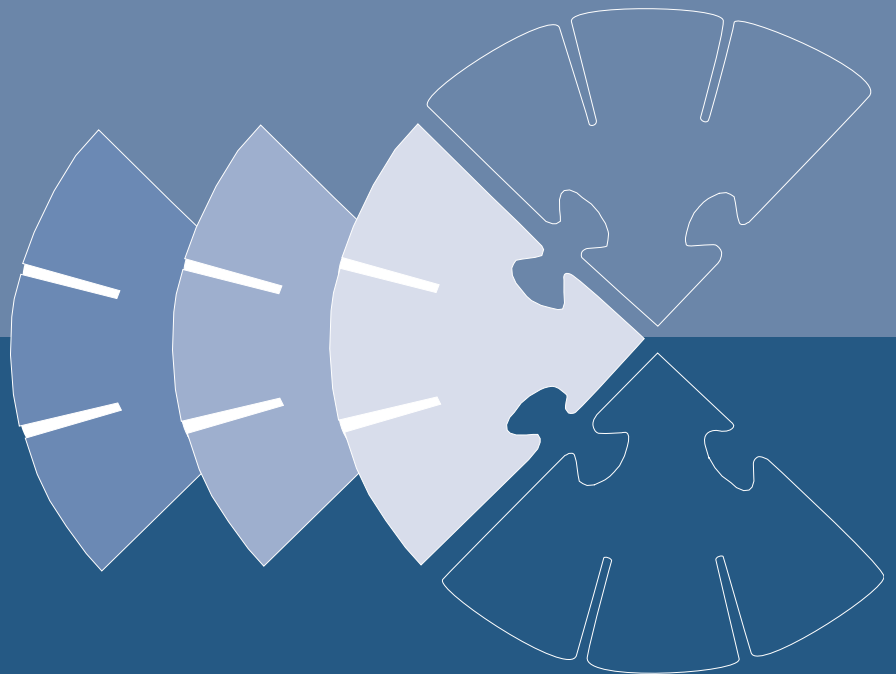


# The Hurlingham Fund

Annual Report & Financial Statements (audited)  
For the period from 1 November 2007 to 31 October 2008



# INDEX

## Management and Administration

Registered Office and Directors .....	2
Company Information .....	2
Statement of Authorised Corporate Director's ("ACD") and Depositary's Responsibilities .....	2
Report of the ACD to Shareholders .....	3
Directors' Statement .....	3
Report of the Depositary to the Shareholders .....	3
Report of the Independent Auditor to the Shareholders .....	4

## The Hurlingham Fund Aggregated Financial Statements

Statement of Total Return, Statement of Change in Shareholders' Net Assets & Balance Sheet .....	5
Notes to the Aggregated Financial Statements .....	6-7

## Hurlingham Managed Income Portfolio

Comparative Tables .....	8
Total Expense Ratio .....	8
Investment Objective and Policy .....	8
Investment Review .....	8-9
Portfolio of Investments .....	10
Statement of Total Return, Statement of Change in Shareholders' Net Assets & Balance Sheet .....	11
Summary of Material Portfolio Changes .....	12
Notes to the Financial Statements .....	12-15
Distribution Tables .....	15

## Hurlingham Managed Growth Portfolio

Comparative Tables .....	16
Total Expense Ratio .....	16
Investment Objective and Policy .....	16
Investment Review .....	16-17
Portfolio of Investments .....	18
Statement of Total Return, Statement of Change in Shareholders' Net Assets & Balance Sheet .....	19
Summary of Material Portfolio Changes .....	20
Notes to the Financial Statements .....	20-23

## MANAGEMENT AND ADMINISTRATION

The Authorised Corporate Director ("ACD") and registered office of the Hurlingham Fund ("the Company"):

### PREMIER PORTFOLIO MANAGERS LIMITED

Eastgate Court, High Street,  
Guildford, Surrey, GU1 3DE

Premier Portfolio Managers Limited is authorised and regulated by the Financial Services Authority ("FSA") and is a member of the Investment Management Association ("IMA"). Premier Portfolio Managers Limited and Premier Fund Managers Limited are both members of the Premier Asset Management Marketing Group.

**DIRECTORS OF THE ACD:** Mike O'Shea (Chairman)  
Neil Macpherson (Finance Director)  
Simon Weldon (Managing Director, Sales and Marketing)  
Mark Friend (Managing Director, Operations)  
Mike Hammond (IFA Sales Director)

**INVESTMENT ADVISER:** Premier Fund Managers is the Investment Adviser to the Hurlingham Managed Income Portfolio and the Hurlingham Managed Growth Portfolio.

Premier Fund Managers Limited has appointed Close Private Asset Management Limited as sub-Investment Adviser to the Hurlingham Managed Growth Portfolio.

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

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

**ADMINISTRATORS & REGISTRAR:** Northern Trust International Fund  
Administration Services (UK) Limited and  
Northern Trust Global Services Limited  
PO Box 55736, 50 Bank Street,  
Canary Wharf,  
London, E14 1BT

### COMPANY INFORMATION

The Hurlingham Fund is an Investment Company with Variable Capital under regulation 12 of the Open-Ended Investment Company Regulations and incorporated in England and Wales under registered number IC000421 and authorised by the FSA with effect from 5th January 2006. Shareholders are not liable for the debts of the Company. At the year end the Company contained two sub-funds, the Hurlingham Managed Income Portfolio and the Hurlingham Managed Growth Portfolio.

The Company is a non-UCITS Retail scheme which complies with the FSA's Collective Investment Schemes sourcebook and is structured as an umbrella company so that different sub-funds may be established from time to time by the ACD with the approval of the FSA and the agreement of the Depositary.

### POST YEAR END INFORMATION

On the 11th November 2008, the Hurlingham Managed Income Portfolio changed its name to the Hurlingham Balanced Portfolio and changed its investment objective. In addition 1st Port Asset Management took over management of both the Hurlingham Balanced Portfolio and the Hurlingham Managed Growth Portfolio, prior to this date Premier Fund Managers were the Investment Adviser to the Funds with Close Private Asset Management Limited acting as a sub-investment adviser.

### STATEMENT OF ACD AND DEPOSITARY'S RESPONSIBILITIES IN RELATION TO THE ACCOUNTS OF THE SCHEME

The Open-Ended Investment Companies Regulations 2001 and the FSA's Collective Investment Schemes sourcebook ("the Regulations") require the ACD to prepare accounts for each annual accounting period, which give a true and fair view of the financial position of the scheme as at the end of the year and of the net income and the net gains or losses on the property of the scheme for the year then ended. In preparing the accounts, the ACD is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- comply with the disclosure requirements of the Statement of Recommended Practice relating to 'Financial Statements of Authorised Funds', issued by the IMA in December 2005 and the Instrument of Incorporation.
- follow UK generally accepted accounting principles and applicable accounting standards.
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the scheme will continue in operation.
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements.

The ACD is responsible for the management of the Fund in accordance with its Instrument of Incorporation, the Prospectus and the Regulations.

The Depositary is responsible for safeguarding the property of the scheme and must take reasonable care to ensure that the scheme is managed by the ACD in compliance with the Regulations and the provisions of the Instrument of Incorporation and Prospectus.

The ACD and Depositary are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## MANAGEMENT AND ADMINISTRATION

### REPORT OF THE ACD TO THE SHAREHOLDERS OF THE COMPANY

The ACD, as sole director, presents its report and the audited financial statements of the Company for the year from 1st November 2007 to 31st October 2008.

The Company is a non-UCITS Retail scheme which complies with the FSA's Collective Investment Schemes sourcebook. The shareholders are not liable for the debts of the Company.

The Investment Objectives and Policies of each sub-fund of the Company are covered in the section for each sub-fund. The sub-funds of an umbrella company should be invested as if they were a single company. The names and addresses of the ACD, the Depositary and the Auditor are detailed on page 2.

In the future there may be other sub-funds of the umbrella Company. As a sub-fund is not a legal entity, if the assets attributable to any sub-fund were insufficient to meet the liabilities attributable to it, the shortfall might have to be met out of the assets attributable to one or more other sub-funds of the umbrella Company.

### DIRECTORS' STATEMENT

In accordance with the Regulations, we hereby certify the report on behalf of the Directors of Premier Portfolio Managers Limited.



Neil Macpherson

Mark Friend

Finance Director (of the ACD)

Managing Director, Operations (of the ACD)

11th February 2009

### REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS FOR THE YEAR FROM 1ST NOVEMBER 2007 TO 31ST OCTOBER 2008 FOR THE HURLINGHAM MANAGED INCOME PORTFOLIO AND THE HURLINGHAM MANAGED GROWTH PORTFOLIO AS SUB-FUNDS OF THE HURLINGHAM FUND ('THE COMPANY')

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it. It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the FSA's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 and the Instrument of Incorporation in relation to the pricing of, and dealings in, shares in the Company, the application of the income of the Company, and the investment and borrowing powers and restrictions applicable to the Company.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary, it is our opinion that:

- the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and
- the application of the Company's income have, in all material respects, been carried out in accordance with the provisions of:
  - the Regulations and
  - the Open-Ended Investment Companies Regulations 2001 and
  - the Instrument of Incorporation of the Company

and that, in all material respects, the investment and borrowing powers and restrictions applicable to the Company, in accordance with the provision of the Regulations and Instrument of Incorporation, have been observed.

