

# The Nevis Fund

Interim Report & Financial Statements (unaudited)  
For the period from 1st March 2009 to 31st August 2009



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## MANAGEMENT AND ADMINISTRATION

The Authorised Corporate Director ("ACD") and registered office of The Nevis 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 Limited is the Investment Adviser to The Nevis Fund.

Premier Fund Managers Limited has appointed North Investment Partners Limited as sub-Investment Adviser to the Nevis Conservative Portfolio and the Nevis 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

**ADMINISTRATOR & REGISTRAR:** Northern Trust Global Services Limited\*  
PO Box 55736, 50 Bank Street  
Canary Wharf,  
London, E14 1BT

### COMPANY INFORMATION

The Nevis 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 IC000581 and authorised by the FSA with effect from 26th February 2008. Shareholders are not liable for the debts of the company. At the period end the Company contained two sub-funds, the Nevis Conservative Portfolio and the Nevis Growth Portfolio.

The Company is a non-UCITS 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.

### NOTABLE CHANGE

On the 27th April 2009, the Funds initial charge was reduced from 5.57% to 3.10%.

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

The ACD, as sole director, presents its report and the unaudited financial statements of the Company for the period from 1st March 2009 to 31st August 2009.

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 this page.

In the future there may be other sub-funds of the 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 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  
Finance Director (of the ACD)  
30th October 2009

Mark Friend  
Managing Director, Operations (of the ACD)

# THE NEVIS FUND AGGREGATED FINANCIAL STATEMENTS

## STATEMENT OF TOTAL RETURN

For the period ended 31st August 2009

	31/08/09		31/08/08 <sup>1</sup>	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		4,569		(661)
Revenue	378		251	
Expenses	(276)		(174)	
Finance costs: Interest	-		-	
Net revenue before taxation	102		77	
Taxation	(12)		(11)	
Net revenue after taxation		<u>90</u>		<u>66</u>
Total return before distributions		4,659		(595)
Finance costs: Distributions		(203)		(132)
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>4,456</u></u>		<u><u>(727)</u></u>

<sup>1</sup>Restated (see note to the financial statements on page 4).

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2009

	31/08/09		31/08/08	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		25,719		-
Amounts receivable on issue of shares	7,548		29,610	
Amounts payable on cancellation of shares	(2,535)		(1,184)	
		5,013		28,426
Dilution levy		2		-
Stamp duty reserve tax		(4)		(1)
Change in net assets attributable to shareholders from investment activities		4,456		(727)
Retained distributions on accumulation shares		171		129
<b>Closing net assets attributable to shareholders</b>		<u><u>35,357</u></u>		<u><u>27,827</u></u>

## BALANCE SHEET

As at 31st August 2009

	31/08/09	28/02/09
	£'000	£'000
<b>ASSETS</b>		
Investment assets	<u>34,504</u>	<u>25,355</u>
Debtors	268	1,671
Cash and bank balances	<u>631</u>	<u>1,220</u>
<b>Total other assets</b>	<u>899</u>	<u>2,891</u>
<b>Total assets</b>	<u><u>35,403</u></u>	<u><u>28,246</u></u>
<b>LIABILITIES</b>		
Creditors	(43)	(2,511)
Bank overdrafts	(2)	-
Distributions payable on income shares	<u>(1)</u>	<u>(16)</u>
<b>Total liabilities</b>	<u>(46)</u>	<u>(2,527)</u>
<b>Net assets attributable to shareholders</b>	<u><u>35,357</u></u>	<u><u>25,719</u></u>

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)



Mark Friend  
Managing Director, Operations (of the ACD)

30th October 2009

# THE NEVIS FUND AGGREGATED FINANCIAL STATEMENTS

## NOTE TO THE FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 28th February 2009. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA), in November 2008 (the IMA SORP 2008).

