

# ConBrio B.E.S.T Income Fund

## Annual Short Report

29 February 2012 to 28 February 2013

A sub-fund of the ConBrio funds. The information in this report is designed to enable investors to make an informed judgement on the activities of the Fund during the period. Copies of the Long-Form Report & Accounts are available free of charge by calling 01483 306 090, or can be downloaded from the website at [www.theconbriofunds.co.uk](http://www.theconbriofunds.co.uk)

### Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2008	General Income	99.41	56.78
	Institutional Income	99.87	59.65
	Charity Income	98.43	56.30
2009	General Income	71.18	49.39
	Institutional Income	74.82	48.53
	Charity Income	70.77	49.14
2010	General Income	75.01	63.06
	Institutional Income	75.41	62.89
	Charity Income	75.52	63.26
2011	General Income	75.45	61.51
	Institutional Income	75.44	61.74
	Charity Income	75.98	62.32
2012	General Income	69.23	60.61
	Institutional Income	69.64	61.03
	Charity Income	70.38	61.70
2013 <sup>1</sup>	General Income	72.71	68.47
	Institutional Income	73.54	69.17
	Charity Income	74.46	70.04

<sup>1</sup> To 28 February 2013.

### Ongoing Charges Figure (OCF)

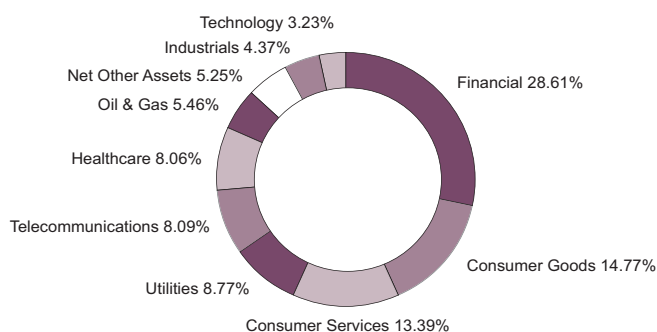
General Income Shares	3.11%
Institutional Income Shares	2.35%
Charity Income Shares	2.35%

The ongoing charges figure is based on the expenses for the financial year ending 28 February 2013 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).

### Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
28.02.2011	General Income	71.33
	Institutional Income	71.37
	Charity Income	71.93
28.02.2012	General Income	67.08
	Institutional Income	67.48
	Charity Income	68.17
28.02.2013	General Income	71.54
	Institutional Income	72.36
	Charity Income	73.27

### Asset Allocation as at 28.02.2013



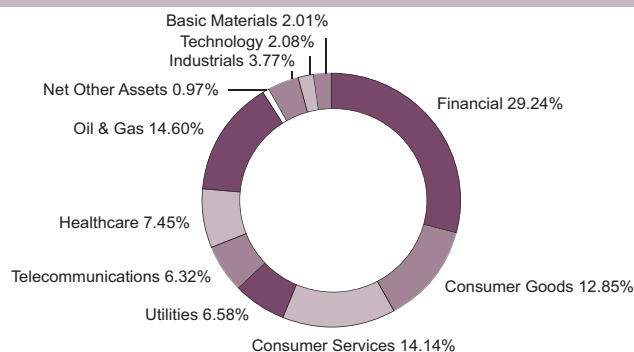
### Top Ten Holdings as at 28.02.2013

GlaxoSmithKline	4.88%
HSBC Holdings	4.44%
National Grid	4.15%
Royal Dutch Shell 'B'	3.95%
Provident Financial	3.84%
British Land	3.76%
BT	3.65%
Unilever	3.53%
Go-Ahead	3.46%
WM Morrison	3.45%

### Dividend Distribution (in pence per share)

XD date	Paid on	Share Class	Distribution
31.03.2012	27.04.2012	General Income	0.2502
		Institutional Income	0.2518
		Charity Income	0.2544
30.04.2012	25.05.2012	General Income	0.2633
		Institutional Income	0.2633
		Charity Income	0.2633
31.05.2012	27.06.2012	General Income	0.2633
		Institutional Income	0.2633
		Charity Income	0.2633
30.06.2012	27.07.2012	General Income	0.2633
		Institutional Income	0.2633
		Charity Income	0.2633
31.07.2012	27.08.2012	General Income	-
		Institutional Income	-
		Charity Income	-
31.08.2012	27.09.2012	General Income	-
		Institutional Income	-
		Charity Income	-
31.08.2012	27.11.2012	General Income	1.0886
		Institutional Income	1.1022
		Charity Income	1.1232
30.09.2012	27.10.2012	General Income	-
		Institutional Income	-
		Charity Income	-
31.10.2012	27.11.2012	General Income	-
		Institutional Income	-
		Charity Income	-
30.11.2012	27.12.2012	General Income	-
		Institutional Income	-
		Charity Income	-
30.11.2012	27.02.2013	General Income	0.8255
		Institutional Income	0.8287
		Charity Income	0.8397
31.12.2012	27.01.2013	General Income	-
		Institutional Income	-
		Charity Income	-
31.01.2013	27.02.2013	General Income	-
		Institutional Income	-
		Charity Income	-
28.02.2013	27.03.2013	General Income	-
		Institutional Income	-
		Charity Income	-
28.02.2013	27.05.2013	General Income	0.5560
		Institutional Income	0.5572
		Charity Income	0.5663

### Asset Allocation as at 28.02.2012



### Top Ten Holdings as at 28.02.2012

Royal Dutch Shell 'B'	8.33%
BP	6.27%
Imperial Tobacco	6.18%
Vodafone Group	4.64%
National Grid	4.59%
GlaxoSmithKline	4.42%
HSBC Holdings	4.13%
iShares FTSE UK Dividend Plus	4.09%
British Land	3.95%
Provident Financial	3.80%

Investment Review

Performance

Within the reporting period the Fund produced a Total Return of 12.4% (as measured by the General income share class). The Fund return composed of c.5.1% capital and c.7.3% income return.

