

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

Annual Short Report for the period from 1st May 2009 to 30th April 2010



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 Fund's website, www.theelanfund.co.uk.

Investment Objective and Policy

The investment objective of the 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 Fund may also invest in equities, fixed interest securities, money market instruments and warrants. The 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 fund).

Subject to the above, the 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 Fund may invest in derivatives and forward transactions for investment purposes as well as for the purposes of efficient portfolio management (including hedging).

Total Expense Ratio (TER)

30/04/2010

2.94%

The TER shows 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.

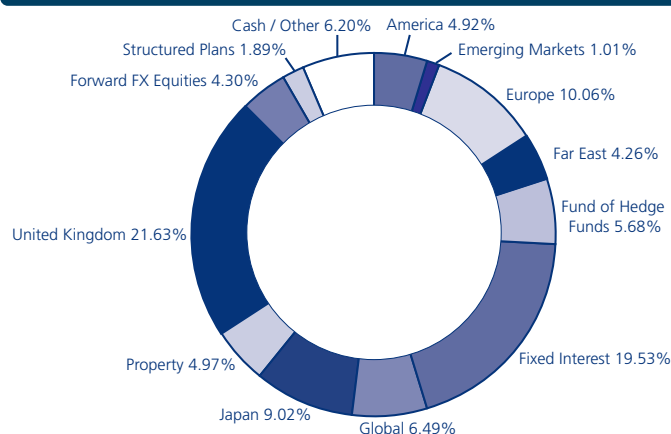
Portfolio Turnover Rate (PTR)

30/04/2010

133.6%

The PTR is a ratio that reflects the volume of trading within the 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 Fund's shares and is expressed as a percentage of the Fund's average net asset value.

Asset Allocation as at 30/04/2010



Top Ten Holdings as at 30/04/2010

Fidelity MoneyBuilder	5.07%
TwentyFour Monument Bond	4.61%
JOHambro UK Opportunities	4.07%
Baillie Gifford High Yield Bond 'B'	4.01%
Aberforth UK Smaller Companies	3.88%
Invesco Perpetual Income	3.84%
Absolute Return Targeted Positive Return	3.43%
Legal & General Growth	3.36%
Schroder Global Property Securities 'A'	3.21%
RWC Global Convertibles 'B'	3.09%

Fund Facts

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

Investment Risks

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.

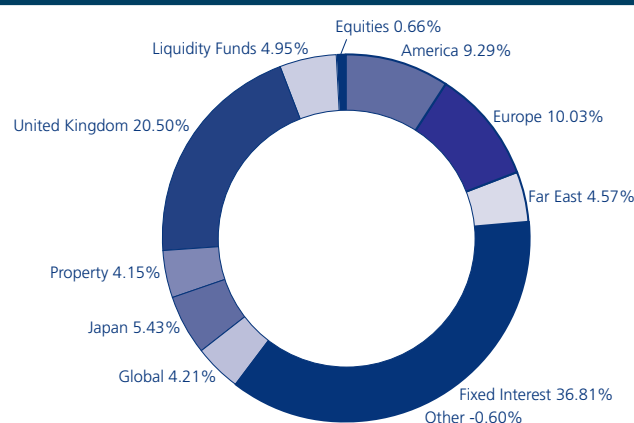
Performance Record

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	Income	100.06	76.92
	Accumulation	101.61	78.73
2009	Income	95.33	77.15
	Accumulation	100.11	79.77
2010 ²	Income	100.64	91.43
	Accumulation	106.56	96.81

¹11 December 2006 to 31 December 2006. ²To 30 April 2010.

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.

Asset Allocation as at 30/04/2009



Top Ten Holdings as at 30/04/2009

Franklin Templeton Global Bond 'I' Europe	14.76%
Fidelity MoneyBuilder	6.92%
Artemis Income	5.13%
Legal & General All-Stocks Index Linked Gilt Index	4.92%
Societe Generale Japan Core Alpha	4.86%
Baillie Gifford High Yield Bond 'B'	4.34%
Absolute Return Targeted Positive Return	3.84%
Schroder UK Alpha Plus 'A'	3.69%
Invesco Perpetual Income	3.16%
UBS Global Asset Management US Growth 'B'	3.13%

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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%.

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 CoreAlpha.

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 Outlook. 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 full Investment Review is available in the Long-form Annual Report & Accounts, which is available on request, or from the Fund's website, www.theelanfund.co.uk.

Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
30/04/2008	Income	95.02
	Accumulation	97.25
30/04/2009	Income	81.76
	Accumulation	85.44
30/04/2010	Income	98.36
	Accumulation	104.87

Dividend Distribution (in pence per share)

XD date	Payable	Share Class	Distribution
31/10/2009	31/12/2009	Income	0.9794
		Accumulation	1.0783
30/04/2010	31/08/2010	Income	0.6817
		Accumulation	0.7193

Other Information

Authorised Corporate Director (ACD) & Registered Office: Premier Portfolio Managers Limited, Eastgate Court, High Street, Guildford, Surrey, GU1 3DE

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

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

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

Issued by:

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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. 2308106529