

Interim Short Report - 1 March 2013 to 31 August 2013

Premier Diversified Fund

Fund Facts

Launch date:	21 December 2010
Ex-dividend dates:	28/29 February, 31 August
Income dates:	30 June, 31 October
IMA Sector:	Flexible Investment

Investment Objective and Policy

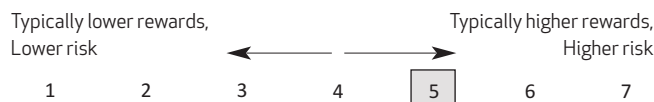
To provide long term capital growth. The Fund will achieve this by investing in units of collective investment schemes (both regulated and unregulated structures), exchange traded funds, and transferable securities (such as bonds and shares, both quoted and unquoted).

The Fund may also invest in closed end investment companies, warrants, money market instruments, deposits, cash and near cash, and may borrow, and may enter into stocklending and underwriting arrangements. 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 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)



The Fund is ranked as five because the Fund and portfolios holding similar assets have experienced medium to high rises and falls in value. As there is less than five years of available data for this Fund, for illustrative purposes a similar type of investment has been used in the calculation of the risk/reward profile. Please note that even the lowest category does not mean a risk-free investment.

Ongoing Charges Figures (OCF)

	31.08.2013	28.02.2013
Class A Income & Accumulation Shares	2.20%	1.70%
Class B Income & Accumulation Shares	1.70%	1.20%
Class C Income Shares	1.44%	0.95%

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		B Accumulation		C Income	
	High	Low	High	Low	High	Low	High	High	High	Low
2010	-	-	100.00 ³	99.71 ³	-	-	100.00 ¹	99.71 ¹	-	-
2011	100.96 ¹	86.11 ¹	100.95	86.11	-	-	100.96	86.42	-	-
2012	104.78	89.02	104.76	89.01	105.76 ⁴	89.61 ⁴	105.77	89.61	105.81 ⁴	101.07 ⁴
2013 ²	110.91	100.99	110.90	100.99	112.13	102.16	112.19	102.20	112.34	102.37

¹From 17 October 2011 to 31 December 2011.

²To 31 August 2013.

³From 21 December 2010 to 31 December 2010.

⁴From 28 November 2012 to 31 December 2012.

Net Asset Values (in pence per share)

Share Class	A Income	A Accumulation	B Income	B Accumulation	C Income
29.02.2012	96.22	96.22	-	96.75	-
28.02.2013	106.54	106.53	107.60	107.64	107.64
31.08.2013	102.26	102.49	103.24	103.82	103.25

Dividend Distribution (in pence per share)

Ex Date	Paid	A Income	A Accumulation	B Income	B Accumulation	C Income
31.08.2013	28.10.2013	0.2241	0.2255	0.4798	0.5009	0.6455

Review & Outlook

During the period under review, the Fund returned -4.1%.

Over the last six months it has been either macro or geo-political news flow that has driven investment markets. There have been two key features, one being the looming reduction in the scale of the asset purchase programme (or quantitative easing) in the USA and the other being the on-going unrest in the Middle East, which, at the time of writing, looks like it will escalate to foreign military intervention. On top of this, throw in question marks over Chinese economic growth, the attempted reflationary policies in Japan, the apparent recovery in Europe and the UK and there has been plenty for investors to contemplate and worry about. In essence, the debate has centred around how markets will react to the reduction and subsequent removal of hundreds of billions of dollars being pumped into the global economy, and will economic growth be strong enough and sustained enough to take up the lead. Overall, the reaction of equities up, bonds down is probably the correct one. However, this does hide significant volatility in all asset classes.

Just as the world went through a period of change, so did the Fund. In March shareholders approved a change of name and changes to the investment objective and policy of the Fund. The purpose of the changes was to remove the focus on structured investments and to allow the Fund to invest in a wide range of asset classes and investment products to aim for long-term capital growth from a diversified portfolio of global assets. Subsequently, wholesale changes to the portfolio were undertaken. The strategy of trying to identify the key, global investment themes, assessing the most appropriate asset class and using the best investment vehicle to express those views was implemented. A multi-asset class portfolio was constructed giving exposure to bonds (sovereign and corporate), currencies, convertibles, equities and cash.

