

Elan Diversified Income Fund, a sub Fund of the Elan Fund

Interim Short Report for the period from 11th December 2006 to 31st October 2007

The information in this report is designed to enable investors to make an informed judgement on the activities of the sub-fund during the period. Copies of the Long-Form Interim Report & Accounts are available free of charge by calling Premier on 01483 306 090, or can be downloaded from the Premier website, www.premierassetmanagement.co.uk.

Investment Objective and Policy

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

Total Expense Ratios (TERs)

Estimated*

2.77%

The total expense ratio (TER) shows the annual operating expenses of the sub-fund, including the annual management charge and other expenses. It does not include transaction charges, but does reflect any initial and management charges on other collective investment schemes held by the sub-fund. All UCITS Schemes highlight the TER to help you compare the annual operating expenses of different schemes.

*At launch date (11/12/2006)

Fund Facts

Launch date:11th December 2006
 Ex-dividend dates:30 April, 31 October
 Income dates:31 August, 31 December
 IMA sector:Cautious Managed

Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
31/10/2007	Income	103.20
	Accumulation	104.58

Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2006 ¹	Income	100.35	99.82
	Accumulation	100.35	99.82
2007 ²	Income	105.09	95.88
	Accumulation	105.09	95.88

¹11th December 2006 to 31st December 2006.

²1st January 2007 to 31st October 2007.

Past performance is not a guide to future returns. The price of units and the income from them may go down as well as up and you may get back less than you invested.

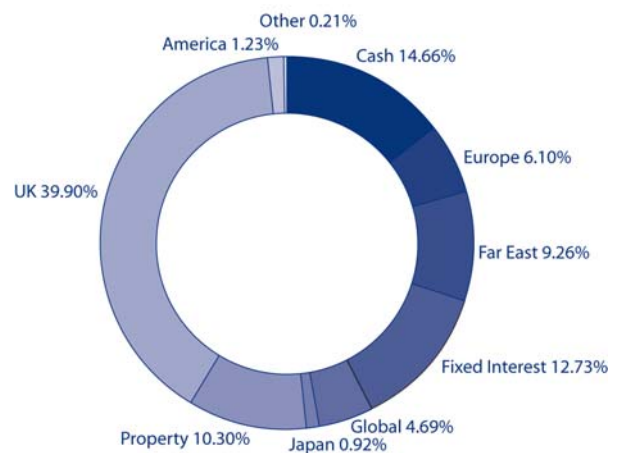
Dividend Distribution (in pence per share)

XD date	Payable	Share Class	Distribution
31/10/07	31/12/07	Income	1.3832
		Accumulation	1.3218

Risk Profile

In order to place emphasis on the generation of income as a higher priority than capital growth, the Elan Diversified Income Fund deducts all charges from capital rather than income. This may result in the income paid by the Fund being higher than would otherwise have been the case and the growth in the capital sum may be constrained.

Asset Allocation as at 31/10/2007



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

All allocations are rounded to two decimal places, totals may not add up to 100.00%.

Top Ten Holdings as at 31/10/2007

Fidelity Cash GBP	10.83%
Schroder UK Alpha Plus 'A'	8.74%
First State Asia Pacific 'B'	7.47%
Artemis European Growth	6.10%
GAM UK Diversified 'A'	5.87%
Schroder Global Property	5.77%
Invesco Perpetual Income	5.68%
Franklin Templeton Global Bond 'I' Euro	5.33%
Rensburg UK Select Growth	4.80%
JP Morgan Natural Resources 'A'	4.69%

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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 signaled 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 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, 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. Past performance is not a guide to future returns.

Other Information

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You should remember that past performance is not a guide to future returns and 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. Investment in these funds should be viewed as a long term investment. Exchange rates will also cause the value of underlying investments to fall as well as rise. Tax concessions are not guaranteed and may be changed at any time, their value will depend on your individual circumstances. Reference to any particular stock does not constitute a recommendation to buy or sell the stock. 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. Monthly cash withdrawals may lead to erosion of the capital value of your investment should you take a higher cash withdrawal than the growth or income generated. 1912074521

