



# Premier Castlefield UK Alpha Fund

INTERIM SHORT REPORT OF THE AUTHORISED CORPORATE DIRECTOR:  
FOR THE PERIOD FROM 1 MARCH 2009 TO 31 AUGUST 2009

## NET ASSET VALUES (In pence per share)

### General Income

31 August 2009	210.19
28 February 2009	146.71
NAV % change	+43.27%

### General Accumulation

31 August 2009	211.33
28 February 2009	147.50
NAV % change	+43.27%

### Institutional Income

31 August 2009	211.82
28 February 2009	148.49
NAV % change	+42.65%

### Institutional Accumulation

31 August 2009	214.68
28 February 2009	149.82
NAV % change	+43.29%

Any income available will be removed from the Net Asset Value per Share price and used for the Fund's year-end distribution/accumulation. As a result, no parallel should be made with the quoted high/low prices for the period.

Past performance is no guarantee to future performance and the value of the investment can go down as well as up.

## SHARE PRICE RANGE (In pence per share)

General Income	High	Low
2007 <sup>1</sup>	343.42	298.50
2008	333.93	147.27
2009 <sup>4</sup>	211.87	137.20

General Accumulation	High	Low
2007 <sup>1</sup>	344.55	299.56
2008	334.77	147.94
2009 <sup>4</sup>	212.66	137.93

Institutional Income	High	Low
2007 <sup>2</sup>	335.60	300.43
2008	337.02	148.84
2009 <sup>4</sup>	214.85	138.86

Institutional Accumulation	High	Low
2007 <sup>3</sup>	344.81	301.42
2008	337.74	150.15
2009 <sup>4</sup>	216.55	140.11

<sup>1</sup> From 4 June 2007 to 31 December 2007

<sup>2</sup> From 28 June 2007 to 31 December 2007

<sup>3</sup> From 13 June 2007 to 31 December 2007

<sup>4</sup> To 31 August 2009

## Interim Dividend Distributions (In pence per share)

### General Income

XD DATE	Paid on	Distribution
31 August 2009	27 November 2009	0.8788

### General Accumulation

XD DATE	Paid on	Distribution
31 August 2009	27 November 2009	0.8823

## Institutional Income

XD DATE	Paid on	Distribution
31 August 2009	27 November 2009	0.8912

## Institutional Accumulation

XD DATE	Paid on	Distribution
31 August 2009	27 November 2009	0.8984

## XD DATES

28 February (final)  
31 August (interim)

## DISTRIBUTION DATES

27 May (final)  
27 November (interim)

## TOTAL EXPENSE RATIO

### 28 February 2009

General Shares	3.19%
Institutional Shares	2.69%

The total expense ratios (TERs) show the annual operating expenses of the Fund, including the annual management charge and other expenses. They do not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses of different schemes. The TER for income and accumulation shares is the same.

## PORTFOLIO TURNOVER RATE

28 February 2009 48.50%

The PTR is a ratio that reflects the volume of trading within the Fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the Fund's shares and is expressed as a percentage of the Fund's average net asset value.

## INVESTMENT PHILOSOPHY AND PROCESS

The remit of the Premier Castlefield UK Alpha Fund is to achieve a total return in excess of the benchmark FTSE All-Share index. The Fund aims to meet this objective by maintaining a concentrated portfolio of "conviction" holdings. It is not benchmark constrained and can invest across the entire market capitalisation range.

The emphasis of the Fund is on stock selection rather than being thematically driven. Substantial effort is directed to in-house research and on identifying the value drivers for a business. Where we make investments, it is generally in companies that are already profitable but where we feel the market is substantially undervaluing the company's prospects. The reasons for this can range from undervaluing the assets held by a company, by undervaluing the future profit growth that a company can generate or where there are integration/restructuring issues to be worked through by a company. In each of these cases, other investors either tend to place too high a risk premium on such companies or do not attribute sufficient value to future earnings growth. We aim to exploit these opportunities to deliver enhanced returns to investors.

## PERFORMANCE

Over the reporting period, the Fund achieved a total return of 44.79% against a total return of the benchmark FTSE All Share Index of 33.82%.

The 10.97% outperformance of the Fund is against a period which

saw equity markets rebound from their lows in March as the outlook began to indicate a bottoming-out of the recession.

## MARKET REVIEW

The start of the period saw pessimism in global markets reach their nadir as GDP data confirmed that the US economy had shrunk at an annualised 6.2% in the fourth quarter of 2008. As equity markets fell, HSBC announced the largest ever rights issue by a European company, raising £12.5bn from shareholders. From here in however, the Bank of England provided immediate respite by cutting rates in March from 1.0% to 0.5%, their lowest ever level and the level at which they have remained since. Although rates were already exceptionally low, the accompanying statement outlined the Bank's plans to begin its policy of quantitative easing intended to improve lending conditions. Initially buying up to £75bn of gilts and corporate bonds, it may well have been this announcement rather than the rate cut which prompted an improvement in risk appetite.

A strong rally helped by rising metal and oil prices saw equities continue to move ahead. The banking sector, benefitted from better than expected earnings news from the US banks and Barclays' announcement that it was selling its iShares exchange traded funds business. When the Bank of England announced that they would be expanding the original quantitative easing programme, first to £125bn and finally to £175bn, the market was given a further lift.

Despite a slight pause during June, the period ended on an upward note in August as further improvements in industrial output and orders helped investor confidence. With the FTSE 100 climbing 6.5% during the month, total capital gains since the start of the period were 28.2% for the FTSE 100 Index and 30.6% for the broader All-Share Index.

