

Elan Diversified Income Fund, a sub fund of the Elan Fund
Interim Report and Financial Statements (Unaudited)

For the period from 11th December 2006 to 31st October 2007

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Elan Diversified Income Fund

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MANAGEMENT AND ADMINISTRATION

The Authorised Corporate Director ("ACD") and registered office of the Elan Fund ("the Company"):

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 ADVISERS: Premier Fund Managers Limited is the Investment Adviser to the Elan Diversified Income Fund.
Premier Fund Managers Limited has appointed Investment Manager Selection 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

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

ADMINISTRATORS & REGISTRAR: Northern Trust International Fund
Administration Services (UK) Limited and
Northern Trust Global 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 27 November 2006. Shareholders are not liable for the debts of the Company. At the period end the Company contained one sub-fund, the Elan Diversified Income Fund.

The Company is a non-UCITS retail scheme which complies with the FSA's Collective Investment Schemes sourcebook and is structured as an umbrella company so that different sub-funds may be established from time to time by the ACD with the approval of the FSA and the agreement of the Depositary.

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 together with half yearly reports, which give a true and fair view of the financial position of the scheme as at the end of the period and of the net income and the net gains or losses on the property of the scheme for the period 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 relating to 'Financial Statements of Authorised Funds', issued by the IMA in December 2005 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 scheme 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 unaudited financial statements of the Company for the period from 11th December 2006 to 31st October 2007.

The Company is a non-UCITS 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 the sub-fund of the Company is covered on page 4. 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 umbrella 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 umbrella 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)

20th December 2007



Mark Friend
Managing Director, Operations (of
the ACD)

ELAN DIVERSIFIED INCOME FUND

COMPARATIVE TABLES

Performance Record

Calendar Year	High (p)	Low (p)
Income shares		
2006 ¹	100.35	99.82
2007 ²	105.09	95.88

Calendar Year	High (p)	Low (p)
Accumulation shares		
2006 ¹	100.35	99.82
2007 ²	105.09	95.88

Income/Accumulation Record

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at Launch (£)
Income shares		
2006 ¹	-	-
2007 ²	1.3832	13.83

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at launch (£)
Accumulation shares		
2006 ¹	-	-
2007 ²	1.3218	13.22

Net Asset Values

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
Income shares			
31/10/2007	18,516,853	103.20	21,658,505
Accumulation shares			
31/10/2007	2,437,068	104.58	21,658,505

¹11th December 2006 to 31st December 2006.

²1st January 2007 to 31st October 2007.

TOTAL EXPENSE RATIO (TER)

Estimated

2.77%

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. The sub-fund's TER will be calculated at the end of its annual account period.

INVESTMENT OBJECTIVE AND POLICY

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

INVESTMENT REVIEW

PERFORMANCE

Fund performance has been above average since the launch date of 11th December 2006, with a 4.83% return compared to the 3.45% sector average for the IMA Cautious Managed Sector peer group.

Equity markets have generally performed well since the launch of the Fund, although the July/August credit crunch saw most markets correct. Massive infusions of liquidity by central banks calmed investor jitters and these losses were quickly recovered. We benefited from our consistent overweighting of Asia since launch, as this was the best performing region with a return of almost 50%. Overweighting Europe early in the year was also a plus, although our initial Japan overweighting hurt performance. Our overall emphasis on quality growth proved premature as more cyclical stocks led the markets through mid-year, but it has served us well in recent months as investors have become more conscious of market risk. Caution in fixed interest also served us well as gilts outperformed corporate bonds.

PORTFOLIO ACTIVITY

Since launch we have gradually moved the UK and Europe from overweight towards a more neutral weighting as declining consumer and business confidence signalled potential market weakness. We have favoured large cap and quality in the belief they will perform best in a slowing growth environment. In the US we have stayed underweight throughout the period on valuation concerns. The economy is slowing as the consumer and housing market in particular, retrenches. Again, our exposure remains towards large cap and growth, notably multi-nationals that will benefit from earnings in the Far East. In Japan we gradually moved from overweight to an underweight position, despite strong fundamentals, as market sentiment turned increasingly negative. Proceeds from these asset allocation changes have been channelled towards emerging markets and Asia where growth prospects remain positive. We have been cautious on fixed interest throughout the period and have stayed underweight the peer group average in favour of cash. Despite some improvement in quality spreads in recent months, we continue to favour gilts over corporate bond funds. Property funds have also been held for their diversification benefits.

