

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

Annual Short Report for the period from 11th December 2006 to 30th April 2008

The information in this report is designed to enable investors to make an informed judgement on the activities of the Fund during the period. Copies of the Long-Form Annual 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)

30/04/2008

2.88%

The TERs show the annual operating expenses of the 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 to different schemes. The TER for income and accumulation shares is the same.

Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2006 ¹	Income	100.35	99.82
	Accumulation	100.35	99.82
2007	Income	105.09	95.88
	Accumulation	105.09	95.88
2008 ²	Income	100.06	91.78
	Accumulation	101.61	92.98

¹11th December 2006 to 31st December 2006.

²To 30th April 2008.

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.

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.

Fund Facts

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

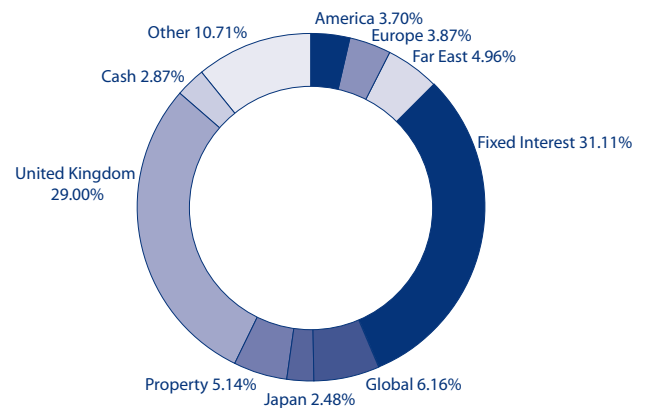
Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
30/04/2008	Income	95.02
	Accumulation	97.25

Dividend Distribution (in pence per share)

XD date	Payable	Share Class	Distribution
31/10/2007	31/12/2007	Income	1.3832
		Accumulation	1.3218
30/04/2008	31/08/2008	Income	0.9524
		Accumulation	0.9652

Asset Allocation as at 30/04/2008



There are no prior year figures as this is the sub-fund's first Annual Short Report.

Top Ten Holdings as at 30/04/2008

Franklin Templeton Global Bond 'I' Europe	7.60%
Fidelity Institutional UK Gilt	7.26%
Schroder UK Alpha Plus 'A'	7.02%
Legal & General All-Stocks Index Linked Gilt Index	7.00%
Invesco Income	4.81%
Baillie Gifford High Yield Bond 'B'	4.68%
Old Mutual Corporate Bond	4.57%
Rensburg UK Select Growth	4.27%
Cazenove European	3.87%
JPMorgan Natural Resources	3.33%

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Investment Review

Performance

The Elan Diversified Income Fund fell by 2.7% over the period. It underperformed its peer group over the past six months, largely due to the overweighting of equities in the first half of this period. Global markets dropped sharply as a credit crisis developed. Our bias towards growth orientated funds suffered as liquidity grew scarce and confidence in global economic expansion waned.

Our shift to a more defensive posture in January this year proved effective and performance has stabilised since then. None the less, the November to January drop has hurt our longer term relative performance.

Market Review

Since launch we have gradually moved our equity exposure from an overweight position to neutral, and are now underweight compared to the peer group average as declining consumer and business confidence has been capped by a period of significant market weakness. We have continued to favour larger capitalisation stocks and quality in the belief they will perform best in this slowing growth environment.

Portfolio Activity

In recent months we have reduced the growth tilt of portfolio holdings and introduced a more balanced mix of funds. The UK, Europe, US and Japan weightings are now neutral or underweight. Asia remains overweight as we believe it still has the best growth potential. We have also introduced more portfolio diversification by adding new holdings in alternative sectors such as (Nevsky) Global Emerging Markets, New Star Global Financials and Schroder AS Agriculture.

The global credit crisis has had one positive benefit, which has been a more rational pricing of risk. This has made fixed interest a more attractive asset class and we have moved from underweight to neutral. The funds came from two sources - equities and property. The latter, which was held as a fixed interest substitute, is still held but at a lower weighting and with emphasis on international, as opposed to UK funds. Within fixed interest we have begun to cautiously introduce an element of credit risk by adding a new holding in Baillie Gifford High Yield Bond. This exposure will be built up gradually. We are also wary of the inflationary pressures that will eventually have to be combated through higher interest rates. As a result, we have already started building a position in Legal & General All-Stocks Index Linked Gilt Index.

Outlook

Trust lies at the heart of efficient functioning of the modern global financial system. However, as we move further into 2008 and the scale and scope of this century's financial bubble emerges, there is growing mistrust between counterparties as they question each other's ability to pay for, deliver and value assets.

This mistrust lies at the heart of the extreme volatility witnessed in the first quarter of 2008, and the seemingly ridiculous valuations (both cheap and expensive) opening up in some asset classes. It is also the cause of the continuing gridlock in the provision of liquidity to the real economy. So what of the future? The collapse of the financial system is in nobody's interest – a thought not lost on the central banks of the developed world, which have, in varying degrees, poured liquidity at the problem. This has brought the markets back from the brink, but it would be foolhardy to think that the deflation of the greatest financial bubble in living memory has run its course, or that there will not be a cost to the real economy. Therefore, we remain cautious in our portfolios. Indeed, midway through the first quarter we increased our cash weightings at the expense of equities, and we continue to recommend an underweight equity, neutral fixed interest and overweight cash position.

Source: Investment Manager Selection Limited, May 2008. Performance data taken from Financial Express Analytics, total return, bid to bid, UK sterling. 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. 2108085142

