

The Elan Fund

Annual Report and Financial Statements

For the period from 1st May 2009 to 30th April 2010

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MANAGEMENT AND ADMINISTRATION

The Authorised Corporate Director (“ACD”) and registered office of The Elan Fund (“the Fund”):

PREMIER PORTFOLIO MANAGERS LIMITED

Eastgate Court, High Street,
Guildford, Surrey, GU1 3DE

Premier Portfolio Managers Limited is authorised and regulated by the Financial Services Authority (“FSA”) and is a member of the Investment Management Association (“IMA”). Premier Portfolio Managers Limited and Premier Fund Managers Limited are both members of the Premier Asset Management Marketing Group.

DIRECTORS OF THE ACD: Mike O’Shea (Chairman)
Neil Macpherson (Finance Director)
Simon Weldon (Managing Director, Sales and Marketing)
Mark Friend (Managing Director, Operations)
Mike Hammond (IFA Sales Director)

INVESTMENT ADVISER: Premier Fund Managers Limited is the Investment Adviser to the Elan Diversified Income Fund and the Elan High Income Fund.

Premier Fund Managers Limited has appointed FundQuest UK Limited as sub-Investment Adviser to the Elan Diversified Income Fund.

DEPOSITARY: The Royal Bank of Scotland plc
Trustee & Depositary Services
The Broadstone,
50 South Gyle Crescent,
Edinburgh, EH12 9UZ

AUDITOR: Grant Thornton UK LLP
30 Finsbury Square,
London, EC2P 2YU

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

COMPANY INFORMATION

The Elan Fund is an Investment Company with Variable Capital under regulation 12 of the Open-Ended Investment Company Regulations and incorporated in England and Wales under registered number IC000497 and authorised by the FSA with effect from 27th November 2006. The Company is an umbrella company and comprised of three sub-funds, Elan Diversified Income Fund, Elan Growth Fund and Elan High Income Fund. At the year end date, only the Elan Diversified Income Fund and the Elan High Income were launched.

The Fund is a non-UCITS retail scheme which complies with the FSA’s Collective Investment Schemes sourcebook.

Shareholders of the Company are not liable for the debts of the Company.

STATEMENT OF ACD AND DEPOSITARY’S RESPONSIBILITIES IN RELATION TO THE ACCOUNTS OF THE SCHEME

The Open-Ended Investment Companies Regulations 2001 and the FSA’s Collective Investment Schemes sourcebook (“the Regulations”) require the ACD to prepare accounts for each annual accounting period, which give a true and fair view of the financial position of the scheme as at the end of the year and of the net revenue and the net capital gains or losses on the property of the scheme for the year then ended. In preparing the accounts, the ACD is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- comply with the disclosure requirements of the Statement of Recommended Practice ‘Financial Statements of Authorised Funds’, issued by the IMA in November 2008 and the Instrument of Incorporation.
- follow UK generally accepted accounting principles and applicable accounting standards.
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the scheme will continue in operation.
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the Regulations.

The Depositary is responsible for safeguarding the property of the scheme and must take reasonable care to ensure that the scheme is managed by the ACD in compliance with the Regulations and the provisions of the Instrument of Incorporation and Prospectus.

The ACD and Depositary are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MANAGEMENT AND ADMINISTRATION

REPORT OF THE ACD TO THE SHAREHOLDERS OF THE COMPANY

The ACD, as sole director, presents its report and the audited financial statements of the Fund for the period from 1st May 2009 to 30th April 2010.

The Company is a non-UCITS retail scheme which complies with the FSA's Collective Investment Schemes sourcebook. The shareholders are not liable for the debts of the Company.

The Investment Objectives and Policies of each sub-fund of the Company are covered in the section for each sub-fund. The sub-funds of an umbrella company should be invested as if they were a single company. The names and addresses of the ACD, the Depositary and the Auditor are detailed on page 2.

In the future there may be other sub-funds of the Company. As a sub-fund is not a legal entity, if the assets attributable to any sub-fund were insufficient to meet the liabilities attributable to it, the shortfall might have to be met out of the assets attributable to one or more other sub-funds of the Company.

DIRECTORS' STATEMENT

In accordance with the Regulations, we hereby certify the report on behalf of the directors of Premier Portfolio Managers Limited.



Neil Macpherson

Finance Director (of the ACD)

27th August 2010

Mark Friend

Managing Director, Operations (of the ACD)

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS FOR THE PERIOD FROM 1ST MAY 2009 TO 30TH APRIL 2010 FOR THE ELAN DIVERSIFIED INCOME FUND AND ELAN HIGH INCOME FUND AS SUB-FUNDS OF THE ELAN FUNDS ('THE COMPANY')

The Depositary is responsible for the safekeeping of all the property of the Fund (other than tangible moveable property) which is entrusted to it. It is the duty of the Depositary to take reasonable care to ensure that the Fund is managed in accordance with the FSA's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 and the Instrument of Incorporation in relation to the pricing of, and dealings in, shares in the Company, the application of the income of the Fund, and the investment and borrowing powers and restrictions applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion that:

- the issue, sale, redemption and cancellation, and calculation of the price of the Fund's shares and
- the application of the Fund's income have, in all material respects, been carried out in accordance with the provisions of:
- the Regulations and
- the Open-Ended Investment Companies Regulations 2001 and
- the Instrument of Incorporation of the Fund

and that, in all material respects, the investment and borrowing powers and restrictions applicable to the Fund, in accordance with the provision of the Regulations and Instrument of Incorporation, have been observed.

The Royal Bank of Scotland plc

Trustee & Depositary Services

27th August 2010

MANAGEMENT AND ADMINISTRATION

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF THE ELAN FUND

We have audited the financial statements of the Elan Fund for the year ended 30th April 2010. These financial statements consist of the aggregated financial statements of the Company, which comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, and notes 1 to 15, and for each of the Company's sub-funds, the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, the related notes and the distribution tables. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook issued by the FSA under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Authorised Corporate Director and the Auditor

The ACD's responsibilities for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (IMA), the Financial Services Authority (FSA) Collective Investment Schemes sourcebook and the Instrument of Incorporation are set out in the Statement of the ACD and Depositary's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds" issued by the IMA, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation. We also report to you whether the information given in the ACD's Report (which comprises the Management and Administration, investment objectives and policies, investment reviews, and portfolio of investments) is consistent with the financial statements and we state whether we have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In addition, we report to you if, in our opinion, proper accounting records for the company, or a sub-fund have not been kept, or if the financial statements are not in agreement with those records.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises comparative tables, total expense ratios and the portfolio turnover rates. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the ACD in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Company and each of the sub-funds as at 30th April 2010 and of the net revenue and net capital gains of the scheme property of the Company and each of the sub-funds for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to 'Financial Statements of Authorised Funds' issued by the IMA in November 2008, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation; and
- the information given in the ACD's Report is consistent with the financial statements.

We have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton UK LLP

Registered Auditor

Chartered Accountants

London, England

27th August 2010

THE ELAN FUND AGGREGATED FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

For the year ended 30th April 2010

	Notes	30/04/10 £'000	30/04/09 ¹ £'000
Income			
Net capital gains/(losses)	2	5,833	(2,627)
Revenue	3	836	504
Expenses	4	(540)	(411)
Finance costs: Interest	6	(4)	(8)
Net revenue before taxation		292	85
Taxation	5	(18)	(8)
Net revenue after taxation		<u>274</u>	<u>77</u>
Total return before distributions		6,107	(2,550)
Finance costs: Distributions	6	(712)	(406)
Change in net assets attributable to shareholders from investment activities		<u><u>5,395</u></u>	<u><u>(2,956)</u></u>

¹Restated (see notes to the financial statements on page 6).

