

## Premier Castlefield Monthly Equity Income Fund

ANNUAL SHORT REPORT OF THE AUTHORISED CORPORATE DIRECTOR:  
 FOR THE YEAR FROM 1 MARCH 2010 TO 28 FEBRUARY 2011



### NET ASSET VALUES (In pence per share)

#### General Income

28 February 2011	71.33
28 February 2010	71.67
NAV % change	-0.47%

#### Institutional Income

28 February 2011	71.37
31 February 2010	71.41
NAV % change	-0.06%

#### Charity Income

28 February 2011	71.93
28 February 2010	68.18
NAV % change	+5.50%

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
2006 <sup>1</sup>	114.56	112.04
2007	120.31	95.99
2008	99.41	56.78
2009	71.18	49.39
2010	75.01	63.06
2011 <sup>2</sup>	75.45	72.25

#### Institutional Income

	High	Low
2006 <sup>3</sup>	115.03	105.91
2007	120.58	96.37
2008	99.87	59.65
2009	74.82	48.53
2010	75.41	62.89
2011 <sup>2</sup>	75.44	72.26

#### Charity Income

	High	Low
2006 <sup>4</sup>	114.56	93.14
2007	118.74	94.96
2008	98.43	56.30
2009	70.77	49.14
2010	75.52	63.26
2011 <sup>2</sup>	75.98	72.80

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

<sup>2</sup> To 28 February 2011

<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)

#### General Income

XD date	Paid on	Distribution
31 Mar 2010	27 Apr 2010	0.2633
30 Apr 2010	27 May 2010	0.2633
31 May 2010	27 June 2010	0.2633

30 June 2010	27 July 2010	0.2633
31 July 2010	27 Aug 2010	0.2633
31 Aug 2010	27 Sept 2010	0.2633
30 Sept 2010	27 Oct 2010	0.2633
31 Oct 2010	27 Nov 2010	0.2633
30 Nov 2010	27 Dec 2010	0.2633
31 Dec 2010	27 Jan 2011	0.2633
31 Jan 2011	27 Feb 2011	0.2633
28 Feb 2011	27 Mar 2011	0.2633
28 Feb 2011	27 May 2011	1.4953

#### Institutional Income

XD date	Paid on	Distribution
31 Mar 2010	27 Apr 2010	0.2633
30 Apr 2010	27 May 2010	0.2633
31 May 2010	27 June 2010	0.2633
30 June 2010	27 July 2010	0.2633
31 July 2010	27 Aug 2010	0.2633
31 Aug 2010	27 Sept 2010	0.2633
30 Sept 2010	27 Oct 2010	0.2633
31 Oct 2010	27 Nov 2010	0.2633
30 Nov 2010	27 Dec 2010	0.2633
31 Dec 2010	27 Jan 2011	0.2633
31 Jan 2011	27 Feb 2011	0.2633
28 Feb 2011	27 Mar 2011	0.2633
28 Feb 2011	27 May 2011	1.4987

#### Charity Income

XD date	Paid on	Distribution
31 Mar 2010	27 Apr 2010	0.2633
30 Apr 2010	27 May 2010	0.2633
31 May 2010	27 June 2010	0.2633
30 June 2010	27 July 2010	0.2633
31 July 2010	27 Aug 2010	0.2633
31 Aug 2010	27 Sept 2010	0.2633
30 Sept 2010	27 Oct 2010	0.2633
31 Oct 2010	27 Nov 2010	0.2633
30 Nov 2010	27 Dec 2010	0.2633
31 Dec 2010	27 Jan 2011	0.2633
31 Jan 2011	27 Feb 2011	0.2633
28 Feb 2011	27 Mar 2011	0.2633
28 Feb 2011	27 May 2011	1.4996

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

#### 28 February 2011

General Shares	2.93%
Institutional Shares	2.44%
Charity Shares	2.19%

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

The Premier Castlefield Monthly Equity Income Fund returned 9.7% in General Income Shares compared to a peer group total return for the IMA UK Equity Income Sector of 16.8%.

### PORTFOLIO ACTIVITY

Within the portfolio, a focus on companies returning an above average income stream to investors saw us add to existing positions in telecoms group BT and investments in the water sector. A new position was introduced in the form of the listed infrastructure fund run by 3i which should also provide a useful diversification benefit. The portfolio disposed of positions in smaller groups and in those that no longer had the required income attributes, such as XP Power after a strong run.

### OUTLOOK

The prospect of austerity measures and looming public sector job cuts at a time when interest rates are likely to start rising means that the headwinds facing the UK economy are possibly greater than at any time during the past two

## 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 28/02/2011	% OF NAV	TOP TEN HOLDINGS AS AT 28/02/2010	% OF NAV
Royal Dutch Shell	8.92%	BP	7.55%
HSBC Holdings	6.77%	HSBC	5.53%
BP	5.70%	Vodafone	5.02%
Vodafone	4.58%	Royal Dutch Shell	4.66%
British American Tobacco	4.48%	GlaxoSmithKline	4.56%
BHP Billiton	4.18%	Scottish & Southern Energy	4.56%
Penron	4.13%	AstraZeneca	4.51%
3i Infrastructure	3.97%	Unilever	3.84%
BT	3.81%	United Utilities	3.84%
Land Securities	3.71%	Aviva	3.56%

INVESTMENT PROFILE AS AT 28/02/2011		INVESTMENT PROFILE AS AT 28/02/2010	
Financials	27.36%	Financials	24.83%
Oil and Gas	14.62%	Utilities	19.60%
Utilities	11.83%	Oil and Gas	12.21%
Consumer Services	11.71%	Consumer Goods	11.98%
Consumer Goods	8.76%	Healthcare	9.63%
Net other assets	25.72%	Net other assets	21.75%

years. With this background we are more cautious although prepared to acknowledge that further restructuring by Eurozone nations in order to tackle their respective deficits may actually provide a boost to sentiment as uncertainty is removed.

Source: Castlefield Investment Partners LLP, March 2011. 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 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.

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.

### IMPORTANT INFORMATION

With effect from 1 May 2011, the ACD's annual management charge will be calculated with the administrator's fee to form a single combined charge. This combined charge will be 0.2% with a minimum £45,000 per annum.

### AUTHORISED CORPORATE DIRECTOR OF THE COMPANY (ACD)

Premier Portfolio Managers Limited

Registered Office  
 Eastgate Court,  
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 Surrey, GU1 3DE  
 (Authorised and regulated by the Financial Services Authority)

### DEPOSITARY OF THE COMPANY

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 The Broadstone,  
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 Edinburgh, EH12 9UZ

### ADMINISTRATOR AND REGISTRAR

Northern Trust Global Fund Services Limited  
 PO Box 55736, 50 Bank Street, Canary Wharf,  
 London, E14 1BT

### AUDITOR

Grant Thornton UK LLP,  
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### INVESTMENT ADVISER

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 (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 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](http://www.thecastlefieldfunds.co.uk)

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