During the period, the Company has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses and transaction charges are now classified as capital gains/(losses). The effect of this is to reduce 'Other gains/(losses)' by £nil (2008: £nil) and 'Expenses' by £305 (2008: £1,342), with a corresponding change in 'Net capital gains/(losses)'.

# NEVIS CONSERVATIVE PORTFOLIO

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
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#### Income Shares

2008 <sup>1</sup>	103.52	81.92
2009 <sup>2</sup>	91.98	78.85

#### Accumulation Shares

2008 <sup>1</sup>	103.53	82.87
2009 <sup>2</sup>	95.98	81.05

### Income/Accumulation Record

Calendar Year	Net Income per Share (p)
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#### Income Shares

2008 <sup>1</sup>	1.1078
2009 <sup>2</sup>	2.4324

#### Accumulation Shares

2008 <sup>1</sup>	1.1092
2009 <sup>2</sup>	2.4544

### Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) <sup>3</sup>
-------	-----------------	--------------------------------

#### Income Shares

28/02/2009	6,144,490	81.15
31/08/2009	4,931,353	91.63

#### Accumulation Shares

28/02/2009	8,850,658	83.40
31/08/2009	14,406,662	95.65

Total NAV	NAV of Sub-Fund (£)
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28/02/2009	12,367,519
31/08/2009	18,298,127

<sup>1</sup> From 26th February 2008 to 31st December 2008.

<sup>2</sup> To 31st August 2009.

<sup>3</sup> The net asset value per share is calculated on a bid to bid basis and excludes any distribution payable.

## TOTAL EXPENSE RATIO (TER)

28/02/09

2.31%

The TER shows the annual operating expenses of the sub-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 of different schemes. The TER for income and accumulation shares is the same.

## PORTFOLIO TURNOVER RATE (PTR)

28/02/09

173.40%

The PTR is a ratio that reflects the volume of trading within the sub-fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the sub-fund's shares and is expressed as a percentage of the sub-fund's average net asset value.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Nevis Conservative Portfolio is to provide a yield in excess of that offered by the FTSE All Share Index whilst, at the same time, offering the potential for capital growth over the medium to long term.

The investment policy of the Fund is to invest in units and/or shares in collective investment schemes including (but not limited to) units and/or shares of collective investment schemes which themselves may invest in immovable property and unregulated collective investment schemes such as hedge funds. The Fund may also invest in equities, fixed interest securities, money market instruments, deposits and warrants. It is the intention to be near fully invested at all times, however the Fund has the facility to take tactical positions in cash or near cash.

Subject to the above, the Fund may invest in any asset class and adopt any investment technique or strategy permitted under FSA rules and as detailed in the full prospectus. The Fund may invest in derivatives and forward transactions for investment purposes as well as for the purposes of efficient portfolio management (including hedging).

## INVESTMENT REVIEW

### PERFORMANCE

The world's financial markets have staged a remarkable and dramatic rebound over the last six months with investor confidence improving significantly from the extreme lows in March. The global financial system which faced near collapse in late 2008 has been rescued by the concerted efforts of governments and central banks worldwide. With interest rates down to historic lows and unprecedented fiscal stimulus, liquidity has flooded the markets. In this environment, investors' appetite for risk assets has returned once more. Against this backdrop, the Nevis Conservative Portfolio rose by 14.65% for the period under review which compares to 17.84% from the Fund's composite benchmark.

### MARKET REVIEW

The much needed signs of stability in the world's financial markets failed to appear at the beginning of the year as the recession became much deeper than initially expected. The credit crisis deteriorated further as Western banks sank deeper into trouble with governments and central banks working overtime to provide bail outs and rescue packages. Prudent monetary policy was abandoned as interest rates were slashed close to zero. In addition, governments announced unprecedented fiscal measures in an attempt to support and reflate their failing economies. Understandably investors treated these actions with suspicion and fear, a sign of desperation on behalf of the authorities, and we witnessed the classic capitulation in markets in March.

