

Interim Short Report - 01 March 2015 to 31 August 2015

ConBrio Managed Multi-Asset Fund

Fund Facts

Launch date:	6 June 2003 (Restructured 1 March 2011)
Ex-dividend dates:	28 February and 31 August
Income dates:	27 May and 27 November
IA Sector:	Targeted Absolute Return

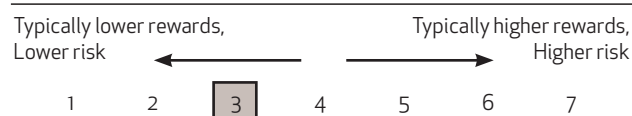
Investment Objective and Policy

To generate a positive annualised return over a rolling 3 year basis. However, there is no guarantee that this objective will be met and there is always the potential of loss to some, or all, of your original capital. The Fund will invest in transferable securities (both quoted and unquoted), units and/or shares in other collective investment schemes, structured products, deposits, warrants, fixed interest securities, money market instruments, and cash and near cash. The Fund may also invest in derivatives and forward transactions for investment purposes as well as for efficient portfolio management (including hedging), and may also borrow and enter into stocklending and underwriting arrangements in accordance with COLL.

Investment Risks

The Fund has exposure to a wide range of asset classes including equities arising mainly from its structured product investments. Equities, as an asset class, tend to experience higher volatility but this is tempered in the Fund by diversification across other asset classes such as corporate bonds and government bonds which tend to experience lower volatility.

Risk and Reward Indicator (RRI)



The Fund is ranked as three because the fund and portfolios holding similar assets have experienced low to medium 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)

	31.08.2015	28.02.2015
General Income & Accumulation Shares	2.14%	2.44%
Institutional Income Shares	1.64%	1.94%

The ongoing charges figure is based on the last six months' expenses for the period ending 31 August 2015 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).

Performance Record (in pence per share)

Share Class	General Income		General Accumulation		Institutional Income		Charity Income	
	High	Low	High	Low	High	Low	High	Low
2010	190.23	156.41	-	-	195.61	160.08	195.94	160.21
2011	191.32	183.53	191.32 ²	183.37 ²	196.75	188.99	197.10 ⁴	188.99 ⁴
2012	193.49	184.61	193.27	184.44	200.64	190.71	-	-
2013	198.61	193.24	198.47	193.02	206.65	200.44	-	-
2014	208.61	196.65	199.06 ³	196.65 ³	219.04	205.37	-	-
2015 ¹	214.15	206.84	-	-	225.26	217.99	-	-

¹To 31 August 2015.

²From 01 February 2011 to 31 December 2011.

³To 14 March 2014.

⁴To 26 January 2011.

Net Asset Values (in pence per share)

Share Class	General Income	General Accumulation	Institutional Income
28.02.2014	-	201.10	210.18
28.02.2015	211.60	-	222.44
31.08.2015	206.58	-	217.67

Dividend Distribution (in pence per share)

Expenses exceeded revenue during this period, as a result no distributions were paid.

Review & Outlook

The Fund returned -2.5%, compared to an increase in the UK Consumer Price Index (a measure of inflation) of +0.5% during the 6 months under review.

Equities generally produced negative returns during the period as investors retreated from riskier assets in favour of cash and bonds. The sharp reversal in the price of crude oil, which had begun to rise again from the lows of January, has been prompted by a deceleration in the Chinese economy. With the price of crude retreating again, it fell below \$43/barrel towards the end of August having previously stood at almost \$68/barrel at the beginning of May. Although the fall in oil prices should translate to lower costs for industries in aggregate, the volatility as well as implications for trade from a slowing Chinese economy saw equities fall from the highs of April to end the period several percentage-points lower.

Nominal assets benefited as yields pulled back despite US and UK central banks signalling rate rises on the horizon. Benchmark UK 10yr yields went on something of a round trip during the period, rising from 1.8% at the start to hit 2.2% as the General Election prompted some uncertainty on UK fiscal discipline, before falling again as equities sold off and investors bought bonds, closing back at 1.8%.

