

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

Short Report for the period from 11th December 2008 (rolling launch date) to 30th April 2009



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)

30/04/2009

3.67%

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 calculated reflects less than four months from the launch of the Fund to the end of the umbrella Fund's accounting period, as such it does not fully reflect the operation of the Fund. The estimated TER for the Fund for a whole accounting period is 2.26%

Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2008 ¹	Income	100.00	100.00
2009 ²	Income	100.25	89.32

¹ 11th December 2008 to 31st December 2008.

² To 30th April 2009.

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
30/04/2009	30/06/2009	Income	1.4805

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

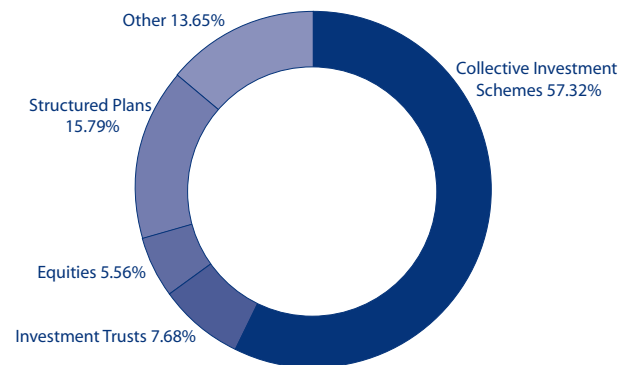
Investment Risks

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.

Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
30/04/2009	Income	95.27

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%

There are no comparative figures as the Fund launched on 11th December 2008 (rolling launch).

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Investment Review

Performance

The reporting period was a truly damaging one for financial markets, as the fallout from the credit crisis caused assets such as equities and corporate bonds to sell-off sharply. The result was a fall of 2.80% for the Fund from rolling launch on 11 December 2008 to 30th April 2009.

Portfolio Activity

We began building the portfolio of investments at the start of January. One of our primary goals is not just to generate a high level of income, but to generate a high level of income that stays high over time by growing (and therefore not being eroded by inflation). The structure of the Fund we have put together now reflects that goal.

It is for this reason that around half of the Fund is invested in shares (predominantly by holding funds that themselves invest in shares, as Elan High Income is a "fund of funds"). Equities are currently paying a very reasonable level of income, and in the past have demonstrated their ability to grow that level of income over time – something fixed income investments, like bonds, are unable to do. In addition to this, we believe that equities can currently be bought at bargain prices after their falls over the last two years, so there is plenty of potential for their prices to rise as well as their level of income. That said, we have our work cut out growing income in the current climate as many companies will be cutting their dividends as the global recession takes its toll on their profits.

The bulk of the remainder of the Fund is invested in corporate bonds. These too look like bargain buys at the present time as their lower prices mean we are effectively able to buy much more income for your money than we could just a year and a half ago. Again, as with equities, there are plenty of risks to corporate bonds at the present time as there is a threat that some companies may not be able to meet their promised bond repayments. That is why our selection of bond fund managers is crucial – we believe we have selected the best available managers, whose job it is to analyse companies' prospects, then invest in the ones that offer the best prospects for the most attractive prices.

In contrast, we have hardly any exposure to government bonds in the portfolio. At their current prices, they look extremely expensive, and offer a paltry level of income compared to how much they cost to buy. In addition to this, we think there is a good chance of their prices falling over the coming years, making them an all-round poor long-term investment in our eyes.

Outlook

Despite the rebound in March and April, the mood in equity markets is still deeply uncertain, stoked up by the seemingly endless flow of terrible news. However, it is important to remember that stock markets are not economies; they are pricing mechanisms that discount future expectations.

Just as they anticipated the economic turmoil we are currently seeing, we believe they will foresee the recovery long before most commentators see it coming. It is this feature of equity markets that has historically caused them to recover while the news is at its darkest, and we see no reason to suspect it will be any different this time around.

Given this belief, and our experience that we, or anybody else, are not capable of calling the exact bottom of the market, we are willing holders of assets such as equities and bonds at their currently depressed levels. We acknowledge that they may become cheaper in the short term, but for genuine long-term investors they now offer incredible value and, by some measures, look as cheap as they have at any time in the past thirty years. Similarly, the income now offered by these assets is higher than that offered by assets such as cash and government bonds, which are considerably lower-yielding than they were just one year ago.

Source: Premier Fund Managers Limited, June 2009. 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 Report & Accounts, which is available on request, or from the Fund's website, www.theelanfund.co.uk.

Other Information

Authorised Corporate Director (ACD) & Registered Office:	Premier Portfolio Managers Limited, Eastgate Court, High Street, Guildford, Surrey, GU1 3DE
Auditors:	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. 2708095869