The Royal Bank of Scotland plc  
Trustee & Depositary Services  
11th February 2009

# MANAGEMENT AND ADMINISTRATION

## REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF THE HURLINGHAM FUND

We have audited the financial statements of the Hurlingham Fund for the year ended 31st October 2008. These financial statements consist of the aggregated financial statements of the Company, which comprise the statement of total return, the statement of change in shareholders' net assets, the balance sheet, and notes 1 to 16, and the financial statements of the sub-funds of the Company, which comprise each sub-fund's statement of total return, statement of change in shareholders' net assets, portfolio of investments, balance sheet, summary of material portfolio changes, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook issued by the FSA under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Authorised Corporate Director and the Auditor

The ACD's responsibilities for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the IMA in December 2005, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation are set out in the Statement of the ACD and Depositary's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice for "Financial Statements of Authorised Funds" issued by the IMA, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation. We also report to you whether the information given in the Report of the ACD is consistent with the financial statements and we state whether we have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In addition, we report to you if, in our opinion, proper accounting records for the Company or a sub-fund have not been kept, or if the financial statements are not in agreement with those records.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises comparative tables, investment objectives and policies, investment reviews, total expense ratios and the report of the ACD. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the ACD in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Company and each of the sub-funds as at 31st October 2008 and of the net income and net losses of the scheme property of the Company and each of the sub-funds for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to 'Financial Statements of Authorised Funds' issued by the IMA in December 2005, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation;
- the information given in the Report of the ACD is consistent with the financial statements.

We have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton UK LLP

Chartered Accountants and Registered Auditor

London, England

11th February 2009

# THE HURLINGHAM FUND AGGREGATED FINANCIAL STATEMENTS

## STATEMENT OF TOTAL RETURN

For the year to 31st October 2008

	Notes	31/10/08		31/10/07	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the year	2		(3,411)		512
Other losses	3		(3)		-
Income	4	341		272	
Expenses	5	(241)		(224)	
Finance costs: Interest	7	(3)		(6)	
Net income before taxation		97		42	
Taxation	6	(14)		(8)	
Net income after taxation			83		34
Total return before distributions			(3,331)		546
Finance costs: Distributions	7		(156)		(129)
<b>Change in net assets attributable to shareholders</b>			<b>(3,487)</b>		<b>417</b>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the year to 31st October 2008

	Notes	31/10/08		31/10/07	
		£'000	£'000	£'000	£'000
<b>Net assets at the start of the year</b>			13,100		7,355
Movements due to sales and repurchases of shares:					
Amounts receivable on issue of shares		2,397		5,559	
Less: Amount payable on cancellation of shares		(3,484)		(234)	
			(1,087)		5,325
Stamp Duty Reserve Tax (SDRT)			(3)		-
Change in net assets attributable to shareholders (see above)			(3,487)		417
Retained distribution on accumulation shares	7		8		3
Unclaimed distributions			1		-
<b>Net assets at the end of the year</b>			<b>8,532</b>		<b>13,100</b>

## BALANCE SHEET

As at 31st October 2008

	Notes	31/10/08		31/10/07	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Portfolio of Investments			8,074		12,760
Debtors	8		258		469
Cash and bank balances	9		331		382
<b>Total other assets</b>			<b>589</b>		<b>851</b>
<b>Total assets</b>			<b>8,663</b>		<b>13,611</b>
<b>LIABILITIES</b>					
Creditors	11		(58)		(326)
Bank overdrafts	10		(12)		(109)
Distributions payable on income shares	7		(61)		(76)
<b>Total liabilities</b>			<b>(131)</b>		<b>(511)</b>
<b>Net assets attributable to shareholders</b>			<b>8,532</b>		<b>13,100</b>

The notes on pages 6 and 7 are an integral part of these financial statements.

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)

Mark Friend  
Managing Director, Operations (of the ACD)

11th February 2009

# THE HURLINGHAM FUND AGGREGATED FINANCIAL STATEMENTS

## NOTES TO THE AGGREGATED FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The accounting policies applied are set out in the notes to the financial statements of each of the sub-funds. The aggregated financial statements represent the summation of the financial statements for each of the sub-funds.

### 2. NET (LOSSES)/GAINS ON INVESTMENTS

The net (losses)/gains on investments during the year comprise:

	31/10/08 £'000	31/10/07 £'000
Non-derivative securities	(3,411)	512
<b>Net (losses)/gains on investments</b>	<b>(3,411)</b>	<b>512</b>

### 3. OTHER LOSSES

Other losses comprise:

	31/10/08 £'000	31/10/07 £'000
Other currency losses	(3)	-
	<b>(3)</b>	<b>-</b>

### 4. INCOME

	31/10/08 £'000	31/10/07 £'000
Bank interest	9	3
Deposit interest	20	12
Franked UK dividends	-	6
Unfranked UK dividends	-	5
Interest on debt securities	30	-
Overseas dividends	17	-
<b>Payments from authorised collective investment schemes:</b>		
- Franked distributions	75	73
- Unfranked distributions	156	161
Renewal commission	34	12
	<b>341</b>	<b>272</b>

### 5. EXPENSES

	31/10/08 £'000	31/10/07 £'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	172	160
	<b>172</b>	<b>160</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	18	18
Transaction charges	2	4
	<b>20</b>	<b>22</b>

### Other expenses:

Auditor remuneration	16	12
Registration fees	23	20
Legal fees	2	-
Printing fees	2	1
Price publication fees	6	9
	<b>49</b>	<b>42</b>
<b>Total expenses</b>	<b>241</b>	<b>224</b>

Irrecoverable VAT is included in the above expenses where relevant.

### 6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	31/10/08 £'000	31/10/07 £'000
<b>Current tax:</b>		
Corporation tax	11	3
Irrecoverable income tax	4	4
	<b>15</b>	<b>7</b>
Deferred tax (note 6 (c))	(1)	1
<b>Total current tax (note 6 (b))</b>	<b>14</b>	<b>8</b>

(b) Factors affecting the tax charge for the year

The tax charged for the year is lower than the special 20% rate of corporation tax applicable to open-ended investment companies (OEICs). The differences are explained below:

	31/10/08 £'000	31/10/07 £'000
Net income before taxation	97	42
	<b>97</b>	<b>42</b>

Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2007: 20%)

	19	9
<b>Effects of:</b>		
Franked UK dividends and distributions not subject to taxation	(15)	(16)
Irrecoverable income tax	4	4
Expenses not utilised in period	7	13
Capital income - renewal commission	-	(2)
Tax payable in different periods	-	(1)
<b>Current tax charge (note 6 (a))</b>	<b>15</b>	<b>7</b>

(c) Deferred tax

Provision at the start of the year	1	-
Deferred tax charge in the year	(1)	1
<b>Provision at the end of the year</b>	<b>-</b>	<b>1</b>

Authorised OEICs are exempt from tax on capital gains made within the sub-funds.

# THE HURLINGHAM FUND AGGREGATED FINANCIAL STATEMENTS

## 7. FINANCE COSTS

The distributions take into account income received on the issue of shares and income deducted on the cancellation of shares, and comprise:

	31/10/08 £'000	31/10/07 £'000
Interim distribution	78	65
Interim accumulation	4	1
Final distribution	61	76
Final accumulation	4	2
	<u>147</u>	<u>144</u>
Add: Income deducted on cancellation of shares	11	1
Deduct: Income received on issue of shares	(2)	(16)
<b>Net distributions for the year</b>	<b>156</b>	<b>129</b>
Interest	3	6
<b>Total finance costs</b>	<b>159</b>	<b>135</b>

The difference between the net income after taxation and the amounts distributed comprises:

Net income after taxation	83	34
Expenses offset against capital	94	95
Tax effect on expenses offset against capital	(18)	(18)
Income deficit taken to capital	7	18
Trailer commission taken to capital	(10)	-
<b>Finance costs: Distributions</b>	<b>156</b>	<b>129</b>

## 8. DEBTORS

	31/10/08 £'000	31/10/07 £'000
Accrued income	35	57
Amounts receivable for issue of shares	7	59
Recoverable income tax	20	23
Sales awaiting settlement	196	330
	<u>258</u>	<u>469</u>

## 9. CASH AND BANK BALANCES

	31/10/08 £'000	31/10/07 £'000
Sterling	331	382
<b>Cash and bank balances</b>	<b>331</b>	<b>382</b>

## 10. BANK OVERDRAFTS

	31/10/08 £'000	31/10/07 £'000
Sterling	12	109
<b>Bank overdrafts</b>	<b>12</b>	<b>109</b>

## 11. CREDITORS

	31/10/08 £'000	31/10/07 £'000
Accrued expenses	46	19
Amounts payable for cancellation of shares	3	12
Corporation tax payable	9	-
Deferred tax	-	1
Purchases awaiting settlement	-	294
	<u>58</u>	<u>326</u>

## 12. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

The required disclosures are set out in the notes to the financial statements of each of the sub-funds.

