



# Premier Castlefield Monthly Equity Income Fund

ANNUAL SHORT REPORT OF THE AUTHORISED CORPORATE DIRECTOR:  
FOR THE PERIOD FROM 1 MARCH 2007 TO 28 FEBRUARY 2008

## NET ASSET VALUES (In pence per share)

<b>General Income</b>			
28 February 2007	111.45		
28 February 2008	88.27		
NAV % change	-20.79%		
<b>Institutional Income</b>			
28 February 2007	111.49		
28 February 2008	86.81		
NAV % change	-22.13%		
<b>Charity Income</b>			
28 February 2007	109.81		
28 February 2008	87.17		
NAV % change	-20.61%		

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)

<b>General Income</b>			
	<b>High</b>	<b>Low</b>	
2006 <sup>1</sup>	114.56	112.04	
2007	120.31	95.99	
2008 <sup>2</sup>	99.41	86.98	
<b>Institutional Income</b>			
	<b>High</b>	<b>Low</b>	
2006 <sup>3</sup>	115.03	105.91	
2007	120.58	96.37	
2008 <sup>2</sup>	99.87	87.44	
<b>Charity Income</b>			
	<b>High</b>	<b>Low</b>	
2006 <sup>4</sup>	114.56	93.14	
2007	118.74	94.96	
2008 <sup>2</sup>	98.43	86.20	

<sup>1</sup> From 13 December 2006 to 31 December 2006

<sup>2</sup> To 28th February 2008

<sup>3</sup> From 6 October 2006 to 31 December 2006

<sup>4</sup> From 2 May 2006 to 31 December 2006

## ANNUAL DIVIDEND DISTRIBUTIONS (In pence per share)

<b>General Income</b>			
XD date	Paid on	Distribution	
31 March 2007	27 April 2007	0.2508	
30 April 2007	27 May 2007	0.2508	
31 May 2007	27 June 2007	0.2508	
30 June 2007	27 July 2007	0.2508	
31 July 2007	27 August 2007	0.2508	
31 August 2007	27 September 2007	1.2508	
30 September 2007	27 October 2007	0.2508	
31 October 2007	27 November 2007	0.2508	
30 November 2007	27 December 2007	0.2508	
31 December 2007	27 January 2008	0.2508	
31 January 2008	27 February 2008	0.2508	
28 February 2008	27 March 2008	0.2508	
28 February 2008	27 May 2008	0.6915	
<b>Institutional Income</b>			
XD date	Paid on	Distribution	
31 March 2007	27 April 2007	0.2508	
30 April 2007	27 May 2007	0.2508	
31 May 2007	27 June 2007	0.2508	
30 June 2007	27 July 2007	0.2508	
31 July 2007	27 August 2007	0.2508	
31 August 2007	27 September 2007	1.2508	
30 September 2007	27 October 2007	0.2508	
31 October 2007	27 November 2007	0.2508	
30 November 2007	27 December 2007	0.2508	
31 December 2007	27 January 2008	0.2508	
31 January 2008	27 February 2008	0.2508	
28 February 2008	27 March 2008	0.2508	
28 February 2008	27 May 2008	0.9229	

## Charity Income

XD date	Paid on	Distribution
31 March 2007	27 April 2007	0.2508
30 April 2007	27 May 2007	0.2508
31 May 2007	27 June 2007	0.2508
30 June 2007	27 July 2007	0.2508
31 July 2007	27 August 2007	0.2508
31 August 2007	27 September 2007	1.2508
30 September 2007	27 October 2007	0.2508
31 October 2007	27 November 2007	0.2508
30 November 2007	27 December 2007	0.2508
31 December 2007	27 January 2008	0.2508
31 January 2008	27 February 2008	0.2508
28 February 2008	27 March 2008	0.2508
28 February 2008	27 May 2008	1.0397

The Fund operates a smoothing policy, whereby a controlled rate is paid monthly until the year end final distribution, where the income remaining is distributed, if income permits then the Fund may distribute an additional amount at the interim date.

## XD DATES

28 February (final)  
Last day of each month (interim)

## DISTRIBUTION DATES

27 May (final)  
27 of each month (interim)

## TOTAL EXPENSE RATIO

<b>General Shares</b>		
28 February 2008		2.98%
28 February 2007		3.46%
<b>Institutional Shares</b>		
28 February 2008		2.48%
28 February 2007		2.96%
<b>Charity Shares</b>		
28 February 2008		2.23%
28 February 2007		2.71%

The total expense ratio's (TER's) show the annual operating expenses of the sub-fund, including the annual management charge and other expenses. It does 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 process of the Premier Castlefield Monthly Equity Income Fund incorporates a four-stage approach, encompassing both quantitative and qualitative analysis. The first step involves running stocks through a stock screening model in order to identify companies that meet specific criteria. We aim to identify high yielding stocks with good dividend cover and healthy free cash flow that can also demonstrate consistency of earnings growth. Stocks that do not meet the criteria do not move to the next stage. Stocks are then split into one of three groups – core income stocks, income growth stocks or high income stocks. Whilst the stock selection methodology is consistent for each group, we employ a weighted ratio approach, where the importance of each particular ratio varies dependant on the category. Once the stocks have been put into the appropriate group, we carry out a disciplined fundamental analysis of each company in order to grade the stocks into one of seven categories. Each category has a specific risk profile and the process should result in the greatest exposure to the least risky stocks. The final stage involves modelling the portfolio to assess the total returns going forward. This involves modelling the exposure to the three groups outlined in stage two. The purpose of this is to attain the highest income achievable with the strongest dividend growth possible.