## PORTFOLIO ACTIVITY

Activity during the period involved reducing exposure to a number of defensive companies that had held up well through the downturn of the previous 18 months but where we now see better opportunities emerging elsewhere. Stakes in the utility group Scottish & Southern Energy and tobacco group British American Tobacco were reduced in June and July respectively.

Separately, towards the end of August, the holding in the cyclical oilfield services and engineering group Petrofac was also reduced. The company has enjoyed an extremely strong recovery since the start of the year and the shares now trade at all-time highs. The holding was reduced although a still sizeable stake is retained in the Fund.

Proceeds have been used to add to situations where we feel the business rationale for carrying out a fund raising is supportive of growth going forward. To this end we bought shares in the waste management group Shanks, the mining group Rio Tinto and the specialist mezzanine finance group and investment manager Intermediate Capital.

## OUTLOOK

Whilst the rebound in global equity markets has been abrupt, catching many unawares, the portfolio has benefitted from having a low cash weighting and a good level of exposure to those companies and sectors that have received an early lift to activity and consequently their share prices.

Whilst it is true industrial production has been on an improving trend globally, unprecedented government stimuli means that the outcome for the world's economies is tied to the actions of central banks and governments more than ever. For this reason we continue to be cautiously optimistic, but focussing on companies where there is an underlying level of real demand and pricing power.

Source: Castlefield Investment Partners LLP, September 2009. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.



## INVESTMENT OBJECTIVE & POLICY

THE INVESTMENT OBJECTIVE OF THE PREMIER CASTLEFIELD UK ALPHA FUND IS TO INVEST PRIMARILY FOR LONG-TERM CAPITAL GROWTH FROM A PORTFOLIO OF INVESTMENTS. THE CURRENT POLICY IS TO ACTIVELY INVEST IN THOSE COMPANIES, PRIMARILY WITHIN THE UK, WHERE THE MANAGER BELIEVES THERE ARE ABOVE AVERAGE OPPORTUNITIES FOR GROWTH.

TOP TEN HOLDINGS AS AT 31/08/2009	% OF NAV	TOP TEN HOLDINGS AS AT 28/02/2009	% OF NAV
BG Group	5.85%	BG Group	7.88%
Vodafone	5.42%	Vodafone	7.00%
Standard Chartered	4.60%	Tesco	4.96%
Intermediate Capital	4.32%	Scottish and Southern Energy	4.30%
Rio Tinto	4.28%	British American Tobacco	3.86%
Tesco	4.01%	BP	3.80%
Ashtead	3.93%	BSS Group	3.53%
Meggitt	3.89%	Charter	3.25%
Barclays	3.85%	BHP Billiton	3.14%
Charter International	3.69%	Meggitt	3.14%

### INVESTMENT PROFILE AS AT 31/08/2009

Industrials	30.27%
Financials	20.55%
Oil and Gas	16.02%
Consumer Services	12.78%
Basic Materials	7.50%
Net other assets	12.88%

### INVESTMENT PROFILE AS AT 28/02/2009

Industrials	25.41%
Oil and Gas	20.77%
Financials	14.27%
Consumer Services	13.62%
Telecommunications	7.00%
Net other assets	18.93%

## AUTHORISED CORPORATE

### DIRECTOR OF THE COMPANY (ACD)

Premier Portfolio Managers Limited

### Registered Office

Eastgate Court,  
High Street,  
Guildford,  
Surrey, GU1 3DE  
(Authorised and regulated by the Financial Services  
Authority)

## DEPOSITARY OF THE COMPANY

The Royal Bank of Scotland plc,  
The Broadstone,  
50 South Gyle Crescent,  
Edinburgh, EH12 9UZ

## ADMINISTRATOR AND REGISTRAR

Northern Trust Global Fund Services Limited

### Address

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## AUDITOR

Grant Thornton UK LLP,  
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## INVESTMENT ADVISER

Castlefield Investments  
(A registered trademark and the property of Castlefield  
Investment Partners LLP)

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(Authorised and regulated by the Financial Services  
Authority)

## REPORT AND ACCOUNTS

Copies of the Interim Long-Form Report and Financial  
Statements of this Fund are available free of charge on  
request.

Please contact the ACD on 0845 230 9033 or visit  
[www.thecastlefieldfunds.co.uk](http://www.thecastlefieldfunds.co.uk)

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## FUND SPECIFIC RISK FACTORS

As the Fund invests primarily in the UK, there is a market risk that the Fund might suffer through holding market positions concentrated in the UK in the face of price movements. The value of these investments may decline over a given period because of economic changes or other events that impact large portions of the market.

## GENERAL RISK FACTORS

You should remember that past performance is not a guide to the future. The price of shares and the income from them may go down as well as up and you may get back less than you originally invested. Exchange rates will also cause the underlying investments to fall or rise. Tax concessions are not guaranteed and may change at any time; their value will depend on your individual circumstances.

## RISK WARNINGS FOR PRIVATE CUSTOMERS

If you have any doubt as to the suitability of this Fund, you should contact your financial adviser. Details of the basis or amount of any taxes, charges and expenses are contained in the Simplified Prospectus which can be obtained from the ACD.

Castlefield Investments, its directors, officers, employees and their associates may have a holding in the Fund as well as in the securities referred to herein. Reference to any particular stock does not constitute a recommendation to buy or sell the stock.

## OTHER INFORMATION

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the period it covers and the result of those activities at the end of the period. For more information about the activities and performance of the Fund during the period and previous periods, please contact the ACD. For your protection when dealing, your call may be recorded and monitored.