

# The Hurlingham Managed Income Portfolio, a sub-fund of The Hurlingham Fund

## Short Report - For the Interim period from 1st November 2006 to 30th April 2007

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

### Investment Objective and Policy

The investment objective of the Hurlingham Managed Income Portfolio is to provide income together with some long-term capital growth from a portfolio of investments. The sub-fund will achieve this by investing in units in collective investment schemes, but may also invest in equities, fixed interest securities, money market instruments and warrants.

### Fund Facts

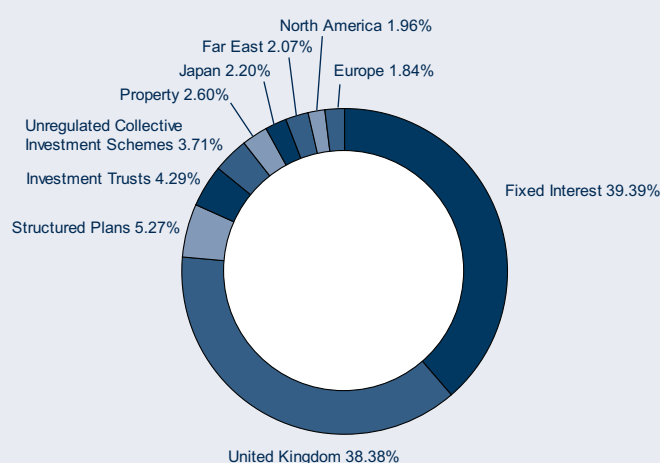
Launch date:	5th January 2006
Ex-dividend dates:	31st October, 30th April
Income dates:	28th February, 30th June

### Total Expense Ratios

	30/04/2007	31/10/2006
	%	3.11%

The total expense ratio (TER) shows the annual operating expenses of the sub-fund, including the annual management charge and other expenses. It does not include transaction figures, but does reflect any initial and management charges on other collective investment schemes held by the sub-fund. Funds highlight the TER to help you compare the annual operating expenses of different schemes. The TER for income and accumulation units is the same.

### Asset Allocation as at 30/04/2007<sup>4</sup>



<sup>4</sup>Values total over 100% due to net current liabilities.

### Top Ten Holdings as at 30/04/2007

Rensburg UK Equity Income	5.04%
Henderson Preference & Bond	4.95%
Liontrust First Income	4.93%
Rathbone Income	4.91%
Legal & General All Stocks Gilt Index	4.89%
AXA Framlington Monthly Income	4.82%
Mellon Newton Higher Income	4.78%
Jupiter Income	4.62%
Royal London Corporate Bond	4.60%
Baillie Gifford Corporate Bond	4.58%

### Risk Profile

The sub-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	Lowest Price
2006	Income <sup>1</sup>	102.74	96.29
	Accumulation <sup>2</sup>	102.74	102.00
2007 <sup>3</sup>	Income	105.17	101.90
	Accumulation	105.17	101.90

<sup>1</sup>5th January 2006 to 31st December 2006.

<sup>2</sup>11th December 2006 to 31st December 2006.

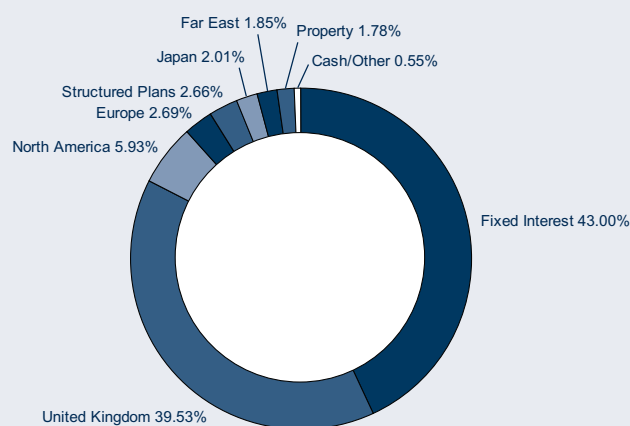
<sup>3</sup>To 30th April 2007.

Past performance is not a guide to future returns. The price of units and shares and the return from them may go down as well as up and you may get back less than you invested.