With equities now priced at bargain prices, value investors began to appear again. The announcement of Quantitative Easing in the US and UK, where authorities inject further liquidity into the markets by buying government and corporate bonds, also helped to ease investor fears. It was then that equity markets staged a strong rally together with credit and commodity markets on hopes of a recovery.

The rally in equities gathered pace in the second quarter as expectations of an economic recovery continued to grow. We saw a fall in volatility, improvement in interbank lending, credit spreads tightening and rising commodity prices. The "we're not bust rally" saw heavily indebted cyclical stocks surge, the so called injured and walking wounded of the market. The return of investors' appetite for risk saw emerging markets outperform developed markets, corporate bonds beat sovereign debt and smaller companies rise more than blue chips.

## NEVIS CONSERVATIVE PORTFOLIO

Banks in the UK and US underwent a stress test to determine their ability to withstand further damage from a global slowdown. Even though the results in the UK were not disclosed and the rigor of the US examination questionable, the effect on sentiment was positive. With the threat of nationalisation abating, the banking sector led the rebound in markets. These results also helped confidence in the money markets and Libor returned to levels seen before the Lehman Brothers collapse last September. Against this background, corporate bonds made good headway. On the other hand, government bonds were weak with concerns over ever increasing supply and a change of investor attitude to risk assets.

After the sharp rebound in risk assets in early March, the rally stalled in June. The market consolidated as investors grew increasingly concerned about the lack of hard evidence of economic recovery as opposed to less bad news. In recent weeks an improvement in economic data and more upbeat earnings revisions have boosted investors' confidence in the global economic recovery. Developed economies such as Germany, Japan and Australia have already come out of recession, the US and UK should return to growth fairly soon.

### PORTFOLIO ACTIVITY

After a broad market rally, we believe dispersion in sectors and individual stocks will reappear. A market which is willing to reward winners will suit the active fund managers. As such we have begun to sell down our holdings in index tracking Exchange Traded Funds in favour of active stock pickers. We sold iShares FTSE 100 Index to buy Schroder Income Maximiser, a fund which can also provide downside protection in falling markets. Over the period the cash weighting has been significantly reduced as our confidence in the recovery grow. We remain negative on UK Gilts as further supply is required to a growing deficit. Our fixed interest holdings reflect this view in holding corporate bond and strategic bond funds. Strategic bond funds such as M&G Optimal Income allow an experienced fund manager to tactically asset allocate across all bond sectors. Finally, we have added some new names to absolute return holdings, Artemis Strategic Assets and Absolute Insight UK Equity Neutral Fund.

The top ten purchases and all sales during the period were as follows:

Purchases	Costs	Sales	Proceeds
	£'000		£'000
Schroder Income Maximiser 'A'	1,516	iShares FTSE 100	1,386
Insight Sterling Liquidity 5	1,068	Insight Sterling Liquidity 5	700
Goldman Sachs Sterling		Goldman Sachs Sterling	
Liquid Reserves	839	Liquid Reserves	500
Invesco Income Fund	510	Credit Alpha FRN	102
Invesco Corporate Bond			
Income	417		
M&G Optimal Income Sterling	362		
Absolute Insight UK Equity			
Market Neutral 'B'	330		
Artemis Strategic Asset	330		
Gartmore UK Absolute Return I	330		
Harewood Structured BNP			
Paribas Comac 'A'	314		
Total purchases in the period were	£6,432,801	Total sales in the period were	£2,687,982

### OUTLOOK

There are signs of the emergence of more stable economic data and the markets are no longer anticipating a depression or a slump but rather a severe recession. Whilst many investors have decided that the fiscal and monetary stimulus will eventually succeed in leading to a recovery, the question now is how sustainable is this recovery when the economic fundamentals remain poor? Unemployment continues to rise against a background of high levels of indebtedness amongst the government, businesses and households. The fact that corporate earnings continue to surprise is more a reflection of the behavior of analysts who have swung from too optimistic to overly pessimistic in less than a year. For now, corporate earnings are being driven more by cost cutting than sales or revenue growth. However, we believe that we have seen the worst in terms of this economic slowdown and that next year will see the beginnings of a recovery. Interest rates will stay low for now and short term the risk is deflation rather than inflation. In this environment we continue to favour equities and corporate bonds.

