

# The Hurlingham Managed Income Portfolio,

## a sub-fund of The Hurlingham Fund

### Annual Short Report for the year ending 31st October 2008

The information in this report is designed to enable investors to make an informed judgement on the activities of the Fund during the year. Copies of the Long-Form Annual Report & Accounts are available free of charge by calling Premier on 01483 306 090, or can be downloaded from the Fund's website, [www.thehurlinghamfund.co.uk](http://www.thehurlinghamfund.co.uk).

#### 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 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.

#### Fund Facts

<b>Launch date:</b>	5th January 2006
<b>Ex-dividend dates:</b>	31st October, 30th April
<b>Income dates:</b>	28th February, 30th June

#### Total Expense Ratio (TER)

31/10/2008

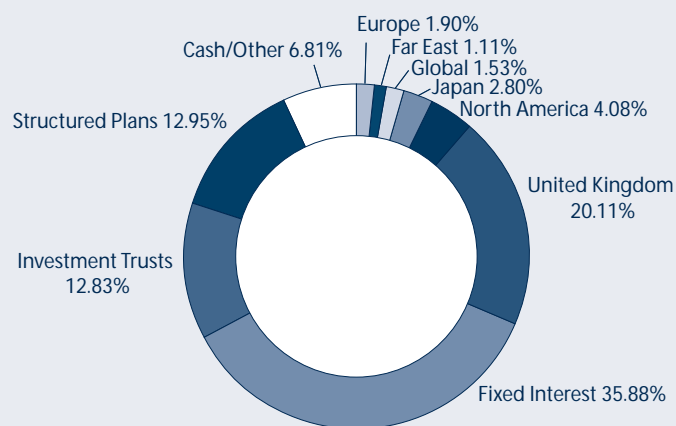
2.98%

The TER shows the annual operating expenses of the Fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses to different schemes. The TER for income and accumulation shares is the same.

#### Dividend Distribution

XD date	Paid/Payable	Share Class	Distribution per Share (p)
30/04/2008	30/06/2008	Income	1.8659
		Accumulation	2.0284
31/10/2008	28/02/2009	Income	1.8019
		Accumulation	1.8893

#### Asset Allocation as at 31/10/2008



#### Top Ten Holdings as at 31/10/2008

Aegon Sterling Corporate Bond	5.69%
Baillie Gifford Corporate Bond	5.65%
Resolution Corporate Bond	5.28%
Royal London Income	5.16%
Henderson Preference Bond	5.07%
PSigma	4.29%
Gartmore US Opportunities - Retail	4.08%
Merrill Lynch FT100 Def Autocall M029 - Warrant	3.88%
Babcock & Brown Public Partnership	3.75%
Marlborough UK Large Cap Growth 'I'	3.59%

#### Risk Profile

The Fund deducts all charges, including the annual management charge from capital rather than income. This may result in the income being higher than would otherwise have been the case and the growth in the capital may be constrained.

#### Performance Record

Year	Share Class	Highest price (p)	Lowest Price (p)
2006	Income <sup>1</sup>	102.74	96.29
	Accumulation <sup>2</sup>	102.74	96.29
2007	Income	105.17	94.63
	Accumulation	106.36	98.01
2008 <sup>3</sup>	Income	97.27	65.66
	Accumulation	100.74	69.02

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

<sup>2</sup> 8th December 2006 to 31st December 2006.

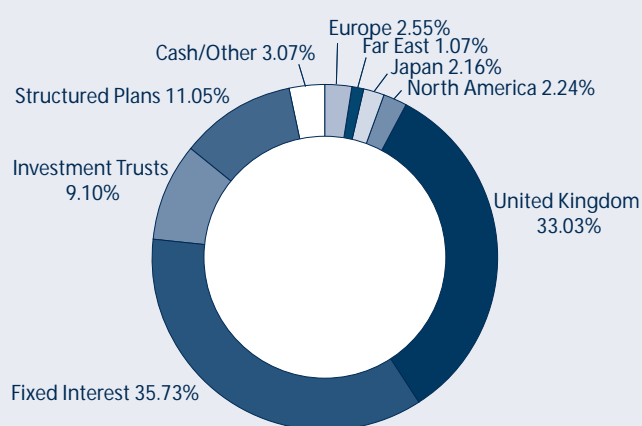
<sup>3</sup> To 31st October 2008.

Past performance is not a guide to future returns. The price of units and shares and the return from them may go down as well as up and you may get back less than you invested.

#### Net Asset Values

As at	Share Class	Net Asset Value per Share (p)
31/10/2007	Income	99.54
	Accumulation	102.65
31/10/2008	Income	67.01
	Accumulation	72.62

#### Asset Allocation as at 31/10/2007



#### Top Ten Holdings as at 31/10/2007

Resolution Corporate Bond	5.27%
Jupiter Income	5.10%
Aegon Sterling Corporate Bond	4.97%
Marlborough UK Large Cap Growth 'I'	4.88%
Rensburg UK Equity Income	4.88%
Rathbone Income	4.79%
Royal London Income	4.79%
Standard Life Higher Income	4.73%
Baillie Gifford Corporate Bond	4.64%
AXA Framlington Monthly Income	4.62%

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## 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%.

### 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.

The full Investment Review is available in the Long-form Annual Report & Accounts, which is available on request, or from the Fund's website, [www.thehurlinghamfund.co.uk](http://www.thehurlinghamfund.co.uk).

## Important 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.

## Other Information

<i>Authorised Corporate Director (ACD) &amp; Registered Office:</i>	<b>Premier Portfolio Managers Limited,</b> Eastgate Court, High Street, Guildford, Surrey, GU1 3DE
<i>Auditors:</i>	<b>Grant Thornton UK LLP,</b> 30 Finsbury Square, London, EC2P 2YU
<i>Depository:</i>	<b>The Royal Bank of Scotland plc,</b> Trustee and Depository Services, The Broadstone, 50 South Gyle Crescent, Edinburgh, EH12 9UZ
<i>Administrators &amp; Registrar:</i>	<b>Northern Trust International Fund Administration Services (UK) Limited &amp; Northern Trust Global Services Limited,</b> PO Box 55736, 50 Bank Street, Canary Wharf, London, E14 1BT

Issued by:

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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 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. 1102095492