### Net Asset Values

As at	Share Class	Net Asset Value per share (p)
31/10/2006	Income	100.26
30/04/2007	Income	102.91
	Accumulation	104.43

### Asset Allocation as at 31/10/2006



### Top Ten Holdings as at 31/10/2006

Henderson Preference & Bond	4.99%
Baillie Gifford Corporate Bond	4.96%
Liontrust First Income	4.94%
Baillie Gifford British 350	4.89%
F&C Extra Income Bond	4.89%
AXA Framlington Monthly Income	4.86%
M&G High Yield Corporate Bond	4.80%
Legal & General High Income	4.63%
Resolution Corporate Bond	4.60%
Legg Mason US Equity	4.50%

# The Hurlingham Managed Income Portfolio, a sub-fund of The Hurlingham Fund

Short Report - For the Interim period from 1st November 2006 to 30th April 2007

## Investment Review

### Performance

It has been a solid six months for the Hurlingham Managed Income Portfolio, during which it generated a healthy return for the period between 1st November 2006 and 30th April 2007 of 4.0%. This put it ahead of its benchmark\*, which advanced by 3.0% and in line with the IMA Cautious Managed sector average.

### Portfolio Activity

Over the course of the period, we remained close to fully weighted in equities, which boosted returns as stock markets advanced. At the same time, we stayed heavily underweight in bonds, which also proved beneficial as the UK fixed interest market performed poorly. We reduced this underweight position slightly towards the end of the period, as the fall in prices and rise in yields improved their appeal slightly.

As in previous years, the vast majority of the trades we made over the six months were either trimming back or topping up holdings in response to market or fund-specific performance. In addition to these movements, there were several new additions to the portfolio, while a number of holdings were sold.

One such sale from the Portfolio was Credit Suisse Alpha Income. This fund's manager, Errol Francis, left after just 12 months in charge, while Credit Suisse was also hit by other high-profile departures. Taken together, this situation caused us some concern, so we took the opportunity to dispose of this holding at a time when fund and market performance were still strong.

Towards the end of 2006, we took the decision to introduce a little more caution into the Portfolio in view of the length of the stock market's run of positive returns. This was done through the addition of Merrill Lynch's Elders UK capital-protected product, as well as the Symphony Citigroup's FTSE 100 and DJ EuroStoxx Autocalls – all of which provide capital protection with the potential for attractive, equity-based returns.

In February, we sold Baillie Gifford British 350 to reduce our UK equity exposure. At the same time, we established a holding in Acencia Debt Strategies, an exchange-listed fund that invests in asset-backed distressed debt. We believe this can generate attractive returns while acting as a useful alternative to equities and bonds.

Most recently, we disposed of our holding in Martin Currie Japan, as it had struggled to add any meaningful value and the team had lost a mid-cap-focused manager. In its place we added SG Japan Core Alpha, as we were impressed by the disciplined investment approach of its Manager, Stephen Harker.

### Outlook

It has been another good period for global equities, with several regional markets hitting new or multi-year highs. While such events are undoubtedly good news for equity investors, they also sound a note of caution – are stock markets getting carried away with themselves? The answer, from our point of view, depends on the time horizon.

In the longer term, valuations still look reasonable and earnings and dividend growth have remained healthy. Yes, there are concerns on the economic front – most notably the threat of rising inflation – but the global economy seems resilient enough to cope with this for the time being. In the shorter term, however, there is a danger that stock market momentum has got ahead of itself, which has served to increase the prospect of another bout of risk aversion among investors. This brings with it the threat of a correction and, as such, we have taken precautionary measures in areas we feel are appropriate.

Bond prices, meanwhile, have recently fallen to more appealing levels, although they are still unattractively valued in comparison to equities. They remain useful for the purposes of income and diversification though, so we continue to hold them for these reasons.

Source: Premier Fund Managers Limited, May 2007.

\*Benchmark: 50% FTSE All-Stocks Index, 40% FTSE All-Share Index and 10% FTSE World ex UK Index.

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

## Dividend Distribution

XD date	Payable	Share Class	Distribution per share (p)
30/04/2007	30/06/2007	Income	1.5160
		Accumulation	1.0042

## Other Information

Authorised Corporate Director  
(ACD) & Registered Office:

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

Auditors:

**RSM Robson Rhodes LLP,**  
30 Finsbury Square, London, EC2P 2YU

Depository:

**The Royal Bank of Scotland plc,**  
Trustee and 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 www.premierassetmanagement.co.uk

Premier Portfolio Managers Limited and Premier Fund Managers Limited are both members of the Premier Asset Management Marketing Group and are authorised and regulated by the Financial Services Authority. Premier Portfolio Managers Limited is a PEP and ISA manager and markets a number of funds. Premier Fund Managers Limited manages these and other funds and provides discretionary portfolio management services. Premier Portfolio Managers Limited is also a member of the Investment Management Association.

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.