While we have been active in the management of the portfolio, it has been within a risk aware framework. Regional allocations have typically been kept within +/- 5% of peer group weights and manager styles have consciously been kept diversified. We expect to add most value through manager selection.

OUTLOOK

As the volatility seen in financial markets during the summer abates, we believe we are entering the final up-leg of the near five-year bull market. Bank liquidity, or rather the unprecedented lack of it, caused a reality check in the financial system, increasing volatility for all financial assets and with it, the re-pricing of the riskier elements of the debt markets. However, with subsequent actions of central banks doing nothing to dispel the belief that ultimately the authorities will always step in to bail out the reckless, the excesses are far from purged. In the shorter term, market support will come from a global corporate sector awash with cash that will be returned to shareholders or used in corporate activity. Helpful, too, will be liquidity flowing from the new rich – the Asian and Middle Eastern government agencies – as they attempt to diversify their dollar investments. Combined with a backdrop of continued rapid growth in emerging markets and reasonable valuations, we expect to remain overweight equities at the expense of fixed interest and cash.

Source: Investment Manager Selection Ltd, November 2007.

Performance figures are taken from Financial Express Analytics, and are quoted on a bid to bid, total return, UK Sterling basis.

ELAN DIVERSIFIED INCOME FUND

PORTFOLIO OF INVESTMENTS

As at 31st October 2007

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
COLLECTIVE INVESTMENT SCHEMES			
Cash 10.83%			
125	Fidelity Cash GBP ¹	2,345	10.83
		2,345	10.83
Europe 6.10%			
525,702	Artemis European Growth ¹	1,322	6.10
		1,322	6.10
Far East 9.26%			
614,377	First State Asia Pacific 'B' ¹	1,617	7.47
33,146	Fidelity South East Asia ¹	210	0.97
107,204	Marlborough Far East Growth	178	0.82
		2,005	9.26
Fixed Interest 12.73%			
177,614	Franklin Templeton Global Bond 'I' Euro	1,154	5.33
1,049,623	Fidelity UK Gilt	1,009	4.66
537,039	Old Mutual Corporate Bond	593	2.74
		2,756	12.73
Global 4.69%			
113,051	JP Morgan Natural Resources 'A'	1,017	4.69
		1,017	4.69
Japan 0.92%			
321,600	Societe Generale Japan Core Alpha ¹	200	0.92
		200	0.92
Property 10.30%			
705,536	New Star Property	981	4.53
1,888,184	Schroder Global Property	1,250	5.77
		2,231	10.30
United Kingdom 39.90%			
92,784	Artemis Capital ¹	927	4.28
137,417	GAM UK Diversified 'A'	1,271	5.87
85,988	Invesco Perpetual Income	1,231	5.68
593,878	Invesco Perpetual UK Aggressive	712	3.29
158,321	Jupiter Income	873	4.03
739,567	PSigma Income ¹	695	3.21
356,322	Rensburg UK Select Growth	1,040	4.80
1,717,660	Schroder UK Alpha Plus 'A' ¹	1,893	8.74
		8,642	39.90
America 1.23%			
11,044	Findlay Park American Smaller Companies GBP Hedged	266	1.23
		266	1.23
Total Value of Investments		20,784	95.96
Net Other Assets		875	4.04
Total Net Assets		21,659	100.00

There are no prior year figures as the sub-fund launched on 11th December 2006.

