

# Annual Short Report - 1 September 2012 to 31 August 2013

## Premier Global Power & Water Fund

### Fund Facts

Launch date:	1 November 2010
Ex-dividend dates:	31 August, 28/29 February
Income dates:	31 January, 30 April, 31 July, 31 October
IMA sector:	IMA Global Equity Income

### Investment Objective and Policy

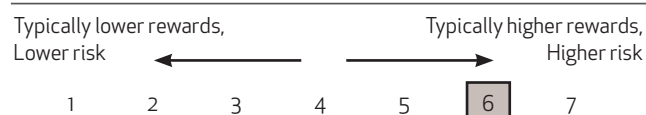
To provide income together with some long term capital growth. The Fund will invest in (either directly or indirectly) and/or be exposed to corporates and other organisations whose activities address the issues of declining energy and water resources, and those that operate to enhance and improve the use of such resources. The Fund will hold mainly listed equities with no restriction on the proportion of the portfolio that may be invested in a single geographic region or industrial sector, but will seek to maintain a level of regional and sectoral diversification.

Subject to the above, the Fund may also invest in other transferable securities, other collective investment schemes, money market instruments, cash and near cash, deposits, warrants and bonds in accordance with the rules in COLL. The Fund may also borrow and employ stock lending and underwriting techniques as permitted in COLL. The Fund may invest in derivatives and forward transactions for investment purposes as well as for the purposes of efficient portfolio management (including hedging).

### Investment Risks

The Fund holds equities concentrated in the water and energy business sectors which can carry a higher risk than funds holding more diversified assets. Equities tend to experience higher volatility than many other asset types such as corporate bonds or money market instruments. The Fund is able to invest globally which improves geographic diversification but also invests in emerging markets which tend to show higher volatility than developed markets.

### Risk and Reward Indicator (RRI)



The Fund is ranked as six because it has experienced relatively high rises and falls in value over the past five years. Please note that even the lowest ranking does not mean a risk-free investment.

### Ongoing Charges Figures (OCF)

	31.08.2013	31.08.2012
Class A Income Shares	2.45%	2.26%
Class C Income Shares	1.70%	1.51%

The ongoing charges figure is based on the last year's expenses for the year ending 31 August 2013 and may vary from year to year. It excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another fund).

### Performance Record (in pence per share)

Share Class	A Income		C Income	
	High	Low	High	Low
2008	124.74	74.03	125.89	74.73
2009	111.29	73.94	110.49	74.44
2010	120.79	99.79	119.85	99.16
2011	122.55	80.95	120.21	79.93
2012	95.97	83.15	95.08	82.49
2013 <sup>1</sup>	102.83	87.91	101.66	86.93

<sup>1</sup> To 31.08.2013.

### Net Asset Values (in pence per share)

Share Class	A Income	C Income
31.08.2011	93.34	92.10
31.08.2012	85.37	84.21
31.08.2013	95.19	94.34

### Dividend Distribution (in pence per share)

Ex-Date	Paid	A Income	C Income
28.02.2013	30.04.2013	0.7190	1.0252
31.05.2013*	31.07.2013	1.6093	1.5643
31.08.2013	28.10.2013	1.2930	1.2669

\*From the 01.03.2013, the dividend distribution frequency increased from half-yearly to quarterly

## Review & Outlook

Over the reporting period the fund's Net Asset Value (NAV) (A Share Class) increased in value by 12.1%. When dividends are added, the fund delivered a total return of 15.5%.

The Bloomberg World Utilities index returned 7.2% over the period, underperforming the wider markets. The FTSE All-World Index delivered a total return of 19.2%, well ahead of the Utilities sector. We believe there are two major factors behind this. Firstly, an improvement in the health of the world's major economies which has led investors to favour cyclical over defensive sectors such as utilities. Secondly, yields on government debt have begun to increase. Many investors view utilities, particularly those companies at the regulated end of the sector, as having bond-like characteristics, and as such, over the short term at least, values tend to fall as yields rise.

The major geographic allocations of the fund have remained relatively consistent over the year. We have seen some excellent performances by many of the new investments acquired during the earlier part of this financial year.

The current year has seen a wide divergence of performance at both an individual stock level, and also between countries and wider geographic sectors. Stock selection has therefore been crucial to performance this year, and the fund has performed relatively well in this regard, as can be seen from the fund's outperformance of the utilities index quoted above.

As an example of performance within individual markets, the two main French utilities, EDF and GDF Suez, both of which are owned in the fund, should be expected to show a relatively high performance correlation.

However, in the year to August, EDF gained 30.9%, while GDF Suez fell by 16.2%. Country specific allocation was also important, and the fund avoided the significant problems that befell German and Spanish utilities in the year, while picking up solid gains in some of the Italian municipal utilities, and also UK utilities, both of which performed far better.

