

# Interim Short Report - 1 March 2013 to 31 August 2013

## Premier Multi-Asset Distribution Fund

### Fund Facts

Launch date: October 1995, converted to an OEIC December 2001  
 Ex-dividend dates: 30 November, 28 February, 31 May, 31 August  
 Income dates: 31 January, 30 April, 31 July, 31 October  
 IMA Sector: Mixed Investment 20% - 60% Shares

### Investment Objective and Policy

To provide income together with long-term capital growth. The Fund will achieve this by mainly investing in the majority in a portfolio of collective investment schemes and may also invest in equities, fixed interest securities, money market instruments, deposits and warrants. The Fund may invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective and policy of the Fund).

Subject to the above, the Fund may invest in any asset class and adopt any investment technique or strategy permitted under the rules in COLL as such rules are applied to non-UCITS retail schemes and in accordance with the investment and borrowing powers applicable to non-UCITS retail schemes. 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 underlying assets held by the funds in which the Fund invests include equities which, as an asset class, tend to experience higher volatility than bonds or money markets but, in this Fund, it is tempered by diversification across other asset classes. The Fund may, at any one point in time, hold a concentration of assets in one geographic location. Funds concentrated by geographic location are more vulnerable to market sentiment impacting on that location and can carry a higher risk than funds holding more diversified assets.

### Risk and Reward Indicator (RRI)

Typically lower rewards, Lower risk ← → Typically higher rewards, Higher risk

1 2 3 4 **5** 6 7

The Fund is ranked as five because it has experienced medium to 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	28.02.2013
Class A Income & Accumulation Shares	2.24%	2.04%
Class B Income Shares	1.74%	1.54%
Class C Income Shares	1.49%	1.30%

The ongoing charges figure is based on the last six months' expenses for the period ending 31st 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		A Accumulation		B Income		C Income	
Price	High	Low	High	Low	High	Low	High	Low
2008	135.43	85.68	214.83	140.87	-	-	-	-
2009	106.80	78.39	186.66	132.65	-	-	-	-
2010	112.16	102.62	205.20	184.16	-	-	-	-
2011	113.29	100.66	212.64	191.49	-	-	-	-
2012	113.58	103.58	229.84	220.20	228.17 <sup>2</sup>	111.48 <sup>2</sup>	230.98 <sup>3</sup>	222.59 <sup>3</sup>
2013 <sup>1</sup>	126.62	113.32	258.61	229.31	254.86	227.67	258.10	230.47

<sup>1</sup>To 31 August 2013.

<sup>2</sup>From 21 September 2012 to 31 December 2012.

<sup>3</sup>From 28 November 2012 to 31 December 2012.

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

Share Class	A Income	A Accumulation	B Income	C Income
29.02.2012	108.03	211.13	-	-
28.02.2013	117.90	240.80	237.04	239.99
31.08.2013	122.34	254.64	246.60	249.82

### Dividend Distribution (in pence per share)

Ex Date	Paid	A Income	A Accumulation	B Income	C Income
31.05.2013	31.07.2013	1.3167	2.6900	2.6466	2.6780
31.08.2013	28.10.2013	1.0139	2.0892	2.0392	2.0550

## Review & Outlook

The first six months of the Fund's reporting period have seen it perform well, generating a return of 5.3%. This compares favourably with its average peer's advance of 0.8%, and places it 3rd out of the 153 funds in its sector for this half-year period.

The summer months are renowned as being a tricky period for stock markets. This summer was no exception, although for most a rocky ride ultimately ended up with mildly positive returns. The exceptions were equities in Asia and emerging markets, which sold off sharply in the early summer. This was put down to suggestions from the US Federal Reserve (the Fed) that it might begin to slow its "Quantitative Easing" (QE) – equivalent to easing its pressure on the economic accelerator. Several emerging market currencies sold off sharply, most notably in India and Brazil, while bonds issued in such countries also fell sharply in price.

But emerging markets weren't alone in their suffering, many commodities and, particularly, gold also endured sharp falls. Even gilts and US Treasuries – considered as safe havens – made losses over the period, as markets wrestled with the implications of the Fed's announcement.

The Fund has benefited as much from what it has not held over the six months as much as what it has. In particular, not holding any commodities or gold helped. This was an easy decision for this fund, to be fair, as it is concerned with paying an income and those assets do not pay any. But we also avoided emerging market bond funds. These do offer an income, but we decided that income was not high enough to compensate for the risks involved – and so it proved. Despite the sharp price falls, we have decided to continue avoiding these assets.