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 30th April 2010

	Note	30/04/10 £'000	30/04/09 £'000
Opening net assets attributable to shareholders		22,338	22,328
Amounts receivable on issue of shares		25,297	10,515
Amounts payable on cancellation of shares		(17,355)	(7,602)
		7,942	2,913
Stamp duty reserve tax		(20)	(11)
Dilution levy		41	-
Change in net assets attributable to shareholders from investment activities		5,395	(2,956)
Retained distributions on accumulation shares	6	234	64
Closing net assets attributable to shareholders		<u><u>35,930</u></u>	<u><u>22,338</u></u>

BALANCE SHEET

As at 30th April 2010

	Notes	30/04/10 £'000	30/04/09 £'000
ASSETS			
Investment assets		<u>33,739</u>	<u>21,662</u>
Debtors	7	8,557	1,609
Cash and bank balances	8	<u>715</u>	<u>813</u>
Total other assets		<u>9,272</u>	<u>2,422</u>
Total assets		<u><u>43,011</u></u>	<u><u>24,084</u></u>
LIABILITIES			
Creditors	10	(5,376)	(548)
Bank overdrafts	9	(1,519)	(971)
Distribution payable on income shares	6	<u>(186)</u>	<u>(227)</u>
Total liabilities		<u>(7,081)</u>	<u>(1,746)</u>
Net assets attributable to shareholders		<u><u>35,930</u></u>	<u><u>22,338</u></u>

The notes on pages 6 to 8 are an integral part of these financial statements.

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson
Finance Director (of the ACD)
27th August 2010

Mark Friend
Managing Director, Operations (of the ACD)

THE ELAN FUND AGGREGATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, except for the valuation of investments at fair value and in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds', issued by the IMA in November 2008, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

During the year, the Company has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses, certain management fee rebates and transaction charges are now classified as capital. The effect of this is to increase 'Net capital gains/(losses)' by £22,000 (2009: a decrease of £9,000), with no effect on the Total Return or Net Assets.

Revenue Recognition

Revenue from collective investment schemes, and quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend.

Accumulation of revenue relating to accumulation units or shares held in collective investment schemes is recognised as revenue and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in collective investment schemes is treated as capital and deducted from the cost of the investment.

The gains and losses arising on investments in structured plans are allocated between revenue and capital according to the nature of the structured plan. This is dependent on the extent to which the return is capital or revenue based.

Bank interest and other revenue are recognised on an accruals basis.

Expenses

For accounting purposes, all expenses (other than SDRT and those relating to the purchase and sale of investments) are charged against revenue for the year on an accruals basis.

Distributions

Amounts distributable are calculated after excluding expenses borne by capital as agreed by the ACD and Depositary.

The ACD and Depositary have agreed that for both sub-funds, the Elan High Income Fund and the Elan Diversified Income Fund, 100% of expenses are borne by capital.

Valuations

All investments are valued at their fair value at noon on 30th April 2010, being the last business day of the financial year. The fair value of equity and non-equity shares is bid price.

The fair value of dual priced collective investment schemes managed by the ACD is their cancellation price and the fair value of dual priced collective investment schemes which are managed by other management groups is their bid price. The fair value of all single priced collective investment schemes is their single price, taking account of any agreed redemption charges.

Structured plans are valued at the latest price from the product provider.

Taxation

Corporation tax has been provided for at a rate of 20%. Deferred tax is provided in respect of timing differences that have originated but not been reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that they are more likely than not to be recoverable.

Withholding tax on overseas dividends is accounted for when the security is quoted ex-dividend.

Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on all subscriptions and redemptions of shares, which is paid into the sub-funds and included in the Statement of Change in Net Assets Attributable to Shareholders. The levy is intended to cover certain dealing charges not included in the mid market value of the sub-fund used in calculating the share price, which could have a diluting effect on the performance of the sub-fund.

Stamp Duty Reserve Tax (SDRT)

SDRT will be charged to the sub-fund. It is the ACD's view that this will not be material.

2. NET CAPITAL GAINS/(LOSSES)

	30/04/10 £'000	30/04/09 £'000
Non-derivative securities	5,811	(2,618)
Currency losses	(24)	(8)
Forward currency contracts	10	-
Management fee rebates - capital	39	-
Transaction charges	(3)	(1)
Net capital gains/(losses)	5,833	(2,627)

3. REVENUE

	30/04/10 £'000	30/04/09 £'000
Bank interest	1	14
Franked UK dividends	34	7
Overseas dividends	98	5
Off-shore distributions	108	-
Franked distributions	155	92
Unfranked distributions	420	350
Management fee rebates - revenue	20	36
	836	504

4. EXPENSES

	30/04/10 £'000	30/04/09 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	460	350
	460	350
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	23	19
Safe custody fees	-	1
	23	20
Other expenses:		
Auditor's remuneration	18	9
Registration fees	22	13
FSA and other regulatory fees	2	1
Legal fees	-	5
Printing fees	1	(1)
Price publication fees	3	10
PRS fees	11	4
	57	41
Total expenses	540	411

Irrecoverable VAT is included in the above expenses where relevant.

THE ELAN FUND AGGREGATED FINANCIAL STATEMENTS

5. TAXATION

(a) The tax charge comprises:

	30/04/10 £'000	30/04/09 £'000
Current tax:		
Corporation tax	7	-
Irrecoverable income tax	11	8
Total current tax (note 5 (b))	18	8
Total taxation	18	8

(b) Factors affecting the tax charge for the year:

The tax charged for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEICs). The differences are explained below:

	30/04/10 £'000	30/04/09 £'000
Net revenue before taxation	292	85
	292	85
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2009: 20%)	58	17

Effects of:

Franked UK dividends and distributions not subject to taxation	(39)	(19)
Irrecoverable income tax	11	8
Prior period expenses utilised	(1)	-
Tax effect on capital management fee rebates	7	-
Expenses not utilised in period	-	2
Overseas dividends not subject to taxation	(17)	-
Tax payable in different periods	(1)	-
Current tax charge (note 5 (a))	18	8

Authorised OEICs are exempt from tax on capital gains made within the sub-funds.

The Fund has not recognised a deferred tax asset of £15,818 (2009: £18,172) arising as a result of having unutilised management expenses. These are not expected to be utilised in the foreseeable future unless the nature of the Fund's revenue or capital gains changes.

6. FINANCE COSTS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	30/04/10 £'000	30/04/09 £'000
First interim distribution	66	-
First interim accumulation	1	-
Second interim distribution	249	162
Second interim accumulation	48	23
Third interim distribution	38	-
Third interim accumulation	68	-
Final distribution	186	227
Final accumulation	117	41
	773	453
Add: Revenue deducted on cancellation of shares	57	52
Deduct: Revenue received on issue of shares	(118)	(99)
Net distributions for the year	712	406
Interest	4	8
Total finance costs	716	414

The difference between the net revenue after taxation and the amounts distributed comprises:

Net revenue after taxation	274	77
Expenses offset against capital	546	412
Tax effect on expenses offset against capital	(108)	(83)
Finance costs: Distributions	712	406

7. DEBTORS

	30/04/10 £'000	30/04/09 £'000
Accrued revenue	109	107
Amounts receivable for issue of shares	2,385	873
Prepaid expenses	10	2
Recoverable income tax	70	43
Management fee rebates	40	-
Sales awaiting settlement	5,943	584
	8,557	1,609

8. CASH AND BANK BALANCES

	30/04/10 £'000	30/04/09 £'000
Euro	-	257
Sterling	715	258
US dollar	-	298
Cash and bank balances	715	813

THE ELAN FUND AGGREGATED FINANCIAL STATEMENTS

9. BANK OVERDRAFTS

	30/04/10 £'000	30/04/09 £'000
Sterling	1,519	971
	<u>1,519</u>	<u>971</u>

10. CREDITORS

	30/04/10 £'000	30/04/09 £'000
Accrued expenses	65	18
Amounts payable for cancellation of shares	10	271
Corporation tax payable	5	-
Purchases awaiting settlement	5,296	259
	<u>5,376</u>	<u>548</u>

11. RELATED PARTIES

The required disclosures are set out in the notes to the financial statements of each of the sub-funds.

