

Elan High 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 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 Elan High Income Fund is to provide a high level of income from a portfolio of investments by investing 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

2.26%

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.

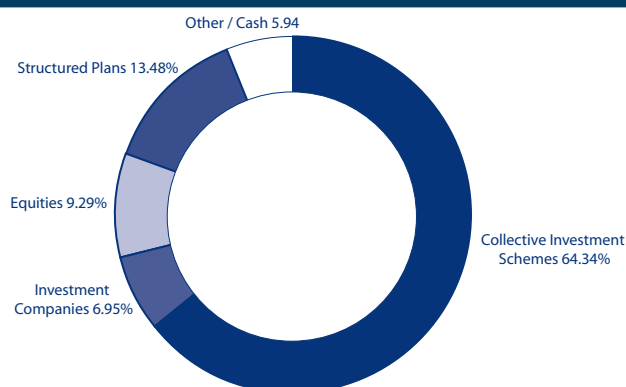
Portfolio Turnover Rate (PTR)

30/04/2010

-98.6%

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

Standard Life UK Equity High Income	5.02%
Henderson Preference & Bond	5.01%
Aegon Sterling Corporate Bond 'B'	4.97%
Legal & General Dynamic Bond	4.95%
Ignis Corporate Bond	4.30%
Rensburg UK Equity Income	4.29%
PSigma Income	4.28%
Rathbone Income	4.24%
Neptune Income 'B'	4.18%
Royal London Corporate Bond	4.04%

Fund Facts

Launch date: 11 December 2008 (rolling launch)
 Ex-dividend dates: 31 January, 30 April, 31 July and 31 October
 Income dates: 31 March, 30 June, 30 September and 31 December
 IMA sector: Cautious Managed

Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2008 ¹	Income	100.00	100.00
2009	Income	118.83	89.32
	Accumulation	120.73	89.32
2010 ²	Income	124.43	117.39
	Accumulation	127.44	119.99

¹ 11th December 2008 to 31st December 2008.

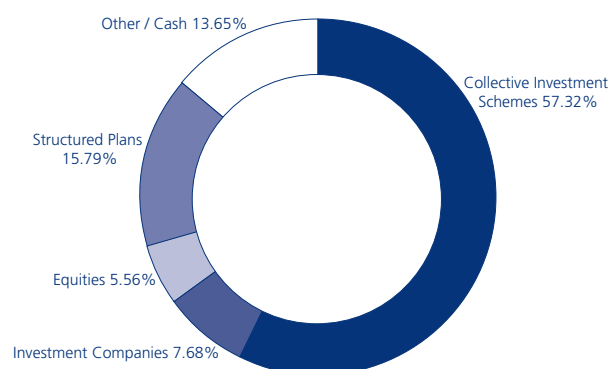
² To 30th April 2010.

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.

Dividend Distribution (in pence per share)

XD date	Paid	Share Class	Distribution
31/07/2009	30/09/2009	Income	0.7921
		Accumulation	0.4075
31/10/2009	31/12/2009	Income	1.1251
		Accumulation	1.1451
31/01/2010	31/03/2010	Income	0.9202
		Accumulation	0.9738
30/04/2010	30/06/2010	Income	1.3487
		Accumulation	1.3193

Asset Allocation as at 30/04/2009



Top Ten Holdings as at 30/04/2009

M&G Strategic Bond	6.32%
Rensburg UK Equity Income	6.23%
Aegon Sterling Corporate Bond	5.53%
Neptune Income 'B'	5.48%
Henderson Preference & Bond 'I'	5.46%
Standard Life UK Equity High Income	5.37%
PSigma Income	5.36%
Royal London Corporate Bond	5.34%
Ecofin Water and Power	4.49%
Elders Merrill Lynch 16A Capital Accumulation II	4.12%

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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.

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 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 tradeoffs 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.

Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
30/04/2009	Income	95.27
	Accumulation	-
30/04/2010	Income	121.79
	Accumulation	126.13

Investment Risks

In order to place emphasis on the generation of income as a higher priority than capital growth, the Elan High 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.

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:

Premier Portfolio Managers Limited, Eastgate Court, High Street, Guildford, Surrey, GU1 3DE
Tel: 01483 306 090 Fax: 01483 300 845 Email: premier@premierfunds.co.uk www.premierassetmanagement.co.uk

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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. 1608106514