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments at the balance sheet date (2007: £nil).

## 14. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The required disclosures are set out in the notes to the financial statements of each of the sub-funds.

## 15. SHARE CLASSES

The required disclosures are set out in the notes to the financial statements of each of the sub-funds.

## 16. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	31/10/08 £'000	31/10/07 £'000
Purchases in year before transaction costs	10,288	12,569
Commissions	2	1
Taxes	-	3
<b>Total purchase costs</b>	<b>2</b>	<b>4</b>

**Gross purchases total** 10,290 12,573

Analysis of total sale costs:

Gross sales before transaction costs	11,576	7,466
Commissions	(1)	-
<b>Total sale costs</b>	<b>(1)</b>	<b>-</b>

**Total sales net of transaction costs** 11,575 7,466

# HURLINGHAM MANAGED INCOME PORTFOLIO

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
<b>Income Shares</b>		
2006 <sup>1</sup>	102.74	96.29
2007	105.17	94.63
2008 <sup>2</sup>	97.27	65.66
<b>Accumulation Shares</b>		
2006 <sup>3</sup>	102.74	96.29
2007	106.36	98.01
2008 <sup>2</sup>	100.74	69.02

### Income/Accumulation Record

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at Launch (£)
<b>Income Shares</b>		
2006 <sup>1</sup>	2.2216	22.22
2007	3.2125	32.13
2008 <sup>2</sup>	3.6678	36.68
<b>Accumulation Shares</b>		
2006 <sup>3</sup>	-	-
2007	2.6305	26.31
2008 <sup>2</sup>	3.9177	39.18

### Net Asset Values

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
<b>Income Shares</b>			
31/10/2006	3,077,628	100.26	3,085,713
31/10/2007	4,458,490	99.54	4,590,197
31/10/2008	3,379,609	67.01	2,424,519
<b>Accumulation Shares</b>			
31/10/2007	148,350	102.65	4,590,197
31/10/2008	220,290	72.62	2,424,519

<sup>1</sup> From 5th January 2006 to 31st December 2006.

<sup>2</sup> To 31st October 2008.

<sup>3</sup> From 8th December 2006 to 31st December 2006.

## TOTAL EXPENSE RATIO (TER)

	31/10/08	31/10/07
	2.94%	2.90%

The TER shows the annual operating expenses of the sub-fund including the annual management charge, other expenses and the underlying investments' management charges where applicable. 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.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Hurlingham Managed Income Portfolio is to provide income together with some long-term capital growth from a portfolio of investments. The sub-fund will achieve this by investing in units in collective investment schemes, but may also invest in equities, fixed interest securities, money market instruments and warrants.

## INVESTMENT REVIEW

### PERFORMANCE

The year to the end of October has been a grisly one for financial markets, as the impact of the credit crisis and the prospects of faltering economic growth took their toll on most financial markets. This can be illustrated by the performance of the UK's FTSE All-Share Index, which lost 33.1% over the 12 months. Property and corporate bond markets were also dragged into the mire, leaving gilts and cash as the only asset classes to make positive returns over the period. The Fund lost ground in this most dire of environments, falling back by 29.2%.

### MARKET REVIEW

To review the markets over the 12-month period is to describe a slow motion train crash: the crisis emanated from the US where the housing market downturn caused problems for institutions most exposed to the riskiest US mortgages. This then became a global problem because these mortgages had been packaged up with other types of loans into complex products, then sold on as low-risk investments to financial institutions all over the world.

As some US mortgage holders began to default on their repayments, it became clear that many major banks had racked up huge losses in these products. What was not clear was how much damage had been done, and which banks were harbouring the losses. The consequence of this insecurity was that banks refused to lend to each other, fearing they may never see their money again. It was this situation that derailed British bank Northern Rock, which relied heavily on borrowing at competitive rates from other banks rather than the traditional route of lending out money deposited by savers.

The next big casualty of the crisis was American investment bank Bear Stearns, which came close to collapsing in March. The rescue of that bank – co-ordinated by the US Federal Reserve – gave investors confidence that no major banks would be allowed to go to the wall (confidence that we now know to be ill-founded).

The result was a stock market rebound that peaked in mid-May, with skyrocketing oil prices the pin that pricked that particular balloon. At this time, investors' paranoia turned to the prospect of substantially above-target inflation, and the destructive effects this would have on the world economy. Another downward phase ensued, this time including inflation-phobic gilts, which had previously fared well as a result of safe-haven buying from investors.

The oil price peaked just shy of \$150 a barrel in early July, and dropped quickly soon after. This brought about the next stock-market about-face, with receding inflationary fears sparking a relief rally that lasted till the start of September. It was the final months of the period that proved to be the darkest – with the collapse of Lehmann Brothers sending markets into a tailspin over the threat of complete financial meltdown, a situation that was exacerbated by hedge fund forced selling and the realisation that the oncoming economic slowdown would be much harsher than most had previously expected.

It was also a rocky ride for corporate bonds, with growing concerns over the UK's economic outlook driving investors to take fright at the prospect of rising defaults. This was one of the main hindrances to the Fund as it holds a significant weighting in these bonds because of their potential for providing the income we need to generate, as well as capital growth.

All in all, there has been no time to pause for breath and, most notably, very few places to hide from the financial market turmoil. Even commodities, and the emerging markets that are so closely linked to them, are now nursing severe losses, having started the year as many investors' new "safe havens".

### PORTFOLIO ACTIVITY

With markets as volatile as they were, we were given plenty of opportunities to top up holdings into weakness and take profits after the rebounds. We placed over 170 trades during the 12-month period, most of which were in reaction to market movements, with the others being new additions to or disposals from the Fund.

In December we decided to reinvest in Gartmore US Opportunities, which we originally sold back in February 2007. Gartmore subsequently vindicated our sell decision by replacing their then manager, Gil Knight, with Denver-based fund manager Marsico Capital Management. We had been impressed with Marsico's

approach and track record, and felt that market conditions were likely to favour their growth-biased investment style over the short to medium term. This fund took the place of Legg Mason US Equity, which we correctly ascertained to be less well-suited to the prevailing market environment.

We replaced the property fund Matrix European REIT with F&C Commercial Property during March, as the former had performed relatively well and the latter is a high-quality portfolio that we were able to secure for our investors at a discount due to our status as an institutional buyer. F&C are also fairly conservative investors, so we were more comfortable with the level of debt contained within the fund.

We added several new holdings to the Fund in May, all with an eye on increasing the diversity within the Fund. These included HSBC Infrastructure, which invests in assets such as schools, hospitals and airports, and MPC Global Convertibles, which should act like a lower-risk equity – something which proved more useful than a straight equity fund given the high level of uncertainty in markets at the time, and the sharp falls seen by equities since then. We also added M&G Strategic Corporate Bond in place of M&G's High-Yield Bond towards the end of the period, as we suspected that high-yield bonds would suffer as the corporate outlook deteriorates.

### OUTLOOK

The immediate outlook for equities and bonds remains unclear. On the one hand, fear is currently gripping markets, which has pushed equity and corporate bond prices down to extremely attractive values, giving them tremendous appeal as long-term investments. Corporate bonds, in particular, look undervalued and are paying a high income to holders while they wait for prices to rise. However, short-term risks are still plentiful, not least the unknown quantity of hedge-fund forced selling, which may lead to more falls in the short term. As such, we think we are currently seeing a great opportunity for genuine long-term investors to snap-up cheap assets, but those investors must have nerves of steel, as there will almost certainly be more turbulence to come.

Source: Premier Fund Managers Limited, November 2008.

Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

# HURLINGHAM MANAGED INCOME PORTFOLIO

## PORTFOLIO OF INVESTMENTS

As at 31st October 2008

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %	Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 67.41% (76.78%)</b>				<b>STRUCTURED PLANS 12.95% (11.05%)</b>			
<b>Europe 1.90% (2.55%)</b>				<b>Europe 3.42% (5.38%)</b>			
52,870	Resolution Argonaut European Income '1' <sup>1</sup>	46	1.90	69,250	Harewood BNP Paribas European Shield	51	2.10
		<b>46</b>	<b>1.90</b>	50,000	Merrill Lynch Euro Call 30/08/2012 - Warrant	32	1.32
<b>Far East 1.11% (1.07%)</b>						<b>83</b>	<b>3.42</b>
14,445	First State Asia Pacific Fund 'B' <sup>1</sup>	27	1.11	<b>United Kingdom 9.53% (5.67%)</b>			
		<b>27</b>	<b>1.11</b>	71,750	Elders 26A Capital V <sup>1</sup>	51	2.10
<b>Global 1.53% (0.00%)</b>				110,000	Merrill Lynch FT100 Def Autocall M029 - Warrant	94	3.88
88	MPC Global Convertible Bond	37	1.53	120,500	Symphony Citigroup 16.75% FTSE 100 Autocall	86	3.55
		<b>37</b>	<b>1.53</b>			<b>231</b>	<b>9.53</b>
<b>Japan 2.80% (2.16%)</b>				<b>Total Value of Investments</b>			
115,884	Societe Generale Japan Core Alpha <sup>1</sup>	68	2.80			<b>2,260</b>	<b>93.19</b>
		<b>68</b>	<b>2.80</b>	<b>Net Other Assets</b>			
<b>North America 4.08% (2.24%)</b>						165	6.81
61,801	Gartmore US Opportunities - Retail	99	4.08	<b>Total Net Assets</b>			
		<b>99</b>	<b>4.08</b>			<b>2,425</b>	<b>100.00</b>
<b>United Kingdom 20.11% (33.03%)</b>				<sup>1</sup> Accumulation Shares/Units.			
51,514	AXA Framlington Monthly Income	76	3.13	Figures in brackets represent sector distribution at 31st October 2007.			
48,269	Chelverton UK Equity Income	22	0.91				
54,613	Liontrust First Income	57	2.35				
109,667	Marlborough UK Large Cap Growth '1' <sup>1</sup>	87	3.59				
17,445	Rathbone Income	83	3.41				
60,808	Rensburg UK Equity Income <sup>1</sup>	84	3.46				
232,428	Schroder Income Maximiser 'A'	79	3.26				
		<b>488</b>	<b>20.11</b>				
<b>Fixed Interest 35.88% (35.73%)</b>							
610,225	Aegon Sterling Corporate Bond	138	5.69				
246,753	Baillie Gifford Corporate Bond	137	5.65				
275,509	Henderson Preference Bond	123	5.07				
34,770	Legal & General All Stock Gilt	33	1.36				
129,810	M&G Strategic Corporate Bond	61	2.51				
2,689	M&G Leveraged European Loan 'D'	54	2.23				
164,843	Resolution Corporate Bond	128	5.28				
170,389	Royal London Income	125	5.16				
128,859	Standard Life Higher Income 'I'	71	2.93				
		<b>870</b>	<b>35.88</b>				
<b>INVESTMENT TRUSTS 12.83% (9.10%)</b>							
<b>Global 11.14% (9.10%)</b>							
24,998	AcenciA Debt Strategies	17	0.70				
102,800	Babcock & Brown Public Partnership	91	3.75				
36,500	Close Japanese Retail	6	0.25				
48,858	HSBC Infrastructure	52	2.15				
177,187	PSigma	104	4.29				
		<b>270</b>	<b>11.14</b>				
<b>Property 1.69% (0.00%)</b>							
58,000	F&C Commercial Property	41	1.69				
		<b>41</b>	<b>1.69</b>				

# HURLINGHAM MANAGED INCOME PORTFOLIO

## STATEMENT OF TOTAL RETURN

For the year to 31st October 2008

	Notes	31/10/08 £'000	31/10/07 £'000
Net (losses)/gains on investments during the year	2	(1,212)	21
Other losses	3	-	(1)
Income	4	185	154
Expenses	5	(93)	(93)
Finance costs: Interest	7	(1)	(2)
Net income before taxation		91	59
Taxation	6	(10)	(4)
Net income after taxation		81	55
Total return before distributions		(1,131)	75
Finance costs: Distributions	7	(156)	(130)
<b>Change in net assets attributable to shareholders</b>		<b>(1,287)</b>	<b>(55)</b>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the year to 31st October 2008

	Notes	31/10/08 £'000	31/10/07 £'000
<b>Net assets at the start of the year</b>		<b>4,590</b>	<b>3,086</b>
Movements due to sales and repurchases of shares:			
Amounts receivable on issue of shares		286	1,691
Less: Amount payable on cancellation of shares		(1,172)	(135)
		(886)	1,556
Change in net assets attributable to shareholders (see above)		(1,287)	(55)
Retained distribution on accumulation shares	7	8	3
<b>Net assets at the end of the year</b>		<b>2,425</b>	<b>4,590</b>

## BALANCE SHEET

As at 31st October 2008

	Notes	31/10/08 £'000	31/10/07 £'000
<b>ASSETS</b>			
Portfolio of Investments		2,260	4,449
Debtors	8	105	278
Cash and bank balances	9	155	182
<b>Total other assets</b>		<b>260</b>	<b>460</b>
<b>Total assets</b>		<b>2,520</b>	<b>4,909</b>
<b>LIABILITIES</b>			
Creditors	11	(29)	(243)
Bank overdrafts	10	(5)	-
Distributions payable on income shares	7	(61)	(76)
<b>Total liabilities</b>		<b>(95)</b>	<b>(319)</b>
<b>Net assets attributable to shareholders</b>		<b>2,425</b>	<b>4,590</b>

The notes on pages 12 to 15 are an integral part of these financial statements.

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)

Mark Friend  
Managing Director, Operations (of the ACD)

11th February 2009

# HURLINGHAM MANAGED INCOME PORTFOLIO

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

As at 31st October 2008

Purchases	Cost £'000	Note
Gartmore US Opportunities - Retail	224	
Henderson Preference Bond	200	
PSigma	150	
Gartmore US Opportunities - Institutional	125	
Symphony Citigroup 16.75% FTSE 100 Autocall	121	
Merrill Lynch FT100 Def Autocall M029 - Warrant	109	
Marlborough UK Large Cap Growth '1'	102	
Legal & General All Stock Gilt	85	
M&G Strategic Corporate Bond	80	
MPC Global Convertible Bond	75	
AcenciA Debt Strategies	70	
Liontrust First Income	70	
HSBC Infrastructure	60	
Rensburg UK Equity Income <sup>1</sup>	59	
Aegon Sterling Corporate Bond	58	
F&C Commercial Property	55	
Merrill Lynch Euro Call 30/08/2012 - Warrant	51	
Babcock & Brown Public Partnership	49	
M&G High Yield Corporate Bond <sup>1</sup>	48	
Resolution Argonaut European Income '1'	46	
Other	329	
<b>Total purchases during the year</b>	<b>2,166</b>	<b>16</b>
Sales	Proceeds £'000	
M&G High Yield Corporate Bond <sup>1</sup>	222	
Jupiter Income	209	
Marlborough UK Large Cap Growth '1'	195	
AcenciA Debt Strategies	163	
Rensburg UK Equity Income <sup>1</sup>	160	
Liontrust First Income	145	
Gartmore US Opportunities - Institutional	125	
Legg Mason US Equity 'B' <sup>1</sup>	123	
Symphony Citigroup Europe Defensive Autocall	121	
Legal & General High Income '1'	120	
Standard Life Higher Income '1'	120	
Aegon Sterling Corporate Bond	104	
Resolution Argonaut European Income '1'	96	
AXA Framlington Monthly Income	94	
Gartmore US Opportunities - Retail	89	
Rathbone Income	86	
PSource Structured Debt	85	
Resolution Corporate Bond	80	
Societe Generale Japan Core Alpha <sup>1</sup>	75	
Elders 21A Capital III <sup>1</sup>	65	
Other	655	
<b>Total sales during the year</b>	<b>3,132</b>	<b>16</b>

<sup>1</sup> Accumulation shares/units.

Please note: the purchases and sales shown represent all those with a value of 2% or more of the net asset value of the sub-fund at the start of the year and at minimum the top 20 purchases and sales during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for 'Financial Statements of Authorised Funds', issued by the IMA in December 2005, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

#### Income Recognition

Income from collective investment schemes, and quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend.

Accumulation of income relating to accumulation units or shares held in collective investment schemes is recognised as income and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in collective investment schemes is treated as capital and deducted from the cost of the investment.

The gains and losses arising on investments in structured plans are allocated between income and capital according to the nature of the structured plan. This is depending on the extent to which the return is capital based or income based.

Bank interest, underwriting commission and other income are recognised on an accruals basis.

In the case of debt securities income is recognised on an effective yield basis. The total income arising includes the amortisation of any premium or discount at the time of purchase spread over the life of the security.

#### Expenses

For accounting purposes, all expenses (other than SDRT and those relating to the purchase and sale of investments) are charged against income for the period on an accruals basis.

#### Distributions

Amounts distributable are calculated after excluding those expenses relating to the purchase and sale of investments which are borne by capital and expenses borne by capital as agreed by the ACD and Depositary.

The ACD and Depositary have agreed that 100% of the sub-fund's expenses are to be borne by capital.

#### Valuations

All investments are valued at their fair value at noon on 31st October 2008, being the last business day of the financial year. The fair value of equity and non-equity shares is bid price, excluding any accrued interest.

The fair value of investments managed by the ACD is their single price and the fair value of investments which are managed by other management groups is their bid price for dual priced funds and their single price for single priced funds. Valuations should take into account any agreed rate of redemption charge.

Structured plans are valued at the latest price from the product provider.

#### Taxation

Corporation tax has been provided for at a rate of 20%. Dividend income and taxation are stated net of any associated tax credits. Deferred tax is fully provided for on all timing differences. Deferred tax assets are recognised only to the extent that the assets are considered to be recoverable.

#### Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on all subscriptions and redemptions of shares, which is paid into the sub-fund and included in the Statement of Change in Shareholders' Net Assets. The levy is intended to cover certain dealing charges not included in the mid market value of the sub-fund used in calculating the share price, which could have a diluting effect on the performance of the sub-fund.

#### Stamp Duty Reserve Tax (SDRT)

SDRT will be charged to the sub-fund. It is the ACD's view that this will not be material.

# HURLINGHAM MANAGED INCOME PORTFOLIO

## 2. NET (LOSSES)/GAINS ON INVESTMENTS

The net (losses)/gains on investments during the year comprise:

	31/10/08 £'000	31/10/07 £'000
Non-derivative securities	(1,212)	21
<b>Net (losses)/gains on investments</b>	<b>(1,212)</b>	<b>21</b>

## 3. OTHER LOSSES

Other losses comprise:

	31/10/08 £'000	31/10/07 £'000
Other currency losses	-	(1)
	-	(1)

## 4. INCOME

	31/10/08 £'000	31/10/07 £'000
Bank interest	3	2
Deposit interest	4	1
Franked UK dividends	-	2
Unfranked UK dividends	-	5
Overseas dividends	15	-
<b>Payments from authorised collective investment schemes:</b>		
- Franked distributions	43	36
- Unfranked distributions	96	106
Renewal commission	24	2
	<b>185</b>	<b>154</b>

## 5. EXPENSES

	31/10/08 £'000	31/10/07 £'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	59	62
	<b>59</b>	<b>62</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	9	9
Transaction charges	1	2
	<b>10</b>	<b>11</b>
<b>Other expenses:</b>		
Auditor remuneration	9	6
Registration fees	11	9
Printing fees	1	-
Price publication fees	3	5
	<b>24</b>	<b>20</b>
<b>Total expenses</b>	<b>93</b>	<b>93</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	31/10/08 £'000	31/10/07 £'000
<b>Current tax:</b>		
Corporation tax	11	3
Irrecoverable income tax	-	-
	<b>11</b>	<b>3</b>
Deferred tax (note 6 (c))	(1)	1
<b>Total current tax (note 6 (b))</b>	<b>10</b>	<b>4</b>

(b) Factors affecting the tax charge for the year

The tax charged for the year is lower than the special 20% rate of corporation tax applicable to open-ended investment companies (OEICs). The differences are explained below:

	31/10/08 £'000	31/10/07 £'000
Net income before taxation	91	59
	<b>91</b>	<b>59</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2007: 20%)	18	12
<b>Effects of:</b>		
Franked UK dividends and distributions not subject to taxation	(9)	(8)
Expenses not utilised in period	2	-
Tax payable in different periods	-	(1)
<b>Current tax charge (note 6 (a))</b>	<b>11</b>	<b>3</b>

(c) Deferred tax

Provision at the start of the year	1	-
Deferred tax charge in the year	(1)	1
<b>Provision at the end of the year</b>	<b>-</b>	<b>1</b>

Authorised OEICs are exempt from tax on capital gains made within the sub-funds.

# HURLINGHAM MANAGED INCOME PORTFOLIO

## 7. FINANCE COSTS

The distributions take into account income received on the issue of shares and income deducted on the cancellation of shares, and comprise:

	31/10/08 £'000	31/10/07 £'000
Interim distribution	78	65
Interim accumulation	4	1
Final distribution	61	76
Final accumulation	4	2
	<u>147</u>	<u>144</u>
Add: Income deducted on cancellation of shares	11	1
Deduct: Income received on issue of shares	(2)	(15)
<b>Net distributions for the year</b>	<b>156</b>	<b>130</b>
Interest	1	2
<b>Total finance costs</b>	<b>157</b>	<b>132</b>

The difference between the net income after taxation and the amounts distributed comprises:

Net income after taxation	81	55
Expenses offset against capital	93	93
Tax effect on expenses offset against capital	(18)	(18)
<b>Finance costs: Distributions</b>	<b>156</b>	<b>130</b>

## 8. DEBTORS

	31/10/08 £'000	31/10/07 £'000
Accrued income	13	22
Recoverable income tax	14	16
Sales awaiting settlement	78	240
	<u>105</u>	<u>278</u>

## 9. CASH AND BANK BALANCES

	31/10/08 £'000	31/10/07 £'000
Sterling	155	182
<b>Cash and bank balances</b>	<b>155</b>	<b>182</b>

## 10. BANK OVERDRAFTS

	31/10/08 £'000	31/10/07 £'000
Sterling	5	-
<b>Bank overdrafts</b>	<b>5</b>	<b>-</b>

## 11. CREDITORS

	31/10/08 £'000	31/10/07 £'000
Accrued expenses	20	9
Amounts payable for cancellation of shares	-	3
Corporation tax payable	9	-
Deferred tax	-	1
Purchases awaiting settlement	-	230
	<u>29</u>	<u>243</u>

## 12. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director ("ACD")

The ACD of the sub-fund is Premier Portfolio Managers Limited. The ACD is responsible for managing and administering the sub-fund's affairs in compliance with the FSA Regulations. In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the sub-fund, calculated on a mid-market basis.

The annual management charge ("AMC") accrues daily and is payable monthly. The current AMC for the sub-fund is set out in note 15 on page 15. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 5 on page 13. The balance outstanding at the year end was £nil (2007: £nil).

### Investment Adviser

The ACD has appointed Premier Fund Managers Limited to provide investment management and advisory services to the ACD.

### Depository

The sub-fund's Depository is The Royal Bank of Scotland plc. The Depository is responsible for the safekeeping of all of the scheme property of the sub-fund and has a duty to take reasonable care to ensure that the sub-fund is managed in accordance with the provisions of the FSA Regulations relating to the pricing of and dealing in shares and relating to the income of the sub-fund. Subject to FSA Regulations, the Depository has full power under the Depository agreement to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as Depository. It has delegated custody services to The Northern Trust Company. The Depository received for its own account a periodic fee which accrues daily and is payable monthly. The fee is payable out of the property attributable to the sub-fund. The rate of the periodic fee is as agreed between the ACD and the Depository from time to time and subject to a current maximum of 0.077% of the value of the relevant sub-fund per annum which may be varied from time to time with the agreement of the ACD and the Depository.

The total remuneration payable to the Depository out of the property attributable to each sub-fund for its services also includes transaction charges and custody charges.

Amounts paid to The Royal Bank of Scotland plc in respect of the Depository's services are disclosed in note 5 on page 13. There was nothing due to the Depository at the year end (2007: £nil).

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments at the balance sheet date (2007: £nil).

## 14. DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

In pursuing the sub-fund's investment objective, as set out in the investment objective and policy on page 8, the main risks arising from the sub-fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

# HURLINGHAM MANAGED INCOME PORTFOLIO

## Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The Investment Adviser considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the sub-fund's investment objective.

## Currency Risk

There was no direct foreign currency exposure within the sub-fund at the balance sheet date. However, there was significant foreign currency exposure within the sub-fund's holdings of collective investment schemes since their assets are denominated in currencies other than sterling, with the effect that their balance sheet and total returns can be affected by exchange rate fluctuations.

## Interest Rate Risk

The sub-fund does not have any material direct interest rate risk as the majority of financial assets are in collective investment schemes, which do not pay interest. However, some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk. At the year end 35.88% of the Portfolio of Investments was held in fixed interest holdings.

The only interest-bearing financial asset of the sub-fund is bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent.

## Liquidity Risk

The sub-fund's assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the sub-fund is the redemption of any shares that investors wish to sell. All the financial liabilities of the sub-fund fall within one year.

## Counterparty Risk

The sub-fund will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. The sub-fund minimises concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges. The sub-fund only buys and sells investments through brokers which have been approved by the Investment Adviser as an acceptable counterparty and from recognised product providers.

## Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the Balance Sheet on page 11.

## Derivatives

The sub-fund does not hold any derivatives that could materially impact the value of the sub-fund.

## 15. SHARE CLASSES

The sub-fund currently has two classes of share, Income and Accumulation. The AMC on each share class is as follows:

Income: 1.50%

Accumulation: 1.50%

The net asset value, the net asset value per share and the number of shares in issue are given in the comparative tables on page 8. The distribution per share class is given in the distribution tables opposite.