12. CONTINGENT LIABILITIES AND COMMITMENTS

The required disclosures are set out in the notes to the financial statements of each of the sub-funds.

13. FINANCIAL INSTRUMENTS

The required disclosures are set out in the notes to the financial statements of each of the sub-funds.

14. SHARE CLASSES

The required disclosures are set out in the notes to the financial statements of each of the sub-funds.

15. PORTFOLIO TRANSACTION COSTS

	30/04/10 £'000	30/04/09 £'000
Analysis of total purchase costs:		
Purchases in year before transaction costs	30,924	27,372
Commissions	-	2
Taxes	-	2
Total purchase costs	<u>-</u>	<u>4</u>
Gross purchases total	<u>30,924</u>	<u>27,376</u>
Analysis of total sale costs:		
Gross sales before transaction costs	24,563	22,977
Commissions	-	-
Taxes	-	-
Total sale costs	<u>-</u>	<u>-</u>
Total sales net of transaction costs	<u>24,563</u>	<u>22,977</u>

ELAN HIGH INCOME FUND

COMPARATIVE TABLES

Performance Record

Calendar Year	High (p)	Low (p)
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Income Shares

2008 ¹	100.00	100.00
2009	118.83	89.32
2010 ²	124.43	117.39

Accumulation Shares

2009	120.73	89.32
2010 ²	127.44	119.99

Income/Accumulation Record

Calendar Year	Net Income per Share (p)
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Income Shares

2009	3.3977
2010 ²	2.2689

Accumulation Shares

2009	1.5526
2010 ²	2.2931

Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) ³
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Income Shares

30/04/2009	5,916,554	95.27
30/04/2010	6,324,613	121.79

Accumulation Shares

30/04/2009	-	-
30/04/2010	5,172,819	126.13

Total NAV

	NAV of Sub-Fund (£)
30/04/2009	5,636,689
30/04/2010	14,227,277

¹ From 11th December 2008 to 31st December 2008.

² To 30th April 2010.

³ The net asset value per share is calculated on a bid basis and excludes any distribution payable.

TOTAL EXPENSE RATIO (TER)

30/04/10	30/04/09
2.26%	3.67%

The TER shows the annual operating expenses of the sub-fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses of different schemes. The TER for income and accumulation shares is the same.

PORTFOLIO TURNOVER RATE (PTR)

30/04/10	30/04/09
(98.60%)	29.30%

The PTR is a ratio that reflects the volume of trading within the sub-fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the sub-fund's shares and is expressed as a percentage of the sub-fund's average net asset value.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Elan High Income Fund is to provide a high level of income from a portfolio of investments by investing in units in collective investment schemes. The sub-fund may also invest in equities, fixed interest securities, money market instruments and warrants.

The sub-fund may invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective of the sub-fund).

Subject to the above, the sub-fund may invest in any asset class or adopt any investment technique or strategy permitted under FSA rules and as detailed in the full prospectus. The sub-fund may invest in derivatives and forward transactions for investment purposes as well as for the purposes of efficient portfolio management (including hedging).

INVESTMENT REVIEW

PERFORMANCE

The Fund's reporting year proved to be a great period for the Fund as it was able to benefit fully from the rally in share and corporate bond prices. The Fund returned 30.99% over the 12 month period, which compares very favourably with the 21.79% generated by its IMA Cautious Managed Sector.

MARKET REVIEW

The opening months of 2009 seem like a lifetime ago now, marked, as they were, by extreme fear and panic over a looming financial armageddon. At its low point, the UK stock market had fallen by the best part of 20%. Then the investing winds changed and the great rebound began in March, since when share prices all over the world have barely looked back as they forged away from their lows.

It's difficult to say with certainty what sparked the rally, suffice to say that a creeping sense of catastrophe avoided helped investors to see shares for the bargains they had become. Add extremely low interest rates into the mix (which makes keeping cash in a savings account relatively unappealing), and the conditions were clearly ripe for a recovery of some description.

Within the UK market, it was generally those shares that had been hit the hardest that enjoyed the most emphatic bounce backs. Miners and metals companies were at the head of the pack, having been hit for six in 2008, while other industries that were busily being written off the year before, such as car companies and retailers, also enjoyed stellar years. Typically more cautious areas of the market, meanwhile, were left behind in the rush, with sectors such as utilities and pharmaceutical companies producing much more modest returns for the year.

PORTFOLIO ACTIVITY

As May began, we saw exceptionally good value in both equities and corporate bonds, so this was where the vast majority of holdings were situated. In contrast, we saw very little value in government bonds, which were offering a low yield and faced a bulge in supply as the government financed its recessionary spending plans. Cash, similarly, seemed a very unattractive option, as the base rate had been dropped to record lows as the Bank of England tried desperately to jump-start the British economy.

This position proved especially useful to the Fund as it meant we could prevent the level of income it pays from being hit too hard, while it was also exposed to the exceptionally cheap prices equities and corporate bonds were trading at, from which they have since rebounded dramatically. We took profits from

ELAN HIGH INCOME FUND

equities in the second and third quarters of 2009 as dividends were coming under threat from companies hoarding cash in the fear they would not be able to borrow it from banks should they need it further down the line. We put the proceeds into corporate bonds, which were the likely beneficiaries of companies strengthening their balance sheets, and still offered a very attractive yield and potential for capital gains.

Later in the year, when prices had rallied even further, we took profits from our bond holdings as large parts of the market were no longer looking cheap. We instead channelled the proceeds into a commercial property fund as the prices of properties had begun to recover from their previous steep declines, with the yields on offer now very attractive versus some other asset classes. The Fund we picked was Henderson UK Property, as most other candidates in the market held very high levels of cash which would have eaten into the income and the capital returns that this asset class has subsequently produced.

We also added a holding in Residential Mortgage-Backed Securities (RMBS), specifically through the TwentyFour Monument Bond Fund. These assets, especially the higher quality issues held in this particular Fund, offer fantastic value, largely because this market remains unpopular and ignored by the investment herd. Its price has risen steadily since we purchased it and, despite that, we think this market offers one of the most attractive risk-reward trade-offs of any asset class today.

OUTLOOK

Debate rages on as to whether we're on the road to full recovery or heading back into the financial abyss. Much as we have our own personal views on the state of the world, we're highly conscious that forecasting the future is best left to mystics. We rely on valuations instead, and these suggest to us that equities, corporate bonds and property offer reasonable value, while cash and developed government bonds don't. So it's in the former three assets that the bulk of our exposure lies. Within equities, we favour the less speculative areas of the market as they look cheaper and offer better protection should the hopes of recovery prove overdone.

With banks' dividends out of the equation, and other income-paying companies cutting their payouts, the last financial year was not a vintage one in income terms (although naturally it was a bumper year in terms of capital growth). However, the Fund offers a good yield compared to many in its sector, and we're confident its income stream will remain much more attractive than that offered by direct equities, gilts or cash. We also believe its income stream will be able to grow from here, which would provide it with some protection against the ravages of inflation.