## PERFORMANCE

High yielding equities were particularly hard hit during the period under review as a result of increased volatility, disappointing economic data and concerns about the global credit markets.

In the period under review, the Fund produced a total return of -18.3% compared to a total return of -7.3% from the IMA UK Equity Income sector and -0.4% for the FTSE All Share Index.

## PORTFOLIO ACTIVITY

During the period under review AstraZeneca, the pharmaceutical company, was added to the Fund. Following a prolonged period of underperformance, the company offered an attractive valuation and a yield in excess of 5%. In the medium-term, shareholders should benefit from increased cost controls and a diversified pipeline of new drugs.

Aviva, the life insurance company, was also added to the Fund. In addition to trading on a substantial discount to the market and its peer group, the company offered a yield in excess of 5%.

Other new holdings include HSBC, Royal Dutch Shell, London Scottish Bank and DSG International. International Personal Finance, the specialist financial company, was sold following a period of strong performance which resulted in the yield falling below the Fund's yield criteria. Halma and National Express were also sold following a prolonged period of strong performance.

Scottish Power, Alliance Boots, Amstrad and Scottish & Newcastle were sold following takeover approaches.

## OUTLOOK

The long-term outlook for UK equities remains positive. However, in the short-term equities are likely to remain volatile as a result of uncertainty in global credit markets.

Source: Castlefield Investment Partners LLP, March 2008.

Fund performance figures are sourced to Premier Portfolio Managers Limited, including net income, taken on a total return, bid to bid, UK Sterling basis. Other performance figures are sourced to Castlefield Investment Partners LLP.

## 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.

There is no guarantee that a constant level of income will be maintained throughout the year since the ACD will attempt to smooth the monthly distributions paid during the year. This will be achieved by carrying over the income received in a month which has above average income expectations in order to supplement the income received in another month which has a lower level of income. The value of shares, and any income from them, can go down as well as up and you might get back less than you invested.

The Fund deducts all charges from capital which may result in the income paid by the Fund being higher than would otherwise be the case and the growth in the capital sum may be constrained.



## INVESTMENT OBJECTIVE & POLICY

THE INVESTMENT OBJECTIVE OF THE PREMIER CASTLEFIELD MONTHLY EQUITY INCOME FUND IS PREDOMINATELY TO GENERATE A RELATIVELY HIGH LEVEL OF INCOME, TOGETHER WITH INCOME GROWTH AND SOME CAPITAL GROWTH OVER THE LONG-TERM. THIS IS TO BE ACHIEVED BY INVESTING PRINCIPALLY IN A PORTFOLIO OF UK EQUITIES, ALTHOUGH MONEY MARKET INSTRUMENTS, COLLECTIVE INVESTMENT SCHEMES, DEPOSITS, WARRANTS, DERIVATIVES (FOR HEDGING PURPOSES) AND OTHER PERMITTED INVESTMENTS AND TRANSACTIONS MAY ALSO BE INVESTED IN.

TOP TEN HOLDINGS AS AT 28/02/2008	% OF NAV	TOP TEN HOLDINGS AS AT 28/02/2007	% OF NAV
Vodafone	7.59%	BT	5.82%
National Grid	5.97%	Scottish Power	5.72%
United Utilities	5.64%	Lloyds TSB	5.12%
BT	5.61%	Alliance & Leicester	4.99%
Scottish & Southern Energy	5.52%	National Grid	4.99%
Lloyds TSB	5.19%	United Utilities	4.68%
Severn Trent	4.41%	Scottish & Southern Energy	4.36%
Royal Dutch Shell	4.14%	Northumbrian Water	3.76%
Northumbrian Water	4.05%	RHM	3.54%
The Royal Bank of Scotland	3.42%	Premier Foods	3.47%

  

INVESTMENT PROFILE AS AT 28/02/2008		INVESTMENT PROFILE AS AT 28/02/2007	
Financials	33.52%	Financials	29.26%
Utilities	25.59%	Utilities	29.13%
Telecommunications	13.20%	Industrials	15.17%
Industrials	11.79%	Consumer Goods	10.75%
Oil & Gas	4.14%	Telecommunications	8.37%
Net Other assets	11.76%	Consumer Services	7.18%
		Basic Materials	0.65%
		Net Other assets	-0.51%

### 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)

### DEPOSITORY OF THE COMPANY

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

### ADMINISTRATOR AND REGISTRAR

Northern Trust International Fund Administration  
Services (UK) Limited

#### Address

PO Box 55736,  
50 Bank Street,  
Canary Wharf,  
London, E14 1BT

### AUDITORS

Grant Thornton UK LLP \*,  
30 Finsbury Square,  
London, EC2P 2YU

\*RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 31 July 2007 creating a casual vacancy, which the ACD filled by appointing Grant Thornton.

### INVESTMENT ADVISER

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

Registered Office  
215-219 Chester Road,  
Manchester, M15 4JE

#### Operating Address

1 Portland Street,  
Manchester, M1 3BE  
Telephone: 0161 233 4890  
email: queries@castlefield.com  
website: www.castlefield.com  
(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.premierassetmanagement.co.uk

### 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 judgment 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.

### NOTABLE CHANGES

During the prior year under review and as agreed by the ACD and Depositary, the Company's year end date changed from 31 December to 28 February. As a result, the interim accounting date has changed from 30 June to 31 August.

With effect from 1 September 2007, the ACD charge has been changed from a fixed cost of £20,000 per annum, per sub-fund to a variable cost of 0.1%, with a minimum of £20,000 per annum, per sub-fund.

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