¹Accumulation shares/units

ELAN DIVERSIFIED INCOME FUND

STATEMENT OF TOTAL RETURN

For the period from 11th December 2006 to 31st October 2007

	Notes	£'000	31/10/07 £'000
Net gains on investments during the period	2		796
Other gains	3		6
Income	4	311	
Expenses	5	(319)	
Finance costs: Interest	7	-	
Net expense before taxation		(8)	
Taxation	6	(16)	
Net expense after taxation			(24)
Total return before distributions			778
Finance costs: Distributions	7		(231)
Change in net assets attributable to shareholders			<u>547</u>

STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the period from 11th December 2006 to 31st October 2007

	Notes	£'000	31/10/07 £'000
Net assets at the start of the period			-
Movements due to sales and repurchases of shares:			
Amounts receivable on issue of shares		22,840	
Less: Amounts payable on cancellation of shares		(1,758)	
			21,082
Stamp Duty Reserve Tax (SDRT)			(2)
Change in net assets attributable to shareholders (see above)			547
Retained distribution on accumulation shares	7		32
Net assets at the end of the period			<u>21,659</u>

BALANCE SHEET

As at 31st October 2007

	Notes	31/10/07 £'000
ASSETS		
Portfolio of Investments		<u>20,784</u>
Debtors	8	316
Cash and bank balances	9	<u>830</u>
Total other assets		<u>1,146</u>
Total assets		<u>21,930</u>
LIABILITIES		
Creditors	10	(15)
Distribution payable on income shares	7	<u>(256)</u>
Total other liabilities		<u>(271)</u>
Net assets attributable to shareholders		<u>21,659</u>

The notes on pages 7-10 are an integral part of these financial statements.
On behalf of Premier Portfolio Managers Limited



Neil Macpherson
Finance Director (of the ACD)



Mark Friend
Managing Director, Operations (of the ACD)

20th December 2007

ELAN DIVERSIFIED INCOME FUND

SUMMARY OF MATERIAL PORTFOLIO CHANGES

For the period from 11th December 2006 to 31st October 2007

Purchases	Cost £'000	Note
Fidelity Cash GBP	3,280	
Franklin Templeton Global Bond 'A' Euro	2,244	
Fidelity UK Gilt	1,956	
Schroder UK Alpha Plus 'A' ¹	1,803	
Norwich Property	1,773	
Artemis European Growth ¹	1,412	
New Star Property	1,380	
Schroder Global Property	1,300	
First State Asia Pacific 'B' ¹	1,202	
GAM UK Diversified 'A'	1,199	
Invesco Perpetual Income	1,159	
Franklin Templeton Global Bond 'I' Euro	1,117	
Rensburg UK Select Growth	1,040	
Jupiter Income	878	
Artemis Capital ¹	874	
JP Morgan Natural Resources 'A'	822	
Mellon Newton Higher Income	748	
PSigma Income ¹	700	
Invesco Perpetual UK Aggressive	699	
Old Mutual Corporate Bond	628	
Societe Generale Japan Core Alpha ¹	605	
Findlay Park American Smaller Companies GBP Hedged	220	
Fidelity South East Asia ¹	200	
Rensburg Blue Chip Growth	198	
Legg Mason Japan Equity 'A'	160	
Marlborough Far East Growth	150	
Total purchases during the period	27,747	15
Sales	Proceeds £'000	
Franklin Templeton Global Bond 'A' Euro	2,237	
Norwich Property	1,695	
Fidelity Cash	1,000	
Fidelity UK Gilt	900	
Mellon Newton Higher Income	738	
Societe Generale Japan Core Alpha ¹	375	
New Star Property	261	
Artemis European Growth ¹	215	
Rensburg Blue Chip Growth	199	
Legg Mason Japan Equity 'A'	138	
Total sales during the period	7,758	15

¹ Accumulation shares/units

Please note: the purchases and sales shown represent all those with a value of 2% or more of the net asset value of the sub-fund at the start of the period (or at the end of the period for the sub-fund's first accounting period) and at a minimum the top 20 purchases and sales during the period. There were 10 sales during the period.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost basis convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for 'Financial Statements of Authorised Funds', issued by the IMA in December 2005, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Income Recognition

Dividends receivable from quoted equity shares and non-equity shares, distributions from authorised unit trusts and OEICs are credited to income when the security is quoted ex-dividend. Income on structured plans is recognised when the right to receive the income is established. Interest, underwriting commission and other income are recognised on an accruals basis. Accumulation of income relating to accumulation units or shares held in underlying funds is recognised as income and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

Expenses

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

Distributions

Amounts distributable are calculated after excluding those expenses relating to the purchase and sale of investments which are borne by capital and expenses borne by capital as agreed by the ACD and Depositary.