Source: Premier Fund Managers Limited, May 2010. 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 top ten purchases and sales during the period were as follows:

Purchases	Costs £'000	Sales	Proceeds £'000
Standard Life UK		Standard Life UK	
Equity High Income	1,080	Equity High Income	725
Newton Global Higher Income	865	Newton Global Higher Income	675
Legal & General Dynamic Bond	707	M&G High Strategic Bond	581
Rathbone Income	695	Aegon Sterling Corporate	
Schroders Income		Bond 'B'	395
Maximiser 'A'	635	Rensburg UK Equity Income	360
Aegon Sterling Corporate		Merrill Lynch International	
Bond 'B'	620	Call Warrants	359
Henderson UK Property	575	Henderson Preference	
Henderson Preference Bond 'I'	555	& Bond 'I'	330
TwentyFour Monument Bond	535	TwentyFour Monument Bond	315
Rensburg UK Equity Income	522	Aviva Global Convertibles	
		Fund 'Ix Hedge'	310
		Schroders Income Maximiser 'A'	310
Total purchases during the year were	£12,400	Total sales during the year were	£6,100

ELAN HIGH INCOME FUND

PORTFOLIO OF INVESTMENTS

As at 30th April 2010

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
COLLECTIVE INVESTMENT SCHEMES		64.34%	(57.32%)
Fixed Interest		31.01%	(29.50%)
2,559,926	Aegon Sterling Corporate Bond 'B'	707	4.97
868,696	Baillie Gifford Corporate Bond 'B'	571	4.01
1,253,976	Henderson Preference & Bond	713	5.01
670,921	Ignis Corporate Bond	612	4.30
1,083,089	Legal & General Dynamic Bond	704	4.95
696,354	Royal London Corporate Bond	575	4.04
5,024	TwentyFour Monument Bond	529	3.73
		4,411	31.01
Global		2.95%	(2.77%)
351,756	Newton Global Higher Income	420	2.95
		420	2.95
United Kingdom		30.38%	(25.05%)
2,635	Aberforth UK Smaller Companies	238	1.67
281,190	Chelverton UK Equity Income	178	1.25
444,562	Legal & General High Income	229	1.61
400,574	Neptune Income 'B'	593	4.18
854,637	PSigma Income	609	4.28
100,875	Rathbone Income	603	4.24
375,914	Rensburg UK Equity Income	611	4.29
1,210,074	Schroders Income Maximiser 'A'	547	3.84
1,017,245	Standard Life UK Equity High Income	714	5.02
		4,322	30.38
INVESTMENT COMPANIES		6.95%	(7.68%)
Fixed Interest		1.56%	(1.37%)
290,000	Henderson Diversified Income	222	1.56
		222	1.56
Global		1.83%	(0.21%)
229,513	AcenciA Debt Strategies	185	1.30
150,000	Psource Structured Debt	75	0.53
		260	1.83
United Kingdom		3.56%	(6.10%)
112,000	Dunedin Income	211	1.48
145,000	Ecofin Water and Power	209	1.47
118,055	MedicX	87	0.61
		507	3.56
EQUITIES		9.29%	(5.56%)
Global		0.00%	(2.24%)
Property		9.29%	(3.32%)
350,000	F&C Commercial Property	331	2.33
572,184	Henderson UK Property	520	3.65
373,712	ING UK Real Estate	187	1.31
645,000	Invista Foundation Property	284	2.00
		1,322	9.29

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
STRUCTURED PLANS		13.48%	(15.79%)
United Kingdom		11.44%	(15.79%)
380,000	Merrill Lynch Capital Accumulation 2 ELDeRS 16A	561	3.94
421,761	Merrill Lynch 7% Fixed Income ELDeRS 24B	332	2.33
170,000	Harewood BNP Paribas Enhanced Income	188	1.32
250,000	Harewood BNP Paribas UK High Income	145	1.02
340,000	Symphony Defensive FTSE Auto-Call 1 (12.25% / -5%)	402	2.83
		1,628	11.44
Global		2.04%	(0.00%)
210,000	Goldman Sachs Dividend-Linked Equity Income Portfolio	290	2.04
		290	2.04
Total Value of Investments		13,382	94.06
Net Other Assets		845	5.94
Total Net Assets		14,227	100.00

Figures in brackets represent sector distribution at 30th April 2009.

ELAN HIGH INCOME FUND

STATEMENT OF TOTAL RETURN

For the year ended 30th April 2010

	Notes	30/04/10 £'000	30/04/09 ¹ £'000
Income			
Net capital gains	2	2,345	111
Revenue	3	442	27
Expenses	4	(189)	(18)
Finance costs: Interest	6	(2)	-
Net revenue before taxation		251	9
Taxation	5	(7)	-
Net revenue after taxation		<u>244</u>	<u>9</u>
Total return before distributions		2,589	120
Finance costs: Distributions	6	(395)	(24)
Change in net assets attributable to shareholders from investment activities		<u><u>2,194</u></u>	<u><u>96</u></u>

¹Restated (see notes to the financial statements on page 13).

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 30th April 2010

	Note	30/04/10 £'000	30/04/09 £'000
Opening net assets attributable to shareholders		5,637	-
Amounts receivable on issue of shares		17,572	5,541
Amounts payable on cancellation of shares		(11,352)	-
		<u>6,220</u>	<u>5,541</u>
Stamp duty reserve tax		(8)	-
Dilution levy		30	-
Change in net assets attributable to shareholders from investment activities		2,194	96
Retained distributions on accumulation shares	6	154	-
Closing net assets attributable to shareholders		<u><u>14,227</u></u>	<u><u>5,637</u></u>

BALANCE SHEET

As at 30th April 2010

	Notes	30/04/10 £'000	30/04/09 £'000
ASSETS			
Investment assets		<u>13,382</u>	<u>4,867</u>
Debtors	7	1,506	962
Cash and bank balances	8	<u>584</u>	<u>134</u>
Total other assets		<u>2,090</u>	<u>1,096</u>
Total assets		<u><u>15,472</u></u>	<u><u>5,963</u></u>
LIABILITIES			
Creditors	9	(1,160)	(238)
Distribution payable on income shares	6	<u>(85)</u>	<u>(88)</u>
Total liabilities		<u>(1,245)</u>	<u>(326)</u>
Net assets attributable to shareholders		<u><u>14,227</u></u>	<u><u>5,637</u></u>

The notes on pages 13 to 15 are an integral part of these financial statements.
On behalf of Premier Portfolio Managers Limited.



Neil Macpherson

Finance Director (of the ACD)

27th August 2010

Mark Friend

Managing Director, Operations (of the ACD)

ELAN HIGH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The accounting policies are set out in the aggregated notes to the financial statements on pages 6 to 8.

During the year, the sub-fund has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses, certain management fee rebates and transaction charges are now classified as capital. The effect of this is to increase 'Net capital gains' by £5,000 (2009: £nil), with no effect on the Total Return or Net Assets.

2. NET CAPITAL GAINS

	30/04/10 £'000	30/04/09 £'000
Non-derivative securities	2,340	111
Management fee rebates - capital	7	-
Transaction charges	(2)	-
Net capital gains	2,345	111

3. REVENUE

	30/04/10 £'000	30/04/09 £'000
Bank interest	1	-
Franked UK dividends	34	7
Overseas dividends	98	5
Franked distributions	85	5
Unfranked distributions	214	10
Management fee rebates - revenue	10	-
	442	27

4. EXPENSES

	30/04/10 £'000	30/04/09 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	155	6
	155	6
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	9	3
	9	3
Other expenses:		
Auditor's remuneration	11	2
Registration fees	7	3
FSA and other regulatory fees	1	1
Price publication fees	-	1
PRS fees	6	2
	25	9
Total expenses	189	18

Irrecoverable VAT is included in the above expenses where relevant.

