

## Annual Short Report - 01 March 2014 to 28 February 2015

# ConBrio UK Opportunities Fund

### Fund Facts

Launch date:	01 June 2007
Ex-dividend dates:	1 December, 1 March, 1 June and 1 September
Income dates:	27 February, 27 May, 27 August and 27 November
IA Sector:	UK All Companies

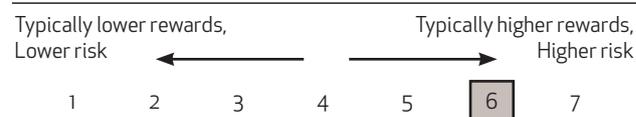
### Investment Objective and Policy

To invest primarily for long term capital growth from a portfolio of investments. The investment policy of the Fund is to actively invest in those companies, primarily within the UK, where the Manager believes there are above average opportunities for growth.

### Investment Risks

The Fund holds equities concentrated by location in the UK. Equities tend to experience higher volatility than many other asset types such as bonds or money market instruments. Funds concentrated in one geographic location are more vulnerable to market sentiment in that specific location and can carry a higher risk than funds holding more diversified assets.

### 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)

	28.02.2015	28.02.2014
General Income Shares	1.94%	1.88%
Institutional Income Shares	1.44%	1.38%
Charity Income Shares	1.19%	1.13%

The ongoing charges figure is based on the last year's expenses for the period ending 28 February 2015 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	General Income		General Accumulation		Institutional Income		Institutional Accumulation		Charity Income	
	High	Low	High	Low	High	Low	High	Low	High	Low
2010	277.33	212.70	279.61	213.80	280.61	215.11	286.64	218.52	-	-
2011	286.74	224.78	288.98	228.04	290.88	227.70	291.86	270.17	-	-
2012	285.85	240.56	290.07	244.12	290.20	244.49	-	-	286.70 <sup>2</sup>	255.17 <sup>2</sup>
2013	339.98	281.97	351.39	287.97	344.81	285.95	-	-	347.94	288.54
2014	347.48	303.97	359.14 <sup>3</sup>	335.35 <sup>3</sup>	352.68	308.56	-	-	356.02	311.40
2015 <sup>1</sup>	365.96	328.92	-	-	371.70	333.85	-	-	375.24	336.91

<sup>1</sup>To 28 February 2015.

<sup>2</sup>From 18 July 2012 to 31 December 2012.

<sup>3</sup>To 14 March 2014.

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

Share Class	General Income	General Accumulation	Institutional Income	Institutional Accumulation	Charity Income
28.02.2013	296.60	303.05	300.66	-	303.32
28.02.2014	345.35	356.93	350.34	-	353.45
28.02.2015	365.50	-	371.08	-	374.39

### Dividend Distribution (in pence per share)

Period end	Paid	General Income	General Accumulation	Institutional Income	Institutional Accumulation	Charity Income
31.05.2014	27.08.2014	1.7415	-	2.2025	-	2.4415
31.08.2014	27.11.2014	1.0651	-	1.5148	-	1.7464
30.11.2014	27.02.2015	0.4383	-	0.8601	-	1.0765
28.02.2015	27.05.2015	-	-	0.1695	-	0.3872

## Review & Outlook

During the 12 months under review up to the 28th February 2015, the Fund achieved a total return of 6.8%, outperforming the IA UK All Companies sector average return of 3.8%.

The period under review saw equities in the UK move within a well defined range during the first half of the year before a bout of volatility in the second half saw sharp falls and recoveries to leave the market slightly ahead over the full 12 months. The initial 6 month period was characterised by a gradual improvement in the economic data emanating from the UK. With the Bank of England explicitly linking the rate of employment in the UK to the point at which they would begin tightening monetary policy, good news from the jobs market was off-set by concerns that an increase in interest rates would stifle any recovery.

From the end of June, the price of crude oil began its long steady decline through the remainder of 2014. With prices more than halving and hitting a low of \$45.2 per barrel in January 2015, the final months of 2014 saw declines in resource-focussed industrial sectors. The counterpoint to all of this is that oil and energy prices are largely non-discretionary and their fall has already resulted in a fall in domestic inflation. As such, interest rates have remained at record lows and equity markets rallied.

