

Annual Short Report - 01 March 2013 to 28 February 2014

ConBrio B.E.S.T Income 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
IMA Sector:	UK Equity Income

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.

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.

Performance Record (in pence per share)

Share Class	General Income		Institutional Income		Charity Income	
	High	Low	High	Low	High	Low
2009	71.18	49.39	74.82	48.53	70.77	49.14
2010	75.01	63.06	75.41	62.89	75.52	63.26
2011	75.45	61.51	75.44	61.74	75.98	62.32
2012	69.23	60.61	69.64	61.03	70.38	61.70
2013	78.01	68.47	79.05	69.17	80.03	70.04
2014 ¹	79.33	74.95	80.85	76.35	81.86	77.30

¹To 28 February 2014.

Net Asset Values (in pence per share)

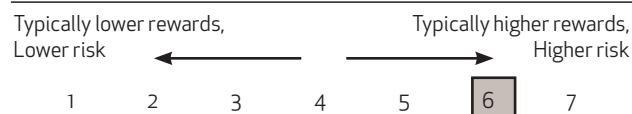
Share Class	General Income	Institutional Income	Charity Income
28.02.2012	67.08	67.48	68.17
28.02.2013	71.54	72.36	73.27
28.02.2014	78.39	79.90	80.90

Dividend Distribution (in pence per share)

Period end	Paid	General Income	Institutional Income	Charity Income
31.05.2013	27.08.2013	1.0789	1.0923	1.1060
31.08.2013	27.11.2013	0.9111	0.9236	0.9346
31.11.2013	27.02.2014	0.6548	0.6657	0.6740
28.02.2014	27.05.2014	0.5853	0.5960	0.6035

With effect from 18 July 2012, the Fund changed its income distributions from monthly to quarterly.

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.

Ongoing Charges Figures (OCF)

	28.02.2014	28.02.2013
General Income Shares	1.85%	3.11%
Institutional Income Shares	1.60%	2.35%
Charity Income Shares	1.60%	2.35%

The ongoing charges figure is based on the last year's expenses for the period ending 28 February 2014 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).

Review & Outlook

The Fund produced a total return of 14.4%, the return was composed of c.9.6% capital and c.4.8% income return.

The period under review saw UK equities trend higher albeit whilst experiencing periodic bouts of volatility. In particular, late-April to late-June saw a sharp rise in markets before an equally sudden fall, as investors scrambled to interpret the guidance on interest rates and quantitative easing coming from the US Federal Reserve. Emerging market assets fared the worst in this broad sell-off. Equities recovered into July and have subsequently moved higher, shaking off the US government shutdown in October and a renewed emerging market wobble in early 2014.

We saw significant inflows into the Fund, meaning a significant bias towards the purchasing side of portfolio activity. Several new positions were initiated, while much activity took the form of using inflows to increase existing holdings to maintain or boost their weights within the portfolio. These incremental purchases tended to favour those companies where we perceive greater balance sheet strength, providing support for either the higher headline dividend yield or for progressive dividend growth.