5. TAXATION

(a) The tax charge comprises:

	30/04/10 £'000	30/04/09 £'000
Current tax:		
Corporation tax	7	-
Total current tax (note 5 (b))	7	-

(b) Factors affecting the tax charge for the year:

The tax charged for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEICs). The differences are explained below:

	30/04/10 £'000	30/04/09 £'000
Net revenue before taxation	251	9
	251	9

Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2009: 20%)

	50	2
Effects of:		
Franked UK dividends and distributions not subject to taxation	(24)	(2)
Overseas dividends not subject to taxation	(17)	-
Prior period expenses utilised	(1)	-
Tax payable in different period	(1)	-
Current tax charge (note 5 (a))	7	-

The sub-fund has not recognised a deferred tax asset of nil (2009: £617) arising as a result of having unutilised management expenses.

Authorised OEICs are exempt from tax on capital gains made within the sub-funds.

6. FINANCE COSTS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	30/04/10 £'000	30/04/09 £'000
First interim distribution	66	-
First interim accumulation	1	-
Second Interim distribution	101	-
Second Interim accumulation	17	-
Third interim distribution	38	-
Third interim accumulation	68	-
Final distribution	85	88
Final accumulation	68	-
	444	88
Add: Revenue deducted on cancellation of shares	22	-
Deduct: Revenue received on issue of shares	(71)	(64)
Net distributions for the year	395	24
Interest	2	-
Total finance costs	397	24

ELAN HIGH INCOME FUND

The difference between the net revenue after taxation and the amounts distributed comprises:

Net revenue after taxation	244	9
Expenses offset against capital	189	18
Tax effect on expenses offset against capital	(38)	(3)
Finance costs: Distributions	395	24

7. DEBTORS

	30/04/10 £'000	30/04/09 £'000
Accrued revenue	63	20
Amounts receivable for issue of shares	1,376	692
Prepaid expenses	9	-
Recoverable income tax	40	2
Management fee rebates receivable	14	-
Sales awaiting settlement	4	248
	1,506	962

8. CASH AND BANK BALANCES

	30/04/10 £'000	30/04/09 £'000
Sterling	584	134
Cash and bank balances	584	134

9. CREDITORS

	30/04/10 £'000	30/04/09 £'000
Accrued expenses	24	7
Corporation tax payable	5	-
Purchases awaiting settlement	1,131	231
	1,160	238

10. RELATED PARTIES

Authorised Corporate Director ("ACD")

The ACD of the sub-fund is Premier Portfolio Managers Limited. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 4. Amounts due at the year end are included within accrued expenses on the balance sheet where applicable.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (2009: £nil).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the sub-fund's investment objective, the main risks arising from the sub-fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The investment adviser and sub-investment adviser consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the sub-fund's investment objective.

The sub-fund holds positions in structured plans. The purpose of the plans are to provide enhanced or protected income, and a certain level of capital protection albeit with a limited potential capital return, dependent on the movement of underlying market indices. The use of structured plans is intended to reduce the volatility of the overall portfolio although in extreme market conditions this may not be the case. The portfolio statement on page 11, shows that 13.48% (2009: 15.79%) of the sub-fund's portfolio consists of investments in structured plans.

Currency Risk

Other than cash and bank balances and bank overdrafts, there was no material direct foreign currency exposure within the sub-fund at the balance sheet date. However, there was significant foreign currency exposure within the sub-fund's holdings of collective investment schemes since their assets are denominated in currencies other than sterling, with the effect that their balance sheet and total returns can be affected by exchange rate fluctuations.

Interest Rate Risk

The sub-fund does not have any direct interest rate risk as the majority of financial assets are in collective investment schemes, which do not pay interest. However, some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk.

Liquidity Risk

The sub-fund's assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the sub-fund is the redemption of any shares that investors wish to sell. All the financial liabilities of the sub-fund fall due within one year.

Counterparty Risk

The sub-fund will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. The sub-fund minimises concentrations of credit risk by undertaking transactions with a range of counterparties on recognised and reputable exchanges. The sub-fund only buys and sells investments through brokers which have been approved by the investment adviser and sub-investment adviser as an acceptable counterparty and from recognised product providers.

The sub-fund is exposed to counterparty risk with the issuers of structured plans.

Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet.

Derivatives and forward transactions

The sub-fund does not hold any derivatives or forward transactions that could materially impact the value of the sub-fund. The Investment Adviser does not use derivative instruments to hedge the investment portfolio against risk.

ELAN HIGH INCOME FUND

13. PORTFOLIO TRANSACTION COSTS

	30/04/10 £'000	30/04/09 £'000
Analysis of total purchase costs:		
Purchases in year before transaction costs	12,400	5,226
Commissions	-	2
Taxes	-	2
Total purchase costs	-	4
Gross purchases total	12,400	5,230
Analysis of total sale costs:		
Gross sales before transaction costs	6,100	474
Commissions	-	-
Taxes	-	-
Total sale costs	-	-
Total sales net of transaction costs	6,100	474

14. SHARE CLASSES

The sub-fund currently has two types of share, Class 1 (Income) and Class 2 (Accumulation). The AMC on each share class is as follows:

Class 1: 1.50%

Class 2: 1.50%

The net asset value, the net asset value per share and the number of shares in issue are given in the comparative tables on page 9. The distribution per share class is given in the distribution tables below.

DISTRIBUTION TABLES

For the period from 1st May 2009 to 31st July 2009

First Interim dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Paid	
			30/09/09	30/09/08
Group 1	0.7921	-	0.7921	-
Group 2	0.4697	0.3224	0.7921	-

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			30/09/09	30/09/08
Group 1	0.4075	-	0.4075	-
Group 2	0.1685	0.2390	0.4075	-

For the period from 1st August 2009 to 31st October 2009

Second Interim dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Paid	
			31/12/09	31/12/08
Group 1	1.1251	-	1.1251	-
Group 2	0.2429	0.8822	1.1251	-

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			31/12/09	31/12/08
Group 1	1.1451	-	1.1451	-
Group 2	0.3279	0.8172	1.1451	-

For the period from 1st November 2009 to 31st January 2010

Third Interim dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Paid	
			31/03/10	31/03/09
Group 1	0.9202	-	0.9202	-
Group 2	0.6906	0.2296	0.9202	-

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			31/03/10	31/03/09
Group 1	0.9738	-	0.9738	-
Group 2	0.8040	0.1698	0.9738	-

For the period from 1st February 2010 to 30th April 2010

Final dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Paid	
			30/06/10	30/06/09
Group 1	1.3487	-	1.3487	1.4805
Group 2	0.5771	0.7716	1.3487	1.4805

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			30/06/10	30/06/09
Group 1	1.3193	-	1.3193	-
Group 2	0.8819	0.4374	1.3193	-

ELAN DIVERSIFIED INCOME FUND

COMPARATIVE TABLES

Performance Record

Calendar Year	High (p)	Low (p)
Income Shares		
2006 ¹	100.35	99.82
2007	105.09	95.88
2008	100.06	76.92
2009	95.33	77.15
2010 ²	100.64	91.43

Accumulation Shares

2006 ¹	100.35	99.82
2007	105.09	95.88
2008	101.61	78.73
2009	100.11	79.77
2010 ²	106.56	96.81

Income/Accumulation Record

Calendar Year	Net Income per Share (p)
Income Shares	
2006 ¹	-
2007	1.3832
2008	1.7490
2009	1.8677
2010 ²	0.6817
Accumulation Shares	
2006 ¹	-
2007	1.3218
2008	1.7825
2009	1.9947
2010 ²	0.7193

Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) ³
Income Shares		
30/04/2008	20,761,103	95.02
30/04/2009	15,701,499	81.76
30/04/2010	14,887,379	98.36
Accumulation Shares		
30/04/2008	2,674,684	97.25
30/04/2009	4,521,978	85.44
30/04/2010	6,731,463	104.87

NAV of Sub-Fund (£)

Total NAV

30/04/2008	22,328,378
30/04/2009	16,701,027
30/04/2010	21,702,706

¹ From 11th December 2006 to 31st December 2006.