As the period began, the only emerging market equity exposure we had was through our holding in an Asian equity income fund. This fund excelled over the six months, and while it did lose ground, its modest loss was closer to that of gilts than the double-digit falls endured by the wider Asian stock markets. This provides a great example of why we use carefully selected active managers instead of cheaper market trackers, as the latter would have exposed us to the full force of the market sell-off. We have topped this holding up as its price fell during the summer. We also established a new position in an emerging market

equity income fund, which is run along very similar lines to our Asian holding. Following the price falls, these markets have become attractively valued, so we think having a modest exposure here strengthens the risk-reward trade off within our own fund.

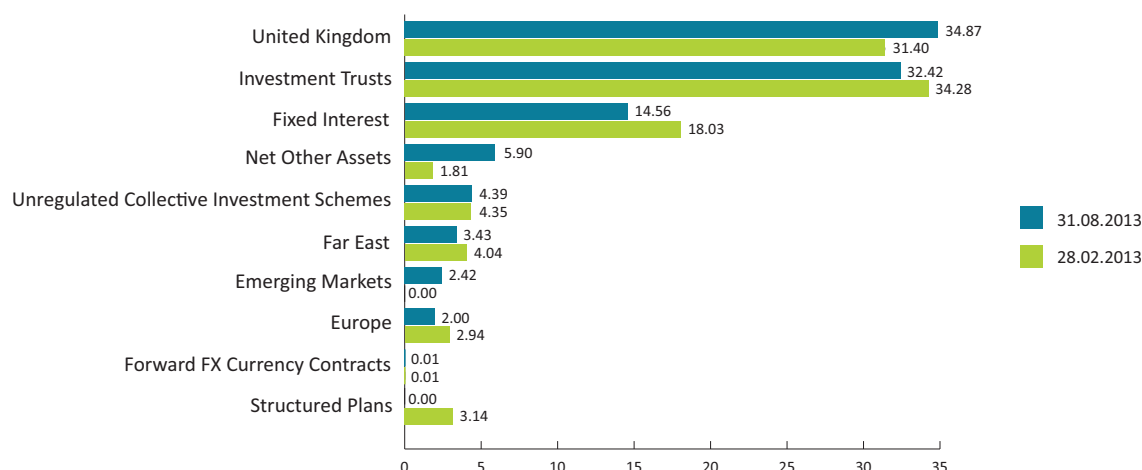
Another reason we were able to perform well was the nature of our bond holdings. As well as avoiding emerging market bonds, we have also worked hard to make sure the Fund was not overly exposed to the threat of rising interest rates (which can cause some bonds, generally those which have longer to mature, to fall relatively sharply). We continue to maintain this stance within the Fund.

Finally, we have recently become more optimistic on the outlook for commercial property, and at the end of the period we established a modest holding in an open-ended property trust. This is our first such holding for several years.

It has been a bumpy summer that has not been short on financial drama. However, while markets have pinged around, our view on the world has not. We still think equities offer the best value of the major asset classes, while we are also able to find good income-paying opportunities in commercial property and other alternative asset classes. However, despite their recent price falls, we still think bonds offer relatively poor value. But by looking off the beaten track and being prepared to invest away from the herd, we believe we have a sound selection of fixed-income assets. These will help the Fund continue to pay an attractive income without posing an undue threat of permanent loss of capital.

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

Standard Life UK Equity High Income 'I'	4.88%
Franklin UK Equity Income	4.87%
CF Miton UK Multi Cap Income 'B'	4.71%
Rathbone Income	4.65%
PSigma Income	4.64%
Schroder Income 'Z'	4.61%
Jupiter Japan Income 'I'	4.52%
M&G European Loan 'C'	4.39%
Royal London Corporate Bond 'B'	3.98%
PIMCO Select UK Income Bond	3.92%

## Top Ten Holdings as at 28.02.2013

Standard Life UK Equity High Income 'I'	4.72%
Jupiter Japan Income Fund	4.50%
Franklin UK Equity Income	4.47%
Schroder Income Maximiser 'A'	4.46%
Neptune Income 'B'	4.41%
Rathbone Income	4.41%
PSigma Income	4.40%
PIMCO UK Income Bond	4.36%
M&G European Loan 'C'	4.35%
Brookfield High Yield Europe Plus 'A'	4.21%

# 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

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

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

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