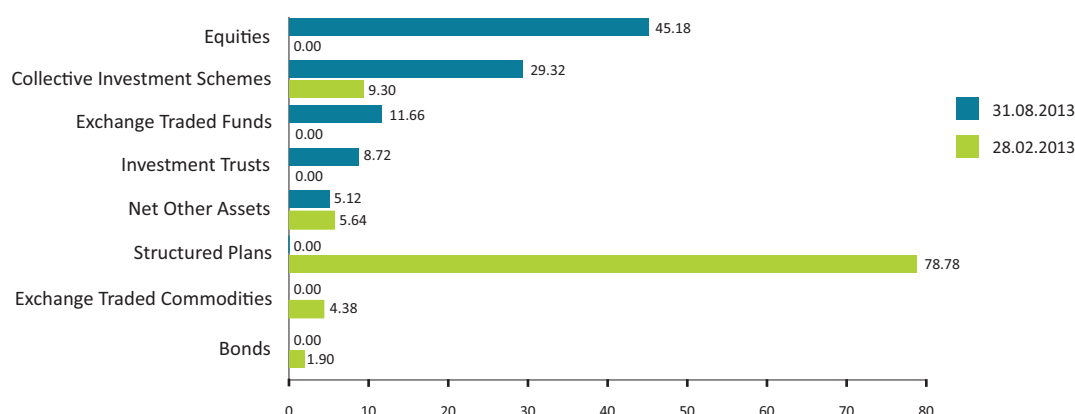
Furthermore, the portfolio is global by nature and invested in all geographical regions. The key, long-term themes that were identified and are at the core of the portfolio, include; demographics, emerging market growth, consumer technology, finite global resources and real assets (property). In terms of the investment vehicles being used there is, again, a diversified approach being

taken. In order to gain exposure to specialist areas with expert investors, actively managed funds (both open and closed ended) are being used. Examples of this would be investments in foreign exchange, frontier markets and real assets. In other cases we seek to have a broad brush exposure to an asset class or theme and will utilise Exchange Traded Funds (ETFs), such as those investing in sovereign bonds, convertibles and real assets. However, the largest weighting will be in individual equities, most of which will be large, liquid companies which satisfy our criteria and provide the required coverage to a theme. This strategy allows us to have a relatively small number of holdings (around 50) and still produce huge diversification. The portfolio is now bedded in and set up for the long-term views we are taking. The portfolio will be actively managed and changes made as markets move and conditions vary.

The short-term outlook for markets is difficult to judge whilst the situation in Syria is uncertain and particularly until any foreign military intervention takes place and the consequences of that are known. However, on the plus side, the responses of Central Governments to the global financial crisis, principally an unprecedented period of loose monetary policy, has started to pay off with economic growth now accelerating. This should be good for equities and other asset classes, but taking the patient off the drug of plentiful cheap money will not be a smooth one, bonds will suffer. Finally, lest we forget, the indebtedness of the developed world and areas of the emerging world will not magically disappear and has to be dealt with. This will not be a painless process.

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

GAM Star Discretionary FX	5.80%
SPDR Barclays Convertible Securities	5.16%
Coupland Cardiff Japan Income & Growth	4.71%
Cheyne Select Convertible Absolute Return	4.31%
Premier Pan European Property Share Fund	4.00%
DB X-tracker Short iBoxx Euro Sovereigns	3.79%
Polar Capital 'E'	3.38%
Cheyne European Real Estate Debt	3.15%
Starwood Property Trust	2.93%
Coupland Cardiff Asian Evolution 'B'	2.89%

Top Ten Holdings as at 28.02.2013

Barclays Bank CD 0% 07/11/2016	9.72%
Lloyds TSB Bank Switchable S-6.5 years	9.37%
Abbey National Treasury Call 11/02/2017	4.94%
USB AG 13/04/2017	4.91%
Abbey National Treasury Call 23/05/2017	4.59%
Royal Bank of Canada 0% MTN 18/09/2018	4.52%
Secured Gold LKD NTS 31/12/2100 USD	4.38%
Morgan Stanley CD 0% 31/03/2017	4.34%
JPM Structured Product 0% MTN 07/03/2016	4.26%
Symphony Structure Preference Shares Linked to FTSE 100	4.19%

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

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.

The Fund moved from the IMA Specialist sector into the IMA Flexible Investment sector on 1 March 2013.

On 18th March 2013, following shareholder approval, the objective and policy of the Fund were changed and the Fund was renamed the Premier Diversified Fund.

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

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