.co.uk](http://www.premierassetmanagement.co.uk).

## Important Note

On 24th June 2008, the investment policy of the Fund was amended to the above policy with the approval of a resolution of Shareholders who, at the time, had Shares in the Fund.

On 1st July 2008, the Fund changed its name from Premier Selector Balanced Fund to Premier Multi-Asset Distribution Fund.

## Other Information

Authorised Corporate Director (ACD) & Registered Office: **Premier Portfolio Managers Limited**, Eastgate Court, High Street, Guildford, Surrey GU1 3DE

Auditors: **Grant Thornton UK LLP**, 30 Finsbury Square, London EC2P 2YU.

Depository: **The Royal Bank of Scotland plc**, Trustee & Depository Services, The Broadstone, 50 South Gyle Crescent, Edinburgh EH12 9UZ

Administrators & Registrar: **Northern Trust International Fund Administration Services (UK) Limited & Northern Trust Global Services Limited**, PO Box 55736, 50 Bank Street, Canary Wharf, London E14 1BT

Issued by:

**Premier Portfolio Managers Limited**, Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

Tel: 01483 306 090 Fax: 01483 300 845 Email: [premier@premierfunds.co.uk](mailto:premier@premierfunds.co.uk) [www.premierassetmanagement.co.uk](http://www.premierassetmanagement.co.uk)



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You should remember that past performance is not a guide to future returns and the price of shares and the income from them may go down as well as up and you may get back less than you invested. Investment in these funds should be viewed as a long term investment. Exchange rates will also cause the value of underlying investments to fall as well as rise. Tax concessions are not guaranteed and may be changed at any time, their value will depend on your individual circumstances. Reference to any particular stock does not constitute a recommendation to buy or sell the stock. Details of the nature of the investments, the commitment required and fund specific risk warnings are described in the Simplified Prospectus document which is available on request. Monthly cash withdrawals may lead to erosion of the capital value of your investment should you take a higher cash withdrawal than the growth or income generated. 2306095729