Within the portfolio, we entered the year with an underweight allocation to the oil and gas sector, prompted by concerns over capital expenditure and cash-flows rather than oil prices, and this has been a major driver of outperformance during the year. We have not sought to change this stance materially and additions to the portfolio have instead been focussed on domestic asset-backed opportunities which we see as beneficiaries of the current low yield environment but which also are able to deliver growth through further development of their respective portfolios. We added the healthcare property developer and landlord Assura group. With an existing portfolio of over 200 sites, predominantly GP practices, the group has long, typically 21 year, leases matched with long-term funding. By developing its own sites and then leasing them, the group aims to maximise returns to shareholders. Structured as a real

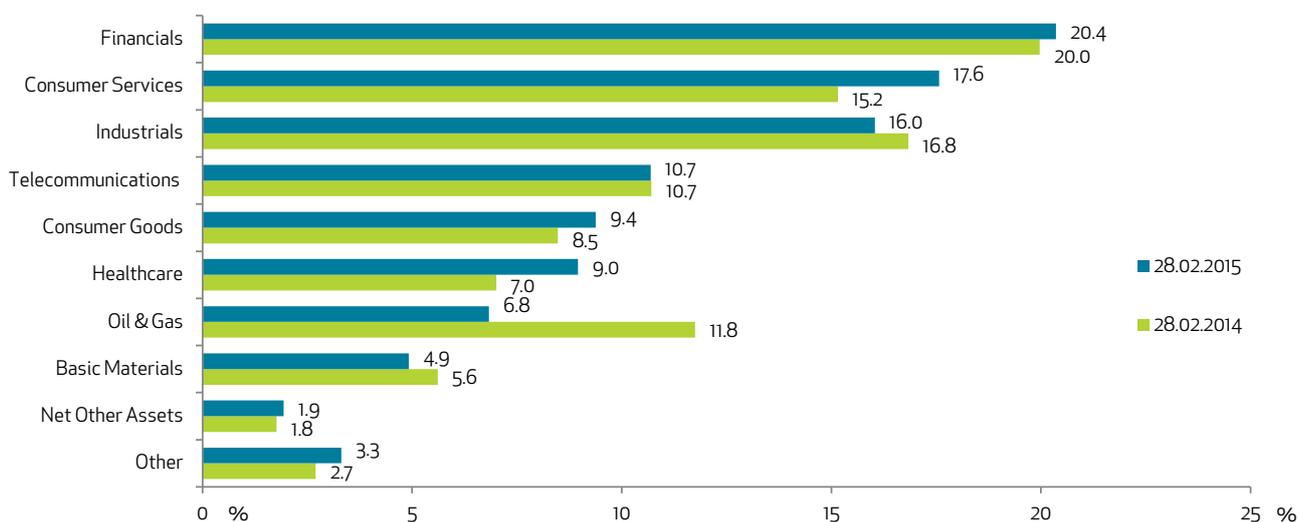
estate investment trust (REIT), the group is a beneficiary of legislation designed to improve the quality of GP practices and should be able to further extend its estate by acquisitions and organic growth.

Park Plaza Hotels Europe was similarly added to the Fund during the period. The group owns the European franchise of the Park Plaza brand and has grown through development of its estate with a combination of freehold, leasehold and franchised or managed hotels within the group. These additions have been funded by reductions to strong performers during the year such as Hikma, the generic pharmaceuticals manufacturer and the takeover of oilfield services firm Kentz, bought out by a Canadian peer at a substantial premium. The other significant drivers of returns have included cinema chain Cineworld, boosted by acquisition of an Eastern-European peer early in the year; Whitbread, the owner of Premier Inn and Costa coffee; and Glanbia, the Irish headquartered speciality dairy and performance nutrition business.

The pending UK election is understandably a focal point for many market commentators. However, with another coalition government highly likely and the UK government finances still constrained, the impact on UK shares may be less significant. The prospect of interest rate rises has been pushed back yet again and now lies well beyond the election. With the Eurozone struggling and the low oil price resulting in deflationary pressures both here and abroad, the likelihood of a substantial shock to domestic equities remains with outside influences. UK employment and wage growth continue to advance and the banking sector has come through a number of stress test and asset reviews with early signs that lending is increasing to individuals and businesses. UK shares have not risen as far, nor as fast, as their US counterparts and do not have the same economic headwinds as European peers, so we remain cautiously optimistic for the market and have positioned the portfolio accordingly.

Source: Castlefield Investment Partners, March 2015. 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 28.02.2015

Hikma Pharmaceuticals	5.73%
BT Group	4.62%
IG Group	4.50%
Prudential	4.48%
Meggitt	3.89%
Whitbread	3.73%
BG Group	3.33%
Babcock International	3.25%
Inmarsat	3.17%
Brown (N) Group	3.12%

## Top Ten Holdings as at 28.02.2014

Hikma Pharmaceuticals	4.45%
Whitbread	4.34%
BT Group	4.22%
Brown (N) Group	4.02%
IG Group	3.91%
BG Group	3.85%
Prudential	3.78%
Meggitt	3.61%
Kentz Corporation	3.42%
Babcock International	3.38%

# 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  
[theconbriofunds.co.uk](http://theconbriofunds.co.uk)



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