## 16. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	31/10/08 £'000	31/10/07 £'000
Purchases in year before transaction costs	2,165	4,958
Commissions	1	-
Taxes	-	2
<b>Total purchase costs</b>	<b>1</b>	<b>2</b>

**Gross purchases total**

**2,166      4,960**

Analysis of total sale costs:

Gross sales before transaction costs	3,132	3,600
Commissions	-	-
<b>Total sale costs</b>	<b>-</b>	<b>-</b>

**Total sales net of transaction costs**

**3,132      3,600**

## DISTRIBUTION TABLES

For the period from 1st November 2007 to 30th April 2008

Interim dividend distribution in pence per share

Income shares

	Net Income	Equalisation	Distribution Paid 30/06/08	Distribution Paid 30/06/07
Group 1	1.8659	-	1.8659	1.5160
Group 2	0.8635	1.0024	1.8659	1.5160

Accumulation shares

	Net Income	Equalisation	Accumulation Paid 30/06/08	Accumulation Paid 30/06/07
Group 1	2.0284	-	2.0284	1.0042
Group 2	1.6906	0.3378	2.0284	1.0042

For the period from 1st May 2008 to 31st October 2008

Final dividend distribution in pence per share

Income shares

	Net Income	Equalisation	Distribution Payable 28/02/09	Distribution Paid 28/02/08
Group 1	1.8019	-	1.8019	1.6965
Group 2	1.4787	0.3232	1.8019	1.6965

Accumulation shares

	Net Income	Equalisation	Accumulation Payable 28/02/09	Accumulation Paid 28/02/08
Group 1	1.8893	-	1.8893	1.6263
Group 2	1.7910	0.0983	1.8893	1.6263

# HURLINGHAM MANAGED GROWTH PORTFOLIO

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
<b>Income Shares</b>		
2006 <sup>1</sup>	106.21	93.92
2007	112.08	100.87
2008 <sup>2</sup>	108.00	77.25
<b>Accumulation Shares</b>		
2006 <sup>1</sup>	106.25	93.99
2007	112.29	101.07
2008 <sup>2</sup>	108.29	77.47

### Income/Accumulation Record

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at Launch (£)
<b>Income Shares</b>		
2006 <sup>1</sup>	-	-
2007	-	-
2008 <sup>2</sup>	-	-
<b>Accumulation Shares</b>		
2006 <sup>1</sup>	-	-
2007	-	-
2008 <sup>2</sup>	-	-

### Net Asset Values

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
<b>Income Shares</b>			
31/10/2006	2,772,289	102.41	4,269,157
31/10/2007	3,898,995	110.78	8,510,232
31/10/2008	3,092,743	81.17	6,106,633
<b>Accumulation Shares</b>			
31/10/2006	1,394,317	102.56	4,269,157
31/10/2007	3,783,326	110.78	8,510,232
31/10/2008	4,428,333	81.17	6,106,633

<sup>1</sup> From 5th January 2006 to 31st December 2006.

<sup>2</sup> To 31st October 2008.

## TOTAL EXPENSE RATIO (TER)

	31/10/08	31/10/07
	3.23%	2.65%

The TER shows the annual operating expenses of the sub-fund including the annual management charge, other expenses and the underlying investments' management charge where applicable. 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.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Hurlingham Managed Growth Portfolio is to provide long term capital growth from a portfolio of investments. The sub-fund will achieve this by investing in units in collective investment schemes, but may also invest in equities, fixed interest securities, money market instruments and warrants.

## INVESTMENT REVIEW

### PERFORMANCE

Over the reporting period, the Fund fell 26.6% with the IMA Balanced Managed Sector falling 27.4%.

### MARKET REVIEW

Financial market conditions have been extraordinary for some time now, culminating in September with a series of unprecedented events in credit markets and the banking sector, spilling over into generalised volatility and uncertainty across all markets.

The following is a summary of events during September 2008:

- Nationalisation of US Mortgage firms Fannie Mae and Freddie Mac
- Lehman Brothers collapsed
- Sale of Merrill Lynch to Bank of America and HBOS to Lloyds TSB
- AIG rescued by the US Government, taking an 80% public stake in exchange for \$85bn credit line
- Significant and repeated injections of liquidity from Central Banks into international markets
- Aggressive regulatory intervention against short-selling financials in several nations
- Goldman Sachs and Morgan Stanley apply to become commercial banks
- Failure of Washington Mutual
- Takeover of Wachovia's banking business by Wells Fargo
- Reworking of a \$700bn Troubled Assets Relief Programme (TARP) plan into the EESA (Emergency Economic Stabilisation Act)
- Further nationalisation of banks included Bradford & Bingley (UK), Fortis (Benelux) and most recently, Landsbanki (Iceland)

Any one of these events could have been described as a once in a career event and shows how unprecedented these markets have been. For a short period of time the banking system appeared to grind to a halt and an unhealthy combination of panic and forced selling, as investors looked to de-leverage, led to shares being sold at any price. This has, in many areas of the fixed income and equity markets, driven valuations to extraordinary levels. In fact, to the end of the reporting period, we saw the Hang Seng down 55%, Emerging Markets and Japan down nearly 50%, S&P 500 34%, Euro Stoxx 39%, UK Equity markets down over 30% and the average UK Corporate Bond Fund down 10% (all in local terms).

As a result, Governments and Central Banks around the world stepped in, trying to get ahead of the curve with both monetary policy and support for the world's financial system. The UK Government led the efforts with a proposal to recapitalise the leading UK banks and this model looks likely to be used by a number of other Governments.

### PORTFOLIO ACTIVITY

In what has proved to be a difficult period, we started repositioning the portfolio more defensively from February onwards. We substantially reduced risk, in particular all our small cap holdings, and moved further up the market cap scale with the purchase of some FTSE 100 'I' shares, as well as reducing all our Asian and Emerging Market holdings. By the end of the period we had just over 3% in non mainstream markets and had reduced our European exposure whilst increasing exposure to US investments.

We significantly reduced our exposure to corporate bonds, using the proceeds from both the overseas equities and corporate bonds to increase our gilt exposure. By the end of the period we had increased the weighting from 15.6% to 28.5%.

All in all, the majority of the activity has gone towards improving the quality of our bond exposure and continuing to move up the market cap exposure for equities, which we believe in the long run should help protect investors from the worst of the market swings.

## OUTLOOK

Government and Central Banks around the globe have taken substantial measures that should enable gradual stabilisation and reduce downside risks for the real economy. These measures will take time to become effective, but they are now targeted towards the root causes of the banking crisis and, as a result, we feel we are now closer to the bottom, with valuations on both equities and bonds starting to look attractive. However, volatility will remain high and as such, we will remain cautiously positioned in the short term.

Source: Close Private Asset Management Ltd, November 2008.  
Performance data taken from Financial Express Analytics, total return, bid to bid, UK sterling. Past performance is not a guide to future returns.

# HURLINGHAM MANAGED GROWTH PORTFOLIO

## PORTFOLIO OF INVESTMENTS

As at 31st October 2008

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %	Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 60.52% (90.23%)</b>				<b>United Kingdom 24.90% (12.85%)</b>			
<b>Emerging Markets 0.98% (0.79%)</b>				£600,000	Treasury 4% 07/09/2016	590	9.66
25,000	JPMorgan Russian Securities	60	0.98	£600,000	Treasury 4.5% 07/03/2013	618	10.11
		<b>60</b>	<b>0.98</b>	£300,000	Treasury 5% 07/03/2012	313	5.13
						<b>1,521</b>	<b>24.90</b>
<b>Europe 3.86% (12.56%)</b>				<b>INVESTMENT TRUSTS 0.00% (1.70%)</b>			
70,000	Cazenove European X <sup>1</sup>	236	3.86	<b>Global 0.00% (1.01%)</b>			
		<b>236</b>	<b>3.86</b>	<b>Japan 0.00% (0.69%)</b>			
<b>Far East 2.15% (7.26%)</b>				<b>EXCHANGE TRADED FUNDS 7.16% (0.00%)</b>			
69,997	First State Asia Pacific 'B'	131	2.15	<b>United Kingdom 5.13% (0.00%)</b>			
		<b>131</b>	<b>2.15</b>	74,000	iShares FTSE 100	313	5.13
<b>Global 1.56% (3.98%)</b>						<b>313</b>	<b>5.13</b>
50,000	Neptune Global Equity 'B' <sup>1</sup>	95	1.56	<b>United States 2.03% (0.00%)</b>			
		<b>95</b>	<b>1.56</b>	2,100	iShares S&P 500	124	2.03
<b>Japan 1.52% (0.00%)</b>						<b>124</b>	<b>2.03</b>
157,761	Societe Generale Japan Core Alpha <sup>1</sup>	93	1.52	<b>STRUCTURED PLANS 2.62% (2.39%)</b>			
		<b>93</b>	<b>1.52</b>	<b>Europe 2.62% (2.39%)</b>			
<b>North America 15.63% (10.82%)</b>				200,000	Symphony Euro Defensive	160	2.62
390,000	Martin Currie North American 'B'	473	7.75			<b>160</b>	<b>2.62</b>
576,856	Threadneedle American Select	482	7.88	<b>Total Value of Investments</b>			
		<b>955</b>	<b>15.63</b>			<b>5,814</b>	<b>95.20</b>
<b>United Kingdom 28.55% (41.26%)</b>				<b>Net Other Assets</b>			
39,000	AXA Framlington UK Select Opportunities <sup>1</sup>	445	7.29			293	4.80
35,901	M&G UK Select 'A' <sup>1</sup>	438	7.17	<b>Total Net Assets</b>			
410,000	River & Mercantile UK Equity Unconstrained	265	4.34			<b>6,107</b>	<b>100.00</b>
539,154	Schroder UK Alpha Plus <sup>1</sup>	376	6.16				
400,000	Standard Life UK Equity Higher Income	219	3.59				
		<b>1,743</b>	<b>28.55</b>				
<b>Property 0.00% (1.10%)</b>							
<b>Fixed Interest 6.27% (12.46%)</b>							
214,899	Henderson Strategic Bond	216	3.54				
150,000	Standard Life Global Index Linked Bond	167	2.73				
		<b>383</b>	<b>6.27</b>				
<b>FIXED INTEREST 24.90% (3.34%)</b>							
<b>Europe 0.00% (3.34%)</b>							

<sup>1</sup> Accumulation Shares/Units.