² To 30th April 2010.

TOTAL EXPENSE RATIO (TER)

	30/04/10	30/04/09
	2.71%	2.82%

The TER shows the annual operating expenses of the sub-fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses of different schemes. The TER for income and accumulation shares is the same.

PORTFOLIO TURNOVER RATE (PTR)

	30/04/10	30/04/09
	133.60%	165.40%

The PTR is a ratio that reflects the volume of trading within the sub-fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the sub-fund's shares and is expressed as a percentage of the sub-fund's average net asset value.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Elan Diversified Income Fund is to provide income together with some long term capital growth from a portfolio of investments by investing in units in collective investment schemes. The sub-fund may also invest in equities, fixed interest securities, money market instruments and warrants.

The sub-fund may invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective of the sub-fund).

Subject to the above, the sub-fund may invest in any asset class or adopt any investment technique or strategy permitted under FSA rules and as detailed in the full prospectus. The sub-fund may invest in derivatives and forward transactions for investment purposes as well as for the purposes of efficient portfolio management (including hedging).

INVESTMENT REVIEW

PERFORMANCE

Over the reporting period the Elan Diversified Income Fund was broadly in line with the IMA Balanced Managed peer group average, with a gain of 21.13% for the period compared to the sector average return of 26.68%.

MARKET REVIEW

Asset allocation was broadly positive, with performance benefiting from the bias towards equities and the bias towards corporate credit at the expense of sovereign bonds. Regional allocation within equities was also contributory, as the Fund maintained a bias towards Asia ex Japan and global emerging markets throughout the period. However, fund selection over the period was, while reasonable overall, slightly disappointing within the UK, where many of our funds, particularly the equity income funds, had relatively lower exposure to cyclical sectors such as mining, which outperformed strongly over the period. However, this was partly offset by strong returns from various funds across the portfolio, including Invesco Perpetual Japan, JPMorgan Natural Resources and Schroder UK Alpha Plus, which not only outperformed their respective peer groups, but also produced strong absolute returns.

ELAN DIVERSIFIED INCOME FUND

The commitments given by the G20 in early April, the close examination of the US banking system using stress tests, the strength of Chinese demand along with better than expected economic indicators and quarterly company results managed to sustain the market rally until the end of the summer. However, while the third quarter of 2009 had seen global equities rise by over 20% (as represented by the MSCI World index in sterling terms), investors subsequently proved to be far more cautious. For the most part, the factors that lay behind the summer rally remained in place: a steady flow of favourable economic data and good quarterly results from companies. However, doubts about the nature of economic growth gradually appeared. Other latent concerns emerged, and investor nervousness became evident in November when the standstill agreement requested by the Dubai World conglomerate triggered a violent (albeit short-lived) reaction from equity markets, including developed ones. Even though fourth quarter performances were less spectacular than those of the third quarter, the leading equity indices continued to rise, reaching new highs for the year in what were thin trading conditions as the year drew to a close. A number of factors lay behind this continued rise. First of all, company results for the third quarter, eagerly awaited by investors who hoped to see in them confirmation of the economic recovery, proved very positive and more soundly-based than those of the second quarter; not only did efforts continue to be made to reduce costs, but revenues also improved. Furthermore, there was support from the still very accommodative stance of the major central banks, the weakness of the US dollar up to early December, and the firmness of commodity prices, especially mining products.

The momentum was maintained up to January 2010, until a combination of factors brought about a strong correction. These were: fears of a tightening monetary policy in China; Barak Obama's statements on the banking system (i.e. proposals to limit the size of banks and their investment banking activities); and rather disappointing economic data at the start of the year. In addition, European markets were adversely affected by concerns regarding the state of public finances in Greece and fears that if the country were to default, this would jeopardise Monetary Union. The strong correction was broken towards 8th February, giving way to a period of relative calm and easing of risk aversion. The subsequent publication of solid-looking economic data and a consensus that the authorities will do their utmost to prevent the outbreak of any new major crisis enabled markets to rebound. The agreement on the Greek rescue plan reached at the European Summit (March 24-25) after a lot of debating was thus welcomed, even though it fell well short of solving everything, and the various aid elements (bilateral loans and possible IMF involvement) were likely to be tricky to implement in practice. On the economic indicators front, investors welcomed better than expected data in some areas (principally manufacturing activity) and overlooked the less positive factors showing that the industrial pickup was having difficulty feeding through into the economy as a whole.

PORTFOLIO ACTIVITY

Over the last five months there was broadly little change to asset allocation, although we did reduce our overall bond exposure slightly at the expense of sovereign bonds, as we preferred corporate credit. Within the global bond space, we diversified exposure with the addition of Amundi Global Bond. Partway through the period, we took a little "risk" off the table, selling out of Jupiter Financial Opportunities and Advance Frontier Markets, and temporarily holding a bit more cash as market events such as the Greek crisis looked to be impacting investor sentiment. We subsequently deployed the excess cash and further large inflows were invested into more growth orientated areas such as Asia ex Japan, emerging markets and the US. We added some new funds during the period: IVI European, which has a mid cap, quality bias, Henderson Global Technology and Invesco Perpetual Japan, the latter brought in to replace GLG Japan Core Alpha.

OUTLOOK

Premier Asset Management's Multi-Asset Team took over the investment management of the Fund at the beginning of April 2010. We have made a number of changes to the portfolio since then in order to align it with our own investment process and investment strategy. At a high level, this means we have raised the overall weighting to equities in the Fund, while reducing the exposure to bonds. We did this for the simple reason that we believe equities are currently more attractively valued than both corporate and government bonds.

However, while we have raised the exposure to equities, we have cut back very sharply on the Fund's weighting in emerging markets and commodities. These have risen remarkably quickly over the past year, leaving them, in many cases, looking very expensive. Should hopes of a vigorous economic recovery prove overdone, as we suspect they may, we could see these assets fall prey to a dramatic loss in investors' risk appetite. Instead, we have a preference for well-managed, high-quality, but slightly unfashionable companies in less expensive markets: The types of companies that should continue to produce solid returns if the world continues to recover, but will not disappear in a puff of smoke if it does not.