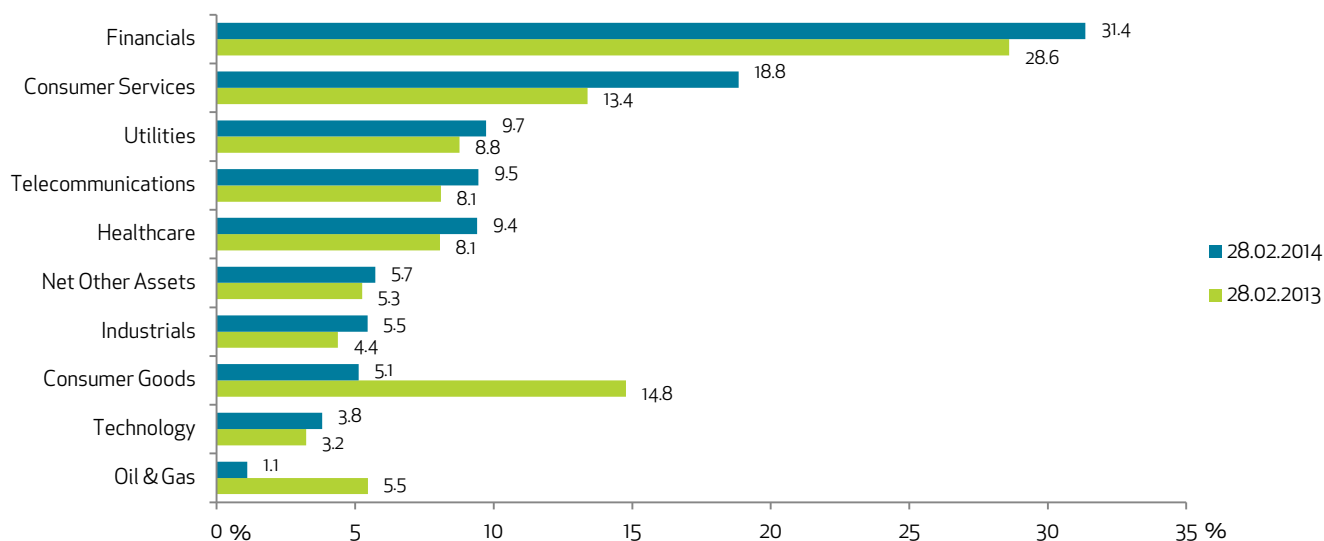
The ethical mandate of the Fund can be clearly observed in the nature of the new positions taken as well as some of those sold. On the sale side, we followed last year's sale of BP by exiting the entire position in Royal Dutch Shell. In addition, we now formally exclude all oil & gas producers and mining companies for the investable universe. Shell's exposure to Arctic drilling and shale energy is, we feel, incompatible with our ethical stance. In addition, we exited oil services firm, AMEC, following a review. It passes our screen and has involvement in areas such as renewable energy, but the balance of its activities led us to sell on ethical grounds. On the buy side, we participated in new issues from Greencoat UK Wind and The Renewable Infrastructure Group, both providing high and

inflation-linked dividend streams from portfolios of wind and solar-power generating assets. Infrastructure fund, HICL, was another new purchase, tapping into cash returns from major capital investment projects. The final purchase of note was data centre provider, Teleticity, in mid-February, tapping into the continuing growth in the sector via a business keenly focused on the energy efficiency and reliability of its operations.

The strength in equities over the last year was largely explained by a valuation re-rating, given the underlying picture of earnings estimates being cut in aggregate. How much of this re-rating was driven by anticipation of improving economic trends and how much by the continuing easy money policies of major Central Banks is a moot point. Where we stand now is with the US Federal Reserve tapering its stimulus programme back, analysts pondering the timing of interest rate hikes and the implications for asset class performance in such an environment. Emerging markets remain under pressure in this climate but valuations of companies more greatly exposed to such countries appear increasingly to reflect already some form of slowdown. With developed market economies and businesses unlikely to escape unscathed in the event of a major emerging market slowdown, better perhaps to focus greater attention on an increasingly unloved area where valuation appeal is growing.

Source: Castlefield Investment Partners, March 2014. 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.

Asset Allocation



Top Ten Holdings as at 28.02.2014

GlaxoSmithKline	5.42%
BT	4.52%
National Grid	4.34%
AstraZeneca	3.98%
British Land	3.88%
Go-Ahead	3.69%
SSE	3.61%
HSBC Holdings	3.39%
Vodafone Group	3.39%
Provident Financial	3.36%

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%

What Does It Mean?

If you come across the odd word or phrase within your report that you are unfamiliar with, here is a glossary to help explain a few key terms.

Accumulation Shares

Any income made by the Fund will be reinvested to grow the value of your investment.

Alternative Assets

Types of non-traditional investments, which could include hedge funds and commodities for example and which are designed to help diversify a portfolio as they tend not to move in the same direction as the stock market.

Autocall

An autocall structured product has the potential to mature before the end of the product's life, if certain predetermined market conditions are reached. The investor will usually receive a pre-defined return.

Bonds

Issued by companies or governments and similar to a loan in nature, usually paying a fixed or variable interest rate.

Corporate Bonds

Issued by companies and similar to a loan in nature, usually paying a fixed rate of interest.

