



# Premier Castlefield Monthly Equity Income 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)

<b>General Income</b>		
28 February 2009	53.83	
28 February 2008	88.27	
NAV % change	-39.02%	
<b>Institutional Income</b>		
28 February 2009	53.05	
28 February 2008	86.81	
NAV % change	-38.89%	
<b>Charity Income</b>		
28 February 2009	53.55	
28 February 2008	87.17	
NAV % change	-38.57%	

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	99.41	56.78	
2009 <sup>2</sup>	66.07	54.08	
<b>Institutional Income</b>			
	<b>High</b>	<b>Low</b>	
2006 <sup>3</sup>	115.03	105.91	
2007	120.58	96.37	
2008	99.87	59.65	
2009 <sup>2</sup>	69.51	56.97	
<b>Charity Income</b>			
	<b>High</b>	<b>Low</b>	
2006 <sup>4</sup>	114.56	93.14	
2007	118.74	94.96	
2008	98.43	56.30	
2009 <sup>2</sup>	65.58	53.74	

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

<sup>2</sup> To 28 February 2009

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

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

## INTERIM DIVIDEND DISTRIBUTIONS (In pence per share)

<b>General Income</b>		
XD date	Paid on	Distribution
31 March 2008	27 April 2008	0.2633
30 April 2008	27 May 2008	0.2633
31 May 2008	27 June 2008	0.2633
30 June 2008	27 July 2008	0.2633
31 July 2008	27 August 2008	0.2633
31 August 2008	27 September 2008	1.2633
30 September 2008	27 October 2008	0.2633
31 October 2008	27 November 2008	0.2633
30 November 2008	27 December 2008	0.2633
31 December 2008	27 January 2009	0.2633
31 January 2009	27 February 2009	0.2633
28 February 2009	27 March 2009	0.2633
28 February 2009	27 May 2009	0.4599
<b>Institutional Income</b>		
XD date	Paid on	Distribution
31 March 2008	27 April 2008	0.2633
30 April 2008	27 May 2008	0.2633
31 May 2008	27 June 2008	0.2633
30 June 2008	27 July 2008	0.2633
31 July 2008	27 August 2008	0.2633
31 August 2008	27 September 2008	1.2633
30 September 2008	27 October 2008	0.2633
31 October 2008	27 November 2008	0.2633
30 November 2008	27 December 2008	0.2633

31 December 2008	27 January 2009	0.2633
31 January 2009	27 February 2009	0.2633
28 February 2009	27 March 2009	0.2633
28 February 2009	27 May 2009	0.4215

## Charity Income

XD date	Paid on	Distribution
31 March 2008	27 April 2008	0.2633
30 April 2008	27 May 2008	0.2633
31 May 2008	27 June 2008	0.2633
30 June 2008	27 July 2008	0.2633
31 July 2008	27 August 2008	0.2633
31 August 2008	27 September 2008	1.2633
30 September 2008	27 October 2008	0.2633
31 October 2008	27 November 2008	0.2633
30 November 2008	27 December 2008	0.2633
31 December 2008	27 January 2009	0.2633
31 January 2009	27 February 2009	0.2633
28 February 2009	27 March 2009	0.2633
28 February 2009	27 May 2009	0.6236

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)  
31 August (Interim)  
Last day of each month (Income accounting dates)

## DISTRIBUTION DATES

27 May (final)  
27 of each month (Income accounting dates)

## TOTAL EXPENSE RATIO

<b>General Shares</b>	
28 February 2009	3.80%
<b>Institutional Shares</b>	
28 February 2009	3.30%
<b>Charity Shares</b>	
28 February 2009	3.05%

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.

## 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

In the period under review the Fund produced a fall of 32.74% compared to a fall of 31.19% from the IMA UK Equity Income sector with the FTSE All Share Index falling by 32.98%.

## PORTFOLIO ACTIVITY

Stock market weakness provided an opportunity to take positions in sectors that the Fund had little exposure to as the constituents did not pass the income hurdle. As a result, exposure to mining, pharmaceuticals and tobacco was increased. This was paid for by a reducing exposure to banks, gas water and multi utilities and beverages.

GlaxoSmithKline, the international pharmaceutical company, was added to the Fund. The company is currently benefiting from favorable currency movements and better than expected growth from a number of key products. Moreover, the medium term restructuring program should result in substantial cost saving over the coming years.

British American Tobacco, the international cigarette and tobacco products company, was also added to the Fund. The company is forecast to return double digit dividend growth over the medium term following an increase in the dividend payout ratio to 65%.

Topps Tiles, the specialist flooring products retailer, was sold. The outlook for the company has deteriorated as a result of slowing consumer demand. In addition, aggressive competition in the core tile market has resulted in increased pricing pressure. This combined with a highly leveraged balance sheet is likely to result in a large dividend cut in the short term.

Exposure to banks was reduced with the sale of RBS and Lloyds TSB. Following the governments injection of capital, both companies are unlikely to pay dividends for a number of years. In addition, with the potential of further asset write-downs and uncertainty over the sustainability of both companies' business models, the prospect of nationalisation remains a possibility. During the period, the Fund benefited from bids for Alliance & Leicester and Transport Development Group.

## OUTLOOK

Although the equity market currently looks cheap on most valuation methods, the short term direction will continue to be influenced by events in global credit markets.

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.

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.



## 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 28/02/2009	% OF NAV	TOP TEN HOLDINGS AS AT 28/02/2008	% OF NAV
Vodafone	8.86%	Vodafone	7.59%
National Grid	7.48%	National Grid	5.97%
Centrica	6.11%	United Utilities	5.64%
Royal Dutch Shell	5.23%	BT	5.61%
Jardine Lloyd Thompson	4.68%	Scottish & Southern Energy	5.52%
British American Tobacco	4.09%	Lloyds TSB	5.19%
BRIT Insurance	3.63%	Severn Trent	4.41%
Kazakhmys	3.53%	Royal Dutch Shell	4.14%
HSBC	3.26%	Northumbrian Water	4.05%
AstraZeneca	3.12%	The Royal Bank of Scotland	3.42%

  

INVESTMENT PROFILE AS AT 28/02/2009		INVESTMENT PROFILE AS AT 28/02/2008	
Financials	27.28%	Financials	33.52%
Utilities	14.51%	Utilities	25.59%
Telecommunications	9.59%	Telecommunications	13.20%
Consumer Goods	9.13%	Industrials	11.79%
Industrials	6.93%	Oil & Gas	4.14%
Net other assets	32.56%	Net other assets	11.76%

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.

### 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.

### 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)

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### ADMINISTRATOR AND REGISTRAR

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### INVESTMENT ADVISER

Castlefield Investments  
(A registered trademark and the property of Castlefield  
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### 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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