Source: FundQuest Limited, May 2010 and Premier Fund Managers Limited, May 2010 for strategy update. 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 top ten purchases and sales during the period were as follows:

Purchases	Costs £'000	Sales	Proceeds £'000
Amundi Global Bond		Franklin Templeton	
US Dollar	1,457	Global Bond 'I' - EUR	2,258
JOHambro UK Opportunities	900	Amundi Global Bond	
Aberforth UK Smaller Companies	875	US Dollar	1,462
Fidelity Institutional Cash Fund	760	UBS Global Asset Management	
Legal & General Growth	750	US Growth 'B'	937
GLG Japan Core Alpha 'P'	700	GLG Japan Core Alpha 'P'	921
Cazenove UK Dynamic 'X'	625	Schroder UK Alpha Plus 'A'	915
Allianz RCM US Equity	600	Fidelity Special Situations	
IVI European	600	Fund	868
Invesco Perpetual Income	510	Fidelity Institutional Cash Fund	862
		First State Global	
		Resources 'B'	813
		Legal & General All-Stocks	
		Index Linked Gilt Index	810
		Fidelity Institutional US Dollar	609
Total purchases during the year were	£18,524	Total sales during the year were	£18,463

ELAN DIVERSIFIED INCOME FUND

PORTFOLIO OF INVESTMENTS

As at 30th April 2010

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %	Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
COLLECTIVE INVESTMENT SCHEMES 81.89% (99.94%)				United Kingdom 21.63% (20.50%)			
America 4.92% (9.29%)				Liquidity Funds 0.00% (4.95%)			
514,624	Allianz RCM US Equity	605	2.79	EQUITIES 4.30% (0.66%)			
16,683	Findlay Park American Smaller Companies - USD	462	2.13	Global 1.28% (0.66%)			
		1,067	4.92	4,181	Schroder Alternative Solutions Agriculture 'C'	278	1.28
Emerging Markets 1.01% (0.00%)						278	1.28
27,368	Aberdeen Emerging Markets 'C'	130	0.60	United Kingdom 3.02% (0.00%)			
20,506	Baillie Gifford Emerging Markets Growth 'B'	90	0.41	408,462	Artemis Income	656	3.02
		220	1.01			656	3.02
Europe 10.06% (10.03%)				FUND OF HEDGE FUNDS 5.68% (0.00%)			
94,046	Cazenove European 'X'	412	1.90	612,000	Absolute Targeted Positive Return	744	3.43
32,149	CF Odey Continental European	166	0.76	425,000	Cazenove Absolute Equity	489	2.25
542,993	Ignis Argonaut European Income 'I'	553	2.55			1,233	5.68
48,504	IVI European	622	2.87	STRUCTURED PLANS 1.89% (0.00%)			
125,133	Neptune European Opportunities	429	1.98	201,945	Merrill Lynch 9% High Yield ELDeRS 24A	89	0.41
		2,182	10.06	350,000	Merrill Lynch DJ Euro Stoxx 50 Certificates 10/05/2012	322	1.48
Far East 4.26% (4.57%)						411	1.89
63,255	Baring Eastern	330	1.52	FORWARD FX 0.04% (0.00%)			
183,741	First State Pacific Asia Leaders 'B'	594	2.74	186,725,220	Sold JPY Bought GBP 1,300,000 for settlement 11/06/2010	9	0.04
		924	4.26			9	0.04
Fixed Interest 19.53% (36.81%)				Total Value of Investments			
772,600	Baillie Gifford High Yield Bond 'B'	870	4.01			20,357	93.80
3,575,511	Fidelity MoneyBuilder	1,102	5.07	Net Other Assets			
39,925	Franklin Templeton Global Bond 'I' - EUR	433	2.00			1,346	6.20
72,656	Invesco Perpetual Income	833	3.84	Total Net Assets			
9,502	TwentyFour Monument Bond	1,000	4.61			21,703	100.00
		4,238	19.53				
Global 6.49% (4.21%)							
24,096	BlackRock Gold and General 'A'	328	1.51				
68,855	Henderson Global Technology 'I'	410	1.89				
1,185	RWC Global Convertibles 'B'	670	3.09				
		1,408	6.49				
Japan 9.02% (5.43%)							
79,586	Allianz RCM Japan 'A'	317	1.46				
1,044,031	AXA Framlington Japan Smaller Companies	462	2.13				
132,687	CF Morant Wright Japan 'B'	273	1.26				
95,299	Invesco Perpetual Japan	259	1.19				
709,066	GLG Japan Core Alpha 'P'	647	2.98				
		1,958	9.02				
Property 4.97% (4.15%)							
1,446,579	Henderson International Property	382	1.76				
1,206,730	Schroder Global Property Securities 'A'	697	3.21				
		1,079	4.97				

Figures in brackets represent sector distribution at 30th April 2009.

ELAN DIVERSIFIED INCOME FUND

STATEMENT OF TOTAL RETURN

For the year ended 30th April 2010

	Notes	30/04/10 £'000	30/04/09 ¹ £'000
Income			
Net capital gains/(losses)	2	3,488	(2,738)
Revenue	3	394	477
Expenses			
Expenses	4	(351)	(393)
Finance costs: Interest	6	(2)	(8)
Net revenue before taxation		41	76
Taxation	5	(11)	(8)
Net revenue after taxation		30	68
Total return before distributions		3,518	(2,670)
Finance costs: Distributions	6	(317)	(382)
Change in net assets attributable to shareholders from investment activities		3,201	(3,052)

¹Restated (see notes to the financial statements on page 20).

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 30th April 2010

	Note	30/04/10 £'000	30/04/09 £'000
Opening net assets attributable to shareholders		16,701	22,328
Amounts receivable on issue of shares		7,725	4,974
Amounts payable on cancellation of shares		(6,003)	(7,602)
		1,722	(2,628)
Stamp duty reserve tax		(12)	(11)
Dilution levy		11	-
Change in net assets attributable to shareholders from investment activities		3,201	(3,052)
Retained distributions on accumulation shares	6	80	64
Closing net assets attributable to shareholders		21,703	16,701

BALANCE SHEET

As at 30th April 2010

	Notes	30/04/10 £'000	30/04/09 £'000
ASSETS			
Investment assets		20,357	16,795
Debtors	7	7,051	647
Cash and bank balances	8	131	679
Total other assets		7,182	1,326
Total assets		27,539	18,121
LIABILITIES			
Creditors	10	(4,216)	(310)
Bank overdrafts	9	(1,519)	(971)
Distribution payable on income shares	6	(101)	(139)
Total liabilities		(5,836)	(1,420)
Net assets attributable to shareholders		21,703	16,701

The notes on pages 20 to 22 are an integral part of these financial statements.

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson
Finance Director (of the ACD)
27th August 2010

Mark Friend
Managing Director, Operations (of the ACD)

ELAN DIVERSIFIED INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The accounting policies are set out in the aggregated notes to the financial statements on pages 6 to 8.

During the year, the sub-fund has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses, certain management fee rebates and transaction charges are now classified as capital. The effect of this is to increase 'Net capital gains/(losses)' by £17,000 (2009: a decrease of £9,000) with no effect on the Total Return or Net Assets.

2. NET CAPITAL GAINS/(LOSSES)

	30/04/10 £'000	30/04/09 £'000
Non-derivative securities	3,471	(2,729)
Currency losses	(24)	(8)
Forward currency contracts	10	-
Management fee rebates - capital	32	-
Transaction charges	(1)	(1)
Net capital gains/(losses)	3,488	(2,738)

3. REVENUE

	30/04/10 £'000	30/04/09 £'000
Bank interest	-	14
Offshore distributions	108	-
Franked distributions	70	87
Unfranked distributions	206	340
Management fee rebates - revenue	10	36
	394	477

4. EXPENSES

	30/04/10 £'000	30/04/09 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	305	344
	305	344
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	14	16
Safe custody fees	-	1
	14	17
Other expenses:		
Auditor's remuneration	7	7
Registration fees	15	10
FSA and other regulatory fees	1	-
Legal fees	-	5
Printing fees	1	(1)
Price publication fees	3	9
PRS fees	5	2
	32	32
Total expenses	351	393

Irrecoverable VAT is included in the above expenses where relevant.