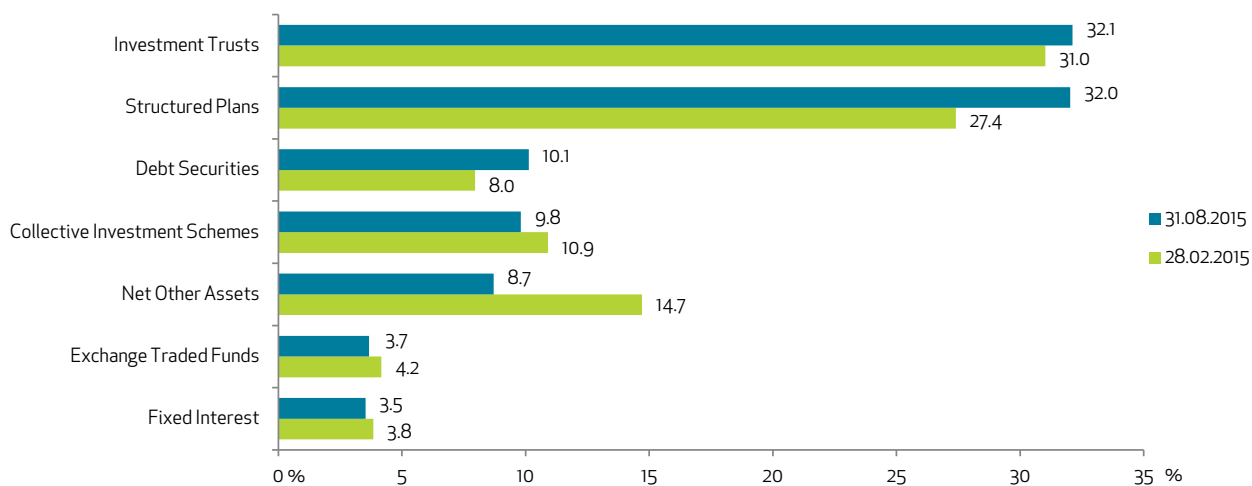
During the period, we added to the conventional fixed income portion of the portfolio as well as to the structured products holdings. In March we added a new bond issue from Intermediate Capital using the proceeds from a maturing bond from EIB (the European Investment Bank) that had returned funds to the portfolio in the previous month. Intermediate Capital are a specialist finance firm providing mezzanine loans and have increasingly moved into fund management, providing a stable revenue stream and supporting their latest bond issue. We also added a specialised lending vehicle to the Fund which provides loans to small businesses via online platforms. The underlying loans are secured on business assets and the vehicle offers an alternative to conventional fixed income instruments.

We added two structured products to the portfolio, one of which provides a bond-like nominal return with the potential for more material upside linked to a basket of stocks, while the other a new issue linked to the FTSE 100 and S&P 500. We also acquired a stake in a newly launched investment trust, Menhaden Capital, which will target renewable infrastructure investments, joining a small but steadily growing subsector within this niche. Interestingly for us, the trust will use a hybrid structure which will target direct infrastructure investments alongside listed opportunities, reducing the potential for cash drag which can hamper returns from other captive or patient capital vehicles.

With the prospect for interest rate increases on the cards for both the US and UK central banks during the remainder of the reporting period, we continue to view prospects for bonds warily. The fixed income portion of the portfolio has held up relatively well in the current environment, offsetting some of the declines witnessed for the equity linked portion of the portfolio. With certain alternative income generating assets such as infrastructure and commercial real estate also holding up relatively well, benefitting from continued buoyancy in employment and infrastructure spending, we continue to favour these alternatives to conventional investment grade and long dated paper. The equity market turmoil of the past few months has been a largely overdue correction to more elevated valuations and we continue to see the equity-linked structured products as an attractive means to deliver returns. The increase in market volatility has also resulted in an improvement in the terms at which such products are struck and we continue to see these as an appropriate means to deliver good risk adjusted returns.

Source: Castlefield Investments, September 2015. 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 31.08.2015

Natixis 6.35% Variable 08/12/2020	4.69%
Barclays Bank 10/04/2017	4.31%
Royal Bank of Canada 04/06/2021	4.27%
RBS Multi Market Zero Warrant 29/03/2017	4.17%
Lazard Global Infrastructure Equity	3.96%
Utilico Finance ZDP 2018	3.83%
Ignis Absolute Return Government Bond 'I'	3.52%
Societe Generale 10/08/2020	3.32%
Sienna Finance UK 25/09/2020	3.12%
Utilico Finance ZDP 2020	3.11%

Top Ten Holdings as at 28.02.2015

Natixis 6.35% Variable 08/12/2020	5.14%
Barclays Bank 10/04/2017	4.60%
RBS Multi Market Zero Warrant 29/03/2017	4.54%
Lazard Global Infrastructure Equity	4.40%
Utilico Finance ZDP 2018	4.26%
Ignis Absolute Return Government Bond 'I'	3.89%
Societe Generale 10/08/2020	3.85%
Sienna Finance UK 25/09/2020	3.55%
Utilico Finance ZDP 2020	3.10%
BNP Paribas 25/09/2020	3.10%

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

On 13 August 2015, KPMG LLP replaced KPMG Audit Plc as auditor of the ConBrio Funds.

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