Figures in brackets represent sector distribution at 31st October 2007.

# HURLINGHAM MANAGED GROWTH PORTFOLIO

## STATEMENT OF TOTAL RETURN

For the year to 31st October 2008

	Notes	31/10/08		31/10/07	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the year	2		(2,199)		491
Other (losses)/gains	3		(3)		1
Income	4	156		118	
Expenses	5	(148)		(131)	
Finance costs: Interest	7	(2)		(4)	
Net income/(expense) before taxation	6			(17)	
Taxation	6	(4)		(4)	
Net income/(expense) after taxation			2		(21)
Total return before distributions			(2,200)		471
Finance costs: Distributions	7		-		1
<b>Change in net assets attributable to shareholders</b>			<b>(2,200)</b>		<b>472</b>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the year to 31st October 2008

	31/10/08		31/10/07	
	£'000	£'000	£'000	£'000
<b>Net assets at the start of the year</b>		<b>8,510</b>		<b>4,269</b>
Movements due to sales and repurchases of shares:				
Amounts receivable on issue of shares	2,111		3,868	
Less: Amount payable on cancellation of shares	(2,312)		(99)	
		(201)		3,769
Stamp Duty Reserve Tax (SDRT)		(3)		-
Change in net assets attributable to shareholders (see above)		(2,200)		472
Unclaimed distributions		1		-
<b>Net assets at the end of the year</b>		<b>6,107</b>		<b>8,510</b>

## BALANCE SHEET

As at 31st October 2008

	Notes	31/10/08		31/10/07	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
<b>Portfolio of Investments</b>			<b>5,814</b>		<b>8,311</b>
Debtors	8		153		191
Cash and bank balances	9		176		200
<b>Total other assets</b>			<b>329</b>		<b>391</b>
<b>Total assets</b>			<b>6,143</b>		<b>8,702</b>
<b>LIABILITIES</b>					
Creditors	11		(29)		(83)
Bank overdrafts	10		(7)		(109)
<b>Total liabilities</b>			<b>(36)</b>		<b>(192)</b>
<b>Net assets attributable to shareholders</b>			<b>6,107</b>		<b>8,510</b>

The notes on pages 20 to 23 are an integral part of these financial statements.

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)

Mark Friend  
Managing Director, Operations (of the ACD)

11th February 2009

# HURLINGHAM MANAGED GROWTH PORTFOLIO

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

As at 31st October 2008

Purchases	Cost £'000	Note
iShares FTSE 100	879	
Treasury 4.5% 07/03/2013	751	
BlackRock UK Absolute Alpha	700	
Treasury 5% 07/03/2012	615	
Martin Currie North American 'B'	609	
iShares € Government Bond 3-5	596	
Treasury 4% 07/09/2016	582	
iShares FTSE 250	407	
Treasury 4.25% 07/03/2011	396	
River & Mercantile UK Equity Unconstrained	396	
Resolution Argonaut European Alpha <sup>1</sup>	322	
iShares FTSE UK All Stocks Gilt	201	
First State Asia Pacific 'B'	200	
Standard Life Global Index Linked Bond	184	
JPMorgan Russian Securities	171	
Henderson Strategic Bond	156	
iShares S&P 500	153	
Legal & General Growth	145	
Market Vectors - Gold Mines	133	
Threadneedle American Select	133	
Other	395	
<b>Total purchases during the year</b>	<b>8,124</b>	<b>16</b>
Sales	Proceeds £'000	
BlackRock UK Absolute Alpha	711	
Resolution Argonaut European Alpha <sup>1</sup>	680	
iShares € Government Bond 3-5	593	
Aegon Global Bond 'B'	561	
iShares FTSE 100	485	
Treasury 4.25% 07/03/2011	405	
Lazard Emerging Markets Growth 'I' <sup>1</sup>	397	
iShares FTSE 250	395	
M&G American X <sup>1</sup>	315	
Treasury 5% 07/03/2012	301	
Schroders European Alpha Plus 'A' <sup>1</sup>	300	
Standard Life UK Equity Higher Income	272	
Saltus European Debt Strategies	244	
Neptune Global Equity 'B' <sup>1</sup>	243	
Schroder UK Alpha Plus <sup>1</sup>	239	
River & Mercantile UK Equity Smaller Companies 'A'	237	
Henderson Strategic Bond	203	
iShares FTSE UK All Stocks Gilt	194	
Baillie Gifford Pacific 'B' <sup>1</sup>	193	
Henderson Diversified Income	148	
Other	1,327	
<b>Total sales during the year</b>	<b>8,443</b>	<b>16</b>

<sup>1</sup> Accumulation shares/units.

Please note: the purchases and sales shown represent all those with a value of 2% or more of the net asset value of the sub-fund at the start of the year and at minimum the top 20 purchases and sales during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for 'Financial Statements of Authorised Funds', issued by the IMA in December 2005, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

#### Income Recognition

Income from collective investment schemes, and quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend.

Accumulation of income relating to accumulation units or shares held in collective investment schemes is recognised as income and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in collective investment schemes is treated as capital and deducted from the cost of the investment.

The gains and losses arising on investments in structured plans are allocated between income and capital according to the nature of the structured plan. This is depending on the extent to which the return is capital based or income based.

Bank interest, interest on debt securities, underwriting commission and other income are recognised on an accruals basis.

In the case of debt securities income is recognised on an effective yield basis. The total income arising includes the amortisation of any premium or discount at the time of purchase spread over the life of the security.

#### Expenses

For accounting purposes, all expenses (other than SDRT and those relating to the purchase and sale of investments) are charged against income for the year on an accruals basis.

#### Distributions

Amounts distributable are calculated after excluding those expenses relating to the purchase and sale of investments which are borne by capital and expenses borne by capital as agreed by the ACD and Depositary.

The ACD and Depositary have agreed that 100% of the sub-fund's expenses are to be borne by income.

#### Valuations

All investments are valued at their fair value at noon on 31st October 2008, being the last business day of the financial year. The fair value of equity and non-equity shares is bid price, excluding any accrued interest.

The fair value of investments managed by the ACD is their single price and the fair value of investments which are managed by other management groups is their bid price for dual priced funds and their single price for single priced funds. Valuations should take into account any agreed rate of redemption charge.

Structured plans are valued at the latest price from the product provider.

#### Taxation

Corporation tax has been provided for at a rate of 20%. Dividend income and taxation are stated net of any associated tax credits. Deferred tax is fully provided for on all timing differences. Deferred tax assets are recognised only to the extent that the assets are considered to be recoverable.

#### Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on all subscriptions and redemptions of shares, which is paid into the sub-fund and included in the Statement of Change in Shareholders' Net Assets. The levy is intended to cover certain dealing charges not included in the mid market value of the sub-fund used in calculating the share price, which could have a diluting effect on the performance of the sub-fund.

#### Stamp Duty Reserve Tax (SDRT)

SDRT will be charged to the sub-fund. It is the ACD's view that this will not be material.

# HURLINGHAM MANAGED GROWTH PORTFOLIO

## 2. NET (LOSSES)/GAINS ON INVESTMENTS

The net (losses)/gains on investments during the year comprise:

	31/10/08 £'000	31/10/07 £'000
Non-derivative securities	(2,199)	491
<b>Net (losses)/gains on investments</b>	<b>(2,199)</b>	<b>491</b>

## 3. OTHER (LOSSES)/GAINS

Other (losses)/gains comprise:

	31/10/08 £'000	31/10/07 £'000
Other currency (losses)/gains	(3)	1
	<b>(3)</b>	<b>1</b>

## 4. INCOME

	31/10/08 £'000	31/10/07 £'000
Bank interest	6	1
Deposit interest	16	11
Franked UK dividends	-	4
Interest on debt securities	30	-
Overseas dividends	2	-
<b>Payments from authorised collective investment schemes:</b>		
- Franked distributions	32	37
- Unfranked distributions	60	55
Renewal commission	10	10
	<b>156</b>	<b>118</b>

## 5. EXPENSES

	31/10/08 £'000	31/10/07 £'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	113	98
	<b>113</b>	<b>98</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	9	9
Transaction charges	1	2
	<b>10</b>	<b>11</b>
<b>Other expenses:</b>		
Auditor remuneration	7	6
Registration fees	12	11
Legal fees	2	-
Printing fees	1	1
Price publication fees	3	4
	<b>25</b>	<b>22</b>
<b>Total expenses</b>	<b>148</b>	<b>131</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	31/10/08 £'000	31/10/07 £'000
<b>Current tax:</b>		
Irrecoverable income tax	4	4
<b>Total current tax (note 6 (b))</b>	<b>4</b>	<b>4</b>

(b) Factors affecting the tax charge for the year

The tax charged for the year is higher than the special 20% rate of corporation tax applicable to open-ended investment companies (OEICs). The differences are explained below:

	31/10/08 £'000	31/10/07 £'000
Net income/(expense) before taxation	6	(17)
	<b>6</b>	<b>(17)</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2007: 20%)	1	(3)
<b>Effects of:</b>		
Franked UK dividends and distributions not subject to taxation	(6)	(8)
Capital income - renewal commission	-	(2)
Irrecoverable income tax	4	4
Expenses not utilised in period	5	13
<b>Current tax charge (note 6 (a))</b>	<b>4</b>	<b>4</b>

Authorised OEICs are exempt from tax on capital gains made within the sub-funds.