For this sub-fund the ACD and Depositary have agreed that 100% of the sub-fund's expenses are to be borne by capital.

Valuations

The valuation point is 12 noon on the last working day of the accounting period. Quoted equity investments are valued at the bid market value.

Authorised investment schemes are valued at the middle of contractual prices. OEIC sub-funds are valued at the quoted price for those managed by the ACD and at contractual prices for any other sub-funds.

Taxation

The charge for corporation tax is based on the results for the period and takes into account taxation deferred or accelerated because of timing differences arising between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, unless such provision is not permitted by Financial Reporting Standard 19.

Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on the sale or repurchase of shares, which is paid into the sub-fund and included in the **Statement of Change in Shareholders' Net Assets**. The levy is intended to cover certain dealing charges not included in the bid 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.

ELAN DIVERSIFIED INCOME FUND

2. NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	31/10/07
	£'000
Non-derivative securities	796
Net gains on investments	796

3. OTHER GAINS

	31/10/07
	£'000
Other gains comprise:	
Other currency gains	6
	<u>6</u>

4. INCOME

	31/10/07
	£'000
Bank interest	51
Distributions from authorised collective investment schemes:	
- Franked distributions	69
- Unfranked distributions	182
Renewal commission	9
	<u>311</u>

5. EXPENSES

	31/10/07
	£'000
Payable to the ACD, associates of the ACD and agents of either of them:	
ACD's periodic charge	278
	<u>278</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	13
Transaction charges	1
	<u>14</u>
Other expenses:	
Auditors' remuneration	5
Registration fees	13
Miscellaneous expenses	9
	<u>27</u>
Total expenses	319

Irrecoverable VAT is included in the above expenses where relevant.

6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	31/10/07
	£'000
Current tax:	
Irrecoverable income tax	16
Total current tax (note 6(b))	16

(b) Factors affecting the tax charge for the period

The tax charged for the period is higher than the special 20% rate of corporation tax applicable to open ended investment companies (OEICs). The differences are explained below:

	31/10/07
	£'000
Net expense before taxation	(8)
	<u>(8)</u>

Return on ordinary activities multiplied by the special rate of corporation tax of 20%

(2)

Effects of:

Franked UK dividends not subject to taxation	(14)
Irrecoverable income tax	16
Expenses not deductible for tax purposes	2
Expenses not utilised in the period	14

Current tax charge (note 6 (a))

16

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

(c) Factors that may affect the future tax charge:

The sub-fund has not recognised a deferred tax asset of £13,747 arising as a result of having unutilised management expenses.

7. FINANCE COSTS

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

	31/10/07
	£'000
Interim distribution	256
Interim accumulation	32
	<u>288</u>
Add: Income deducted on cancellation of shares	21
Deduct: Income received on issue of shares	(78)
Net distributions for the period	231
Interest	-
Total finance costs	231

The net distribution figure of £231,000 differs from net expense after taxation of £24,000 due to expenses borne by capital of £319,000 and a tax effect on capital expenses of £64,000.

Details of the distributions per share are set out in the distribution tables on page 10.

ELAN DIVERSIFIED INCOME FUND

8. DEBTORS

	31/10/07
	£'000
Accrued income	43
Amounts receivable for issue of shares	5
Recoverable income tax	16
Sales awaiting settlement	252
	<u>316</u>

9. CASH AND BANK BALANCES

	31/10/07
	£'000
Sterling	830
Cash and bank balances	<u><u>830</u></u>

As at 31st October 2007, the weighted average floating interest rate on bank balances was 4.75%.

10. CREDITORS

	31/10/07
	£'000
Accrued expenses	13
Purchases awaiting settlement	2
	<u>15</u>

11. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

Authorised Corporate Director ("ACD")

The ACD of the sub-fund is Premier Portfolio Managers Limited. The ACD is responsible for managing and administering the sub-fund's affairs in compliance with the FSA Regulations. In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the sub-fund, not exceeding 2.5% per annum of the net asset value of the sub-fund, calculated on a mid market basis.