Credit Rating

A score awarded by an independent rating agency to indicate the financial strength of the issuer of a corporate bond, and the potential for a default on interest and principal payments. Bonds issued and backed by developed market governments are generally considered superior to bonds rated 'AAA'. The top credit rating is 'AAA'. The lowest rating to be considered 'investment grade' is 'BBB'. Below 'BBB', bonds are termed 'sub investment grade' or 'high yield'.

Credit Spreads

Can be used to describe the difference in yield between securities, due to different credit quality.

Duration

A measure of the price sensitivity of a fixed income investment / fund to a change in interest rates.

Equities

Another name for shares in a company.

Fixed Income Assets

Investments that pay out a set level of income, such as bonds or gilts.

FTSE® 100 INDEX

A share index of the 100 largest companies, by market capitalisation, listed on the UK stock exchange and could include, for example, familiar household names such as BP, Marks & Spencer and Vodafone.

Funds

A general term used to describe collective investment schemes, such as unit trusts, open-ended investment companies and closed-ended investment companies.

GDP

Gross Domestic Product (GDP) refers to the market value of all officially recognised final goods and services produced within a country in a given period.

Gilts

A bond issued by the UK government.

Hedging

A way of offsetting the potential losses that may be incurred by an investment.

Income Shares

Any income made by the Fund will be paid out to you.

Inflation Hedge

A way in which to protect capital against the effects of inflation.

Investment Grade Bond

A bond that is assigned a rating in the top four categories by commercial credit rating companies. S&P classifies investment grade bonds as BBB or higher, and Moody's classifies investment grade bonds as BAA or higher.

Investment Trust

A company set up to buy and sell shares in other companies and is run by a Board of Directors.

LIBOR

The average interest rate estimated by leading banks in London that they would be charged if borrowing from other banks.

Market Capitalisation (market cap)

The total value of the shares of a company.

Net Asset Value (NAV)

Used to value shares of a company, calculated by taking the total assets and deducting the total liabilities.

OEIC

An 'Open Ended Investment Company' - this is similar to a unit trust. Investors pool their money together to invest in a range of different assets such as bonds, equities, property, cash etc. Each OEIC will have an investment objective, stated in a prospectus document, which could be to produce long term growth or generate a regular income.

OCF

The Ongoing Charges Figure (OCF) is designed to give you an accurate measure of what it costs to invest in a fund and helps you compare this cost between different funds. It includes the annual management charge (used to pay the investment manager, fund accountant and fund administrator for example) and other operating costs, such as fees paid to the Trustee, Auditor, Custodian and Regulator.

Options

A financial contract that enables the holder to purchase or sell a certain number of shares at a future date and at a known price.

Quantitative Easing

A government policy used to increase the money supply within an economy, by flooding the financial system with money.

RRI

The Risk and Reward Indicator (RRI) demonstrates where a 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.

Structured Products/Investments

A group of financial instruments which frequently combine the potential upside of market performance with limited downside. They may also provide a fixed return in exchange for accepting a degree of risk or may generate gains from market falls. They can also be used within a Fund to help manage the impact of large stockmarket fluctuations.

Synthetic Zeros

A form of structured product which also has a pre defined return profile and a set maturity date whilst being exposed to a degree of credit and equity market risk. Synthetic zeros are usually linked to major, well known indices, such as the FTSE 100, but with much less risk than investing directly in the index itself.

Top Down Asset Allocation

An investment approach that looks to review the economic landscape prior to delving down into sector and company specifics.

Transferable Securities

A general term used to describe a broad range of investments such as bonds and company shares for example.

Volatility

Refers to the frequency and severity with which the price of an investment goes up and down.

Weighted Average Maturity (WAM)

The average time until maturity of all the underlying holdings of a fund.

Yield

The amount of income paid or expected to be paid from each share held. The yield is calculated and quoted as a percentage.

Zero Dividend Preference Shares

Shares that do not receive an income but instead pay out a return at the end of the investment's fixed life.

Please visit our website to see our glossary in full.

Available online
theconbriofunds.co.uk



Important Information

With effect from 17 February 2014, the initial charge was removed from the General Share class.

With effect from 1 March 2014, the Investment Adviser's Fee for the General Share class was reduced from 1.50% to 1.00%.

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