Likewise, in emerging markets, the fund benefited from several strong performances in its Chinese utility holdings, the fund's largest position being China Suntien Green Energy which gained 66.2%. In comparison to Asia, the Latin American holdings were a disappointment, with the largest holding, Energias do Brasil, losing 17.5%. On the positive side, however, the fund had a far higher weighting to the Chinese companies doing well than the Brazilian ones which didn't.

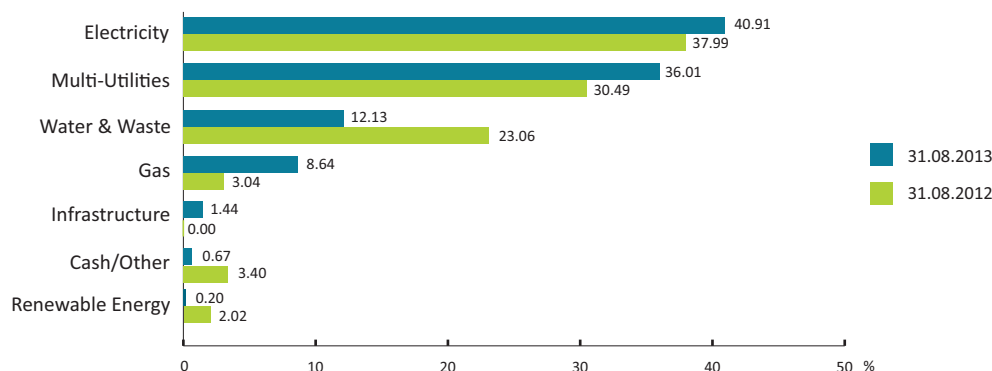
The fixed income portfolio enjoyed an excellent start to the period in late 2012, but fell away towards the end of the financial year as yields on government bonds began to rise. However, we continue to feel that the bonds held represent excellent value, and provide the fund with a higher yield than that of utility equities, and at a lower risk.

Following the restructuring of the fund in the earlier part of the financial year, distributions were recommenced, with total dividends on the A Share of 3.6709p in respect of the year to August 2013 (based on dividends paid, plus the estimated rate for the final quarter of the year). This equates to a yield of 4.25% on the opening NAV. We anticipate an increase in distribution for the year to August 2014.

The continued under-performance of the utilities sector has left many quality stocks trading at attractive valuations, this applying equally to both developed and emerging markets. We believe the sector is relatively underowned amongst investors, which in a market hungry for yield appears perverse. Over time, we expect that the sector's relative performance will improve.

Source: Premier Fund Managers Limited, September 2013. Performance data taken from FE Analytics, quoted on a total return, bid to bid, UK sterling basis. Past performance is not a guide to future returns.

## Asset Allocation



## Top Ten Holdings as at 31.08.2013

GDF Suez.....	5.49%
Centrica.....	4.99%
Qatar Electricity & Water Option 13/11/2013 .....	4.85%
National Grid.....	4.52%
Ecofin Water & Power Opportunities 6% 31/07/2016 .....	4.45%
EDF .....	4.41%
SNAM .....	4.15%
Essar Energy 4.25% 01/02/2016 .....	4.02%
China Suntien Green Energy 'H'.....	3.99%
Hera.....	3.93%

## Top Ten Holdings as at 31.08.2012

Centrica.....	4.85%
GDF Suez.....	4.84%
Ecofin Water & Power Opportunities 6% 31/07/2016 .....	4.47%
National Grid.....	4.31%
Hera.....	4.05%
Thai Tap Water Supply.....	3.80%
Energias do Brasil .....	3.61%
China Suntien Green Energy 'H'.....	3.53%
EDF .....	3.48%
Qatar Electricity & Water Option 08/11/2013.....	3.37%

# What does it mean?

If you come across the odd word or phrase within your report that you are unfamiliar with, here is a glossary to help explain a few key terms.

## Accumulation Shares

Any income made by the Fund will be reinvested to grow the value of your investment.

## Alternative Assets

Types of non-traditional investments, which could include hedge funds and commodities for example and which are designed to help diversify a portfolio as they tend not to move in the same direction as the stock market.

## Autocall

An autocall structured product has the potential to mature before the end of the product's life, if certain predetermined market conditions are reached. The investor will usually receive a pre-defined return.

## Bonds

Issued by companies or governments and similar to a loan in nature, usually paying a fixed or variable interest rate.

## Corporate Bonds

Issued by companies and similar to a loan in nature, usually paying a fixed rate of interest.