The annual management charge ("AMC") accrues daily and is payable monthly. The current AMC for the sub-fund is set out in note 14 on page 10. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 5 on page 8. The balance outstanding at the period end was £nil.

Investment Advisers

The ACD has appointed Premier Fund Managers Limited to provide investment management and advisory services to the ACD. The Investment Adviser has appointed Investment Manager Selection Limited as sub-Investment Adviser to the sub-fund.

Depository

The sub-fund's Depository is The Royal Bank of Scotland plc. The Depository is responsible for the safekeeping of all of the scheme property of the sub-fund and has a duty to take reasonable care to ensure that the sub-fund is managed in accordance with the provisions of the FSA Regulations relating to the pricing of and dealing in shares and relating to the income of the sub-fund. Subject to FSA Regulations, the Depository has full power under the Depository agreement to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as Depository. It has delegated custody services to The Northern Trust Company. The Depository received for its own account a periodic fee which accrues daily and is due monthly on the last day of the preceding month.

The fee is payable out of the property attributable to each sub-fund. The rate of the periodic fee is as agreed between the ACD and the Depository from time to time and subject to a current maximum of 0.077% of the value of the sub-

fund per annum, which may be varied from time to time with the agreement of the ACD and the Depository. The total remuneration payable to the Depository out of the property attributable to each sub-fund for its services also includes transaction charges and custody charges.

There was nothing due to the Depository at the period end.

12. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments at the Balance Sheet date.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks arising from the sub-fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risks.

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 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 objectives.

The Investment Adviser and sub-Investment Adviser do not use derivative instruments to hedge the investment portfolio against risks as, in their opinion, the cost of such a process would result in an unacceptable reduction in the potential capital growth.

Currency Risk

Although the sub-funds' performance is measured in sterling, a proportion of the sub-funds' assets may be either denominated in other currencies or are in investments in authorised investment funds with substantial currency exposure and as a result, the income and capital value of the sub-funds may be significantly affected by currency movements.

Interest Rate Risk

The sub-fund does not have any material direct interest rate risk, as the sub-fund's financial assets are mainly in authorised investment schemes, which do not pay interest. The floating interest rate on cash positions is disclosed in note 9.

Liquidity Risk

The sub-fund invests in authorised investment funds of recognised product providers spread sufficiently widely to enable redemption of holdings without undue adverse effect. 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 they trade and will bear the risk of settlement default. The sub-fund minimise concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges. The sub-fund only buys and sells investments through brokers who have been approved by the Investment Adviser and sub-Investment Adviser as an acceptable counterparty.

Fair Value of Financial Assets and Financial Liabilities

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

Derivatives and Other Financial Instruments

The sub-fund does not hold any derivatives that could impact significantly on the value of the sub-fund.

14. SHARE CLASSES

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

Class 1: 1.75%

Class 2: 1.75%

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 4. The distribution per share class is given in the distribution tables below.

15. PORTFOLIO TRANSACTION COSTS

As the sub-fund invests in units in authorised investment schemes, there are no material transaction costs.

16. DISTRIBUTION TABLES

For the period from 11th December 2006 to 31st October 2007

Interim dividend distribution in pence per share

Income shares

	Net		Distribution
	Income	Equalisation	Payable 31/12/07
Group 1	1.3832	-	1.3832
Group 2	0.7037	0.6795	1.3832

Accumulation shares

	Net		Accumulation
	Income	Equalisation	Payable 31/12/07
Group 1	1.3218	-	1.3218
Group 2	0.5685	0.7533	1.3218

Administration Queries

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Premier Portfolio Managers Limited and Premier Fund Managers Limited are both members of the Premier Asset Management Marketing Group and are authorised and regulated by the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS. Premier Portfolio Managers Limited is a PEP and ISA manager and markets a number of funds. Premier Fund Managers Limited manages these and other funds and provides discretionary portfolio management services. Premier Portfolio Managers Limited is also a member of the Investment Management Association.

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.