5. TAXATION

(a) The tax charge comprises:

	30/04/10 £'000	30/04/09 £'000
Current tax:		
Irrecoverable income tax	11	8
Total current tax (note 5 (b))	11	8

(b) Factors affecting the tax charge for the year:

The tax charged for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEICs). The differences are explained below:

	30/04/10 £'000	30/04/09 £'000
Net revenue before taxation	41	76
	41	76

Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2009: 20%)

	8	15
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Effects of:

Franked UK dividends and distributions not subject to taxation	(14)	(17)
Irrecoverable income tax	11	8
Tax effect of capital management fee rebates	7	-
Expenses not utilised in period	(1)	2
Current tax charge (note 5 (a))	11	8

Authorised OEICs are exempt from tax on capital gains made within the sub-funds.

Factors that may affect the future tax charge:

The sub-fund has not recognised a deferred tax asset of £15,818 (2009: £17,555) arising as a result of having unutilised management expenses. These are not expected to be utilised in the foreseeable future unless the nature of the sub-fund's revenue or capital gains changes.

ELAN DIVERSIFIED INCOME FUND

6. FINANCE COSTS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	30/04/10 £'000	30/04/09 £'000
Interim distribution	148	162
Interim accumulation	31	23
Final distribution	101	139
Final accumulation	49	41
	329	365
Add: Revenue deducted on cancellation of shares	35	52
Deduct: Revenue received on issue of shares	(47)	(35)
Net distributions for the year	317	382
Interest	2	8
Total finance costs	319	390

The difference between the net revenue after taxation and the amounts distributed comprises

Net revenue after taxation	30	68
Expenses offset against capital	351	393
Tax effect on expenses offset against capital	(64)	(79)
Finance costs: Distributions	317	382

7. DEBTORS

	30/04/10 £'000	30/04/09 £'000
Accrued revenue	46	87
Amounts receivable for issue of shares	1,009	181
Prepaid expenses	1	2
Recoverable income tax	30	41
Management fee rebates receivable	26	-
Sales awaiting settlement	5,939	336
	7,051	647

8. CASH AND BANK BALANCES

	30/04/10 £'000	30/04/09 £'000
Euro	-	257
Sterling	131	124
US Dollar	-	298
Cash and bank balances	131	679

9. BANK OVERDRAFTS

	30/04/10 £'000	30/04/09 £'000
Sterling	1,519	971
	1,519	971

10. CREDITORS

	30/04/10 £'000	30/04/09 £'000
Accrued expenses	41	11
Amounts payable for cancellation of shares	10	271
Purchases awaiting settlement	4,165	28
	4,216	310

11. RELATED PARTIES

Authorised Corporate Director ("ACD")

The ACD of the sub-fund is Premier Portfolio Managers Limited. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 4. Amounts due at the year end are included within accrued expenses on the balance sheet where applicable.

12. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (2009: £nil).

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the sub-fund's investment objective, the main risks arising from the sub-fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The investment adviser considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the sub-fund's investment objective.

The sub-fund holds positions in structured plans. The purpose of the plans are to provide a certain level of capital protection albeit with a limited potential return, dependent on the movement of underlying market indices. The use of structured plans is intended to reduce the volatility of the overall portfolio although in extreme market conditions this may not be the case. The portfolio statement on page 18, shows that 1.89% (2009:nil) of the sub-fund's portfolio consists of investments in structured plans.

The investment adviser does not use derivative instruments to hedge the investment portfolio against risks.

Currency Risk

There is foreign currency exposure within the sub-fund's holding of collective investment schemes since their assets are denominated in currencies other than sterling, with the effect their balance sheet and total returns can be affected by exchange rate fluctuations.

The currency profile of the sub-fund's financial instruments at the balance sheet date (including short term debtors and creditors) was:

Currency exposure as at 30th April 2010

Currency	Portfolio of investments £'000	Forward Currency Contracts £'000	Net other assets/ (liabilities) £'000	Total £'000
Euro	755	-	-	755
Japanese yen	-	(1,291)	-	(1,291)
Sterling	18,853	1,300	1,346	21,499
US dollar	740	-	-	740
	20,348	9	1,346	21,703

ELAN DIVERSIFIED INCOME FUND

Currency exposure as at 30th April 2009

Currency	Portfolio of investments £'000	Forward Currency Contracts £'000	Net other assets/(liabilities) £'000	Total £'000
Euro	2,715	-	257	2,97
Sterling	12,465	-	(649)	11,816
US dollar	1,615	-	298	1,913
	16,795	-	(94)	16,701

Interest Rate Risk

The sub-fund does not have any direct interest rate risk as the majority of financial assets are in collective investment schemes, which do not pay interest. However, some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk.

Liquidity Risk

The sub-fund's assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the sub-fund is the redemption of any shares that investors wish to sell. All the financial liabilities of the sub-fund fall due within one year.

Counterparty Risk

The sub-fund will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. The sub-fund minimises concentrations of credit risk by undertaking transactions with a range of counterparties on recognised and reputable exchanges. The sub-fund only buys and sells investments through brokers which have been approved by the investment adviser as an acceptable counterparty and from recognised product providers.

The sub-fund is exposed to counterparty risk with the issuers of structured plans.

Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet.

Derivatives and forward transactions

The sub-fund has used forward currency transactions to hedge against currency risks, including indirect currency risks arising from exposure to currencies within holdings of collective investment schemes. The portfolio statement on page 18 analyses the portfolio by geographic exposure and is an indicator of the indirect exposure of the sub-fund to currency risk.

The Investment Adviser may use other derivative instruments to hedge the investment portfolio against risk but has not done so during the year.

Open positions at the balance sheet date are disclosed on the Portfolio of Investments. Gains/(losses) on forward foreign exchange transactions are taken to capital and disclosed in note 2.

14. PORTFOLIO TRANSACTION COSTS

	30/04/10 £'000	30/04/09 £'000
Analysis of total purchase costs:		
Purchases in year before transaction costs	18,524	22,146
Commissions	-	-
Taxes	-	-
Total purchase costs	-	-
Gross purchases total	18,524	22,146

Analysis of total sale costs:

	30/04/10 £'000	30/04/09 £'000
Gross sales before transaction costs	18,463	22,503
Commissions	-	-
Taxes	-	-
Total sale costs	-	-
Total sales net of transaction costs	18,463	22,503

15. SHARE CLASSES

The sub-fund currently has two types of shares. The AMC on the share classes is as follows:

Class 1: 1.50%

Class 2: 1.50%

The net asset value, the net asset value per share and the number of shares in issue are given in the comparative tables on page 16. The distribution per share class is given in the distribution tables below and on page 23.

DISTRIBUTION TABLES

For the period from 1st May 2009 to 31st October 2009

Interim dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Paid	
			31/12/09	30/12/08
Group 1	0.9794	-	0.9794	0.7966
Group 2	0.4182	0.5612	0.9794	0.7966

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			31/12/09	30/12/08
Group 1	1.0783	-	1.0783	0.8173
Group 2	0.7033	0.3750	1.0783	0.8173

ELAN DIVERSIFIED INCOME FUND

For the period from 1st November 2009 to 30th April 2010

Final dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Payable/Paid	
			31/08/10	31/08/09
Group 1	0.6817	-	0.6817	0.8883
Group 2	0.0790	0.6027	0.6817	0.8883

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			31/08/10	31/08/09
Group 1	0.7193	-	0.7193	0.9164
Group 2	0.1479	0.5714	0.7193	0.9164

Administration Queries

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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 invested. Exchange rates will also cause the value of underlying investments to fall or rise. Tax concessions are not guaranteed and may be changed at any time; their value will depend on your individual circumstances. For your protection when dealing, your call may be recorded and monitored. Details of the nature of the investments, the commitment required and fund specific risk warnings are described in the Simplified Prospectus document which is available on request. Large print documents are available on request from the above Guildford address.