



# Premier Castlefield UK Smaller Companies Fund

ANNUAL SHORT REPORT OF THE AUTHORISED CORPORATE DIRECTOR:  
FOR THE PERIOD FROM 1 MARCH 2008 TO 28 FEBRUARY 2009

## NET ASSET VALUES (In pence per share)

### General Income

28 February 2009	122.14
28 February 2008	222.72
NAV % change	-45.16%

### General Accumulation

28 February 2009	122.86
28 February 2008	222.80
NAV % change	-44.86%

### Institutional Income

28 February 2009	123.06
28 February 2008	223.19
NAV % change	-44.86%

### Institutional Accumulation

28 February 2009	123.46
28 February 2008	223.47
NAV % change	-44.75%

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>	260.68	232.14
2008	240.03	126.93
2009 <sup>5</sup>	139.27	125.54

General Accumulation	High	Low
2007 <sup>2</sup>	259.55	232.14
2008	240.03	126.60
2009 <sup>5</sup>	138.91	125.21

Institutional Income	High	Low
2007 <sup>3</sup>	260.76	232.35
2008	240.59	127.78
2009 <sup>5</sup>	140.22	126.48

Institutional Accumulation	High	Low
2007 <sup>4</sup>	260.76	232.78
2008	240.91	128.20
2009 <sup>5</sup>	140.68	126.89

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

<sup>2</sup> From 17 July 2007 to 31 December 2007

<sup>3</sup> From 19 June 2007 to 31 December 2007

<sup>4</sup> From 13 June 2007 to 31 December 2007

<sup>5</sup> To 28 February 2009

## Interim Dividend Distributions (In pence per share)

### General Income

XD DATE	Paid on	Distribution
31 August 2008	27 November 2008	0.2829

### General Accumulation

XD DATE	Paid on	Distribution
31 August 2008	27 November 2008	0.4239

### Institutional Income

XD DATE	Paid on	Distribution
31 August 2008	27 November 2008	0.8367

### Institutional Accumulation

XD DATE	Paid on	Distribution
31 August 2008	27 November 2008	0.8429

For the period from 1st September 2008 to 28th February 2009, expenses exceeded income and, as a result no distributions are payable.

### XD DATES

28 February (final)
31 August (interim)

### DISTRIBUTION DATES

27 May (final)
27 November (interim)

## TOTAL EXPENSE RATIO

### General Shares

28 February 2009	3.17%
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### Institutional Shares

28 February 2009	2.67%
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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.

## INVESTMENT PHILOSOPHY AND PROCESS

The investment philosophy of the Premier Castlefield UK Smaller Companies Fund is to invest in well managed UK smaller companies that are financially sound and have a distinct and sustainable competitive advantage and are capable of long term growth. The investment process involves a thorough appraisal of a company's management, a detailed financial review and an assessment of its market position and the competitive environment.

## PERFORMANCE

The Premier Castlefield UK Smaller Companies Fund recorded a total return fall of 44.06%, compared to a total return fall of 49.07% from the benchmark\* and the IMA UK Smaller Companies Sector average total return fall of 39.87%.

## PORTFOLIO ACTIVITY

Two new holdings have been established since the interim report. Lamprell is an oil and gas services company involved in the service and construction of oil rigs. This includes jack-up rigs and barges, deepwater

platforms and land-based rigs. Managed Support Services had got into severe trouble and has been significantly restructured by a new management team with an excellent track record. The company now consists of a large cash pile and one small, but profitable, legacy business. It is therefore well placed to make attractive acquisitions in the current difficult environment.

Two holdings were taken over in the period under review. Vebnet agreed to a bid from Standard Life representing a premium of over 100% while Omega International was bought by its management at a premium of around 75%.

## OUTLOOK

The premiums paid on the bids for Omega International and Vebnet highlights clearly the significant undervaluation of small companies at present. This has been further validated by announcements by Bowleven and The Innovation Group after the fund's year end of bid approaches. In both cases the indicated level of the bid represents a premium of over 250% to the closing price on the previous day.

There are signs that we may have recently seen the bottom in the UK stockmarket. As a general recovery takes place in global markets, small companies should show healthy outperformance from the current very depressed levels and we are optimistic that the Premier Castlefield UK Smaller Companies Fund will perform well in coming months.

\*Benchmark: FTSE Small Cap ex ITs Index. Source: Castlefield Investment Partners LLP, March 2009. Performance data taken from Financial Express Analytics, quoted on a total return, bid to bid, UK sterling basis. Past performance is not a guide to future returns.

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

## 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. The Fund invests in smaller companies that are less liquid than larger companies which means that fluctuations in price may be greater than for larger companies.

## 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.



## INVESTMENT OBJECTIVE & POLICY

THE INVESTMENT OBJECTIVE OF THE PREMIER CASTLEFIELD UK SMALLER COMPANIES FUND IS TO INVEST PRIMARILY FOR LONG-TERM CAPITAL GROWTH, INVESTING PREDOMINANTLY IN SHARES IN SMALLER UK COMPANIES INCLUDING THOSE LISTED ON THE ALTERNATIVE INVESTMENT MARKET.

TOP TEN HOLDINGS AS AT 28/02/2009	% OF NAV	TOP TEN HOLDINGS AS AT 28/02/2008	% OF NAV
VT Group	7.54%	VT Group	6.53%
London Capital	6.88%	BowLeven	6.33%
Intelligent Environments	6.80%	London Capital	4.50%
Personal	5.83%	GB Group	4.44%
Mattioli Woods	5.48%	First Property	4.31%
First Property	5.44%	Clarkson	4.13%
GB Group	5.21%	VP	3.89%
Carclo	5.17%	Carclo	3.75%
Charles Stanley	4.12%	Personal	3.73%
Clarkson	3.69%	Intelligent Environments	3.71%

INVESTMENT PROFILE AS AT 28/02/2009		INVESTMENT PROFILE AS AT 28/02/2008	
Financials	35.32%	Financials	24.12%
Technology	19.63%	General Industrials	18.28%
General Industrials	15.59%	Technology	18.17%
Industrials	12.62%	Industrials	9.48%
Consumer Services	6.37%	Oil and Gas	7.27%
Net other assets	10.47%	Net other assets	22.68%

### 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.

### AUTHORISED CORPORATE

**DIRECTOR OF THE COMPANY (ACD)**  
Premier Portfolio Managers Limited

### Registered Office

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(Authorised and regulated by the Financial Services Authority)

### DEPOSITARY OF THE COMPANY

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### ADMINISTRATOR AND REGISTRAR

Northern Trust International Fund Administration  
Services (UK) Limited

### ADDRESS

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### AUDITORS

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

Please contact the ACD on 01483 306 090 or visit  
www.thecastlefieldfunds.co.uk.

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