Portfolio Activity

The year under review incorporates the significant mandate change for the Fund that was approved in mid-July. This changed the Fund to one with an explicit ethical remit, with implications for portfolio holdings. Positions in Sportingbet (gambling) and BAE Systems (armaments) were sold as these sectors are now excluded from the Fund’s investable universe. Subsequent sales have included holdings in BP and Man Group; the former because of the environmental impact of its oil operations and a historically poor safety record and the latter because we perceive no real social benefit from the firm’s business. The holding in the Henderson High Income Trust was exited as there is no ethical mandate for the manager to follow and we were aware of a holding in a tobacco-related company, which we deem unacceptable.

Ahead of the change in mandate, we initiated a position in retailer Brown (N) Group, believing its valuation to be unjustifiably depressed given its financial strength and growth prospects. Initially purchased at 252p, it traded at 397p at the end of the review period and has paid a healthy dividend in the period too. In addition, three holdings were initiated in the food retail sector: WM Morrison, Greggs & Tesco. All three names offer dividend yields well above the market average and we expect the payouts to grow in the coming years. Greggs has raised its dividend for 27 consecutive years, which suggests a solid

business model to us. Morrison and Greggs in particular also have interesting developments underway which we find attractive in the broader “ethical” sense that the Fund is now considering. Other smaller changes of note would include the topping-up of existing positions in holdings such as GlaxoSmithKline, SSE and Britvic, the latter to take advantage of the fall in the share price after its agreed merger with A.G. Barr was referred to the Competition Commission.

Outlook

Equity markets in general have reaped the benefit of a sustained move upwards over several months, with various indices at or near new highs as investors have responded to the apparent backstop in place for the Eurozone, and the Federal Reserve effectively promising open-ended quantitative easing until certain policy goals are achieved. Alongside suggestions of a more relaxed attitude to inflation running above target, the attraction of equities as “real” assets is understandable, particularly in light of the apparently poor structural long term return potential for much sovereign debt, and the compressed returns available for corporate bonds. However, this performance has been achieved when overall market earnings estimates have been steadily cut; without a turn for the better on this measure, equity valuations will look increasingly vulnerable. That will mean ever closer scrutiny of the sustainability of companies’ earnings and dividend streams.

Source: Castlefield Investment Partners, March 2013. 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.

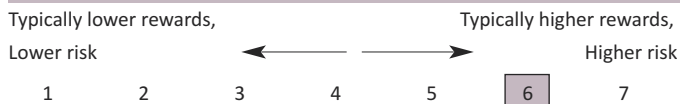
Full details are in the Long-Form Report & Accounts, available on request or from our website, [www.theconbriofunds.co.uk](http://www.theconbriofunds.co.uk)

Important Information

On 18th July 2012, the Company changed its name from the ‘Premier Castlefield Funds’ to the ‘ConBrio Funds’. The ‘Premier Castlefield Monthly Equity Income Fund’ was renamed the ‘ConBrio B.E.S.T Income Fund’, and changed its Investment Policy and reduced income distributions from monthly to quarterly.

At the beginning of April 2013, the Financial Services Authority, the industry regulator, was replaced by the Financial Conduct Authority.

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.

The Risk and Reward Indicator demonstrates where the 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.

Fund Facts

**Launch date:** 02 May 2006  
**Ex-dividend dates:** 1 December, 1 March, 1 June and 1 September  
**Income dates:** 27 February, 27 May, 27 August and 27 November

Investment Risks

The Fund holds equities concentrated by location in the UK. Equities, as an asset class, 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.

Investment Objective and Policy

To predominantly generate a relatively high level of current income, together with income growth and some capital growth over the long term. The investment policy of the Fund is to invest 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.

In seeking to achieve the stated investment objective, consideration will be given not only to traditional business and financial criteria, but also to environmental, ethical, social, governance and other similar issues. This is reflected in the name of the Fund where "B.E.S.T." is intended to indicate the investment criteria that will be applied to the Fund: Business, Environmental/Ethical, Social/Governance, and Transparency.

Contact Information

Authorised Corporate Director (ACD) & Registered Office:	<b>Premier Portfolio Managers Limited,</b> Eastgate Court, High Street, Guildford, Surrey, GU1 3DE
Auditor:	<b>KPMG Audit Plc,</b> 15 Canada Square, Canary Wharf, London, E14 5GL
Depository:	<b>National Westminster Bank plc,</b> Trustee and Depository Services, Younger Building, 3 Redheughs Avenue, Edinburgh, EH12 9RH
Administrator & Registrar:	<b>Northern Trust Global Services Limited,</b> 50 Bank Street, Canary Wharf, London, E14 1BT
Administration Queries:	<b>Premier Portfolio Managers Limited,</b> PO Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG Tel 0845 6056363 Email <a href="mailto:clientservices@premierfunds.co.uk">clientservices@premierfunds.co.uk</a>

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You should remember that past performance is not a guide to future returns and the price of shares and the income from them may go down as well as up and you may get back less than you invested. Exchange rates will also cause the value of underlying investments to fall as well as rise. Tax concessions are not guaranteed and may be changed at any time, their value will depend on your individual circumstances. Investments in these Funds are typically medium or long term investments. Reference to any particular stock does not constitute a recommendation to buy or sell the stock.

A free, English language copy of the Fund’s full prospectus, the Key Investor Information Document and Supplementary Information Document, which include all the important information you need to consider before making an investment decision, are available on the Fund’s website, [www.theconbriofunds.co.uk](http://www.theconbriofunds.co.uk) or by calling us on 01483 306090.