Factors that may affect the future tax charge:

The sub-fund has not recognised a deferred tax asset of £23,926 (2007: £18,865) arising as a result of having unutilised management expenses.

## 7. FINANCE COSTS

The distributions take into account income received on the issue of shares and income deducted on the cancellation of shares, and comprise:

	31/10/08 £'000	31/10/07 £'000
Final distribution	-	-
Final accumulation	-	-
	<b>-</b>	<b>-</b>
Add: Income deducted on cancellation of shares	-	-
Deduct: Income received on issue of shares	-	(1)
<b>Net distributions for the year</b>	<b>-</b>	<b>(1)</b>
Interest	2	4
<b>Total finance costs</b>	<b>2</b>	<b>3</b>

# HURLINGHAM MANAGED GROWTH PORTFOLIO

The difference between the net income after taxation and the amounts distributed comprises:

Net income/(expense) after taxation	2	(21)
Expenses offset against capital	1	2
Income deficit taken to capital	7	18
Trail Commission taken to capital	(10)	-
<b>Finance costs: Distributions</b>	<b>-</b>	<b>(1)</b>

## 8. DEBTORS

	31/10/08 £'000	31/10/07 £'000
Accrued income	22	35
Amounts receivable for issue of shares	7	59
Recoverable income tax	6	7
Sales awaiting settlement	118	90
	<b>153</b>	<b>191</b>

## 9. CASH AND BANK BALANCES

	31/10/08 £'000	31/10/07 £'000
Sterling	176	200
<b>Cash and bank balances</b>	<b>176</b>	<b>200</b>

## 10. BANK OVERDRAFTS

	31/10/08 £'000	31/10/07 £'000
Sterling	7	109
<b>Bank overdrafts</b>	<b>7</b>	<b>109</b>

## 11. CREDITORS

	31/10/08 £'000	31/10/07 £'000
Accrued expenses	26	10
Amounts payable for cancellation of shares	3	9
Purchases awaiting settlement	-	64
	<b>29</b>	<b>83</b>

## 12. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director ("ACD")

The ACD of the sub-fund is Premier Portfolio Managers Limited. The ACD is responsible for managing and administering the sub-fund's affairs in compliance with the FSA Regulations. In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the sub-fund, calculated on a mid-market basis.

The annual management charge ("AMC") accrues daily and is payable monthly. The current AMC for the sub-fund is set out in note 15 on page 23. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 5 on page 21. The balance outstanding at the year end was £nil (2007: £nil).

## Investment Adviser

The ACD has appointed Premier Fund Manager's Limited to provide investment management and advisory services to the ACD.

The Investment Adviser has appointed Close Private Asset Management Limited as sub-Investment Adviser to the sub-fund.

## Depository

The sub-fund's Depository is The Royal Bank of Scotland plc. The Depository is responsible for the safekeeping of all of the scheme property of the sub-fund and has a duty to take reasonable care to ensure that the sub-fund is managed in accordance with the provisions of the FSA Regulations relating to the pricing of and dealing in shares and relating to the income of the sub-fund. Subject to FSA Regulations, the Depository has full power under the Depository agreement to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as Depository. It has delegated custody services to The Northern Trust Company. The Depository received for its own account a periodic fee which accrues daily and is payable monthly. The fee is payable out of the property attributable to the sub-fund. The rate of the periodic fee is as agreed between the ACD and the Depository from time to time and subject to a current maximum of 0.077% of the value of the relevant sub-fund per annum which may be varied from time to time with the agreement of the ACD and the Depository.

The total remuneration payable to the Depository out of the property attributable to each sub-fund for its services also includes transaction charges and custody charges.

Amounts paid to The Royal Bank of Scotland plc in respect of the Depository's services are disclosed in note 5 on page 21. There was nothing due to the Depository at the year end (2007: £nil).

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments at the balance sheet date (2007: £nil).

## 14. DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

In pursuing the sub-fund's investment objective, as set out in the investment objective and policy on page 16, the main risks arising from the sub-fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

### Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The Investment Adviser and sub-Investment Adviser consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the sub-fund's investment objective.

### Currency Risk

There was no direct foreign currency exposure within the sub-fund at the balance sheet date. However, there was significant foreign currency exposure within the sub-fund's holdings of collective investment schemes since their assets are denominated in currencies other than sterling, with the effect that their balance sheet and total returns can be affected by exchange rate fluctuations.

### Interest Rate Risk

The sub-fund does not have any material direct interest rate risk as the majority of financial assets are in collective investment schemes, which do not pay interest. However, some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk.

At the year end 31.17% of the Portfolio of Investments was held in fixed interest holdings.

# HURLINGHAM MANAGED GROWTH PORTFOLIO

The direct interest rate risk profile of the sub-fund's financial assets and liabilities at the balance sheet date was:

Currency	Total exposure £'000	Fixed rate financial assets £'000	Floating rate financial assets/ (liabilities) <sup>1</sup> £'000	Equities and other non-interest bearing financial assets £'000	Weighted average fixed interest rate <sup>2</sup> %	Weighted average period for which rate is fixed (years)
Sterling	6,107	1,521	169	4,417	3.92	5.51
	<b>6,107</b>	<b>1,521</b>	<b>169</b>	<b>4,417</b>	-	-

<sup>1</sup> Floating rate financial assets include bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent (2007: same).

<sup>2</sup> The 'weighted average interest rate' is based on the effective yield of each asset, weighted by their market value.

## Liquidity Risk

The sub-fund's assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the sub-fund is the redemption of any shares that investors wish to sell. All the financial liabilities of the sub-fund fall within one year.

## Counterparty Risk

The sub-fund will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. The sub-fund minimises concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges. The sub-fund only buys and sells investments through brokers which have been approved by the Investment Adviser and sub-Investment Adviser as an acceptable counterparty and from recognised product providers.

## Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the Balance Sheet on page 19.

## Derivatives

The sub-fund does not hold any derivatives that could materially impact the value of the sub-fund.

## 15. SHARE CLASSES

The sub-fund currently has two classes of share, Income and Accumulation. The AMC on each share class is as follows:

Income: 1.50%

Accumulation: 1.50%

The net asset value, the net asset value per share and the number of shares in issue are given in the comparative tables on page 16.

## 16. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	31/10/08 £'000	31/10/07 £'000
Purchases in year before transaction costs	8,123	7,611
Commissions	1	1
Taxes	-	1
<b>Total purchase costs</b>	<b>1</b>	<b>2</b>

**Gross purchases total**

**8,124      7,613**

Analysis of total sale costs:

Gross sales before transaction costs	8,444	3,866
Commissions	(1)	-
<b>Total sale costs</b>	<b>(1)</b>	<b>-</b>

**Total sales net of transaction costs**

**8,443      3,866**

## Administration Queries

Premier Portfolio Managers Limited  
PO BOX 55736,  
50 Bank Street, Canary Wharf,  
London E14 1BT  
Tel: 0845 605 63 63

## Further Information

Premier Portfolio Managers Limited  
Eastgate Court, High Street,  
Guildford, Surrey GU1 3DE  
Tel: 01483 306 090  
Fax: 01483 300 845  
email: [enquiries@premierfunds.co.uk](mailto:enquiries@premierfunds.co.uk)  
Web: [www.premierassetmanagement.co.uk](http://www.premierassetmanagement.co.uk)

## This document is issued by:

Premier Portfolio Managers Limited  
Eastgate Court, High Street, Guildford, Surrey GU1 3DE

Premier Portfolio Managers Limited and Premier Fund Managers Limited are both members of the Premier Asset Management Marketing Group and are authorised and regulated by the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS. Premier Portfolio Managers Limited is an ISA manager and markets a number of funds. Premier Fund Managers Limited manages these and other funds and provides discretionary portfolio management services. Premier Portfolio Managers Limited is also a member of the Investment Management Association.

You should remember that past performance is not a guide to the future. 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. Exchange rates will also cause the value of underlying investments to fall or rise. Tax concessions are not guaranteed and may be changed at any time; their value will depend on your individual circumstances. For your protection when dealing, your call may be recorded and monitored. 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. Large print documents are available on request from the above Guildford address.