## Credit Rating

A score awarded by an independent rating agency to indicate the financial strength of the issuer of a corporate bond, and the potential for a default on interest and principal payments. Bonds issued and backed by developed market governments are generally considered superior to bonds rated 'AAA'. The top credit rating is 'AAA'. The lowest rating to be considered 'investment grade' is 'BBB'. Below 'BBB', bonds are termed 'sub investment grade' or 'high yield'.

## Credit Spreads

Can be used to describe the difference in yield between securities, due to different credit quality.

## Duration

A measure of the price sensitivity of a fixed income investment / fund to a change in interest rates.

## Equities

Another name for shares in a company.

## Fixed Income Assets

Investments that pay out a set level of income, such as bonds or gilts.

## FTSE® 100 INDEX

A share index of the 100 largest companies, by market capitalisation, listed on the UK stock exchange and could include, for example, familiar household names such as BP, Marks & Spencer and Vodafone.

## Funds

A general term used to describe collective investment schemes, such as unit trusts, open-ended investment companies and closed-ended investment companies.

## GDP

Gross Domestic Product (GDP) refers to the market value of all officially recognised final goods and services produced within a country in a given period.

## Gilts

A bond issued by the UK government.

## Hedging

A way of offsetting the potential losses that may be incurred by an investment.

## Income Shares

Any income made by the Fund will be paid out to you.

## Inflation Hedge

A way in which to protect capital against the effects of inflation.

## Investment Grade Bond

A bond that is assigned a rating in the top four categories by commercial credit rating companies. S&P classifies investment-grade bonds as BBB or higher, and Moody's classifies investment grade bonds as BAA or higher.

## Investment Trust

A company set up to buy and sell shares in other companies and is run by a Board of Directors.

## LIBOR

The average interest rate estimated by leading banks in London that they would be charged if borrowing from other banks.

## Market Capitalisation (market cap)

The total value of the shares of a company.

## Net Asset Value (NAV)

Used to value shares of a company, calculated by taking the total assets and deducting the total liabilities.

## OEIC

An 'Open Ended Investment Company' - this is similar to a unit trust. Investors pool their money together to invest in a range of different assets such as bonds, equities, property, cash etc. Each OEIC will have an investment objective, stated in a prospectus document, which could be to produce long term growth or generate a regular income.

## OCF

The Ongoing Charges Figure (OCF) is designed to give you an accurate measure of what it costs to invest in a fund and helps you compare this cost between different funds. It includes the annual management charge (used to pay the investment manager, fund accountant and fund administrator for example) and other operating costs, such as fees paid to the Trustee, Auditor, Custodian and Regulator.

## Options

A financial contract that enables the holder to purchase or sell a certain number of shares at a future date and at a known price.

## Quantitative Easing

A government policy used to increase the money supply within an economy, by flooding the financial system with money.

## RRI

The Risk and Reward Indicator (RRI) demonstrates where a fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indicator of the future risk profile of the Fund.

## Structured Products/Investments

A group of financial instruments which frequently combine the potential upside of market performance with limited downside. They may also provide a fixed return in exchange for accepting a degree of risk or may generate gains from market falls. They can also be used within a Fund to help manage the impact of large stockmarket fluctuations.

## Synthetic Zeros

A form of structured product which also has a pre defined return profile and a set maturity date whilst being exposed to a degree of credit and equity market risk. Synthetic zeros are usually linked to major, well known indices, such as the FTSE 100, but with much less risk than investing directly in the index itself.

## Top Down Asset Allocation

An investment approach that looks to review the economic landscape prior to delving down into sector and company specifics.

## Transferable Securities

A general term used to describe a broad range of investments such as bonds and company shares for example.

## Volatility

Refers to the frequency and severity with which the price of an investment goes up and down.

## Weighted Average Maturity (WAM)

The average time until maturity of all the underlying holdings of a fund.

## Yield

The amount of income paid or expected to be paid from each share held. The yield is calculated and quoted as a percentage.

## Zero Dividend Preference Shares

Shares that do not receive an income but instead pay out a return at the end of the investment's fixed life.

Please visit our website to see our glossary in full.

Available online  
[premierfunds.co.uk](http://premierfunds.co.uk)

## Important Information

On 1 March 2013, the Premier Global Power & Water Fund changed objective from “to benefit from long term capital growth” to “to provide income together with some long term capital growth”. The Fund’s charges will now be taken from capital rather than income and the income payment frequency has been increased from half-yearly to quarterly. Income payment dates are now 31 January, 30 April, 31 July and 31 October.

On 1 March 2013, the Premier Global Power & Water Fund moved from the IMA Specialist sector into the IMA Global Equity Income sector.

At the beginning of April 2013, the Financial Services Authority, the industry regulator, was replaced by the Financial Conduct Authority.

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