Source: Premier Fund Managers Limited, August 2009.

Performance data taken from Financial Express Analytics, total return, bid to bid, UK sterling. Past performance is not a guide to future returns.

# NEVIS CONSERVATIVE PORTFOLIO

## PORTFOLIO OF INVESTMENTS

As at 31st August 2009

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 93.05% (84.48%)</b>			
<b>United Kingdom 73.12% (60.69%)</b>			
303,392	Absolute Insight UK Equity Market Neutral 'B'	330	1.80
187,187	Allianz RCM BRIC Stars Fund 'C'	259	1.42
930,121	Artemis Income	1,343	7.34
680,693	Artemis Strategic Asset	345	1.89
77,691	AXA Framlington UK Select Opportunities	679	3.71
278,552	F&C Progressive Growth	340	1.86
313,241	Gartmore UK Absolute Return	336	1.84
2,610,079	Invesco Corporate Bond Income	2,636	14.41
2,429,201	Invesco Income Fund	1,852	10.12
226,075	M&G Optimal Income	2,726	14.90
481,914	Neptune Income 'B'	630	3.44
4,414,214	Schroders Income Maximiser 'A'	1,902	10.39
		<b>13,378</b>	<b>73.12</b>
<b>Money Market 19.93% (23.79%)</b>			
1,923,813	Goldman Sachs Sterling Liquid Reserves	1,924	10.51
1,723,000	Insight Sterling Liquidity 5	1,723	9.42
		<b>3,647</b>	<b>19.93</b>
<b>EXCHANGE TRADED FUNDS 0.43% (9.63%)</b>			
<b>United Kingdom 0.00% (9.02%)</b>			
<b>United States 0.43% (0.61%)</b>			
600	Lyxor Gold Bullion	34	0.18
1,400	ETFS Oil Securities	45	0.25
		<b>79</b>	<b>0.43</b>
<b>INVESTMENT TRUSTS 1.94% (3.51%)</b>			
<b>Global 0.10% (0.09%)</b>			
4,000	BlackRock World Mining	18	0.10
		<b>18</b>	<b>0.10</b>
<b>Property 0.19% (0.27%)</b>			
50,000	MedicX	35	0.19
		<b>35</b>	<b>0.19</b>
<b>United Kingdom 1.65% (3.15%)</b>			
408,024	FRM Credit Alpha	302	1.65
		<b>302</b>	<b>1.65</b>

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>STRUCTURED PLANS 2.95% (0.90%)</b>			
<b>United Kingdom 2.95% (0.90%)</b>			
15,700,000	Goldman Sachs Structured Product Certs 29/05/12	63	0.34
359,500	Harewood Structured Enhanced Property Recovery 'A'	225	1.23
31,000	Harewood Structured BNP Paribas Comac 'A'	252	1.38
		<b>540</b>	<b>2.95</b>
<b>Total Value of Investments</b>		<b>17,999</b>	<b>98.37</b>
<b>Net Other Assets</b>		299	1.63
<b>Total Net Assets</b>		<b>18,298</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28th February 2009.

# NEVIS CONSERVATIVE PORTFOLIO

## STATEMENT OF TOTAL RETURN

For the period ended 31st August 2009

	31/08/09		31/08/08 <sup>1</sup>	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		2,110		(166)
Revenue	220		122	
Expenses	(140)		(82)	
Finance costs: Interest	-		-	
Net revenue before taxation	80		40	
Taxation	(7)		(5)	
Net revenue after taxation		<u>73</u>		<u>35</u>
Total return before distributions		2,183		(131)
Finance costs: Distributions		(186)		(101)
Change in net assets attributable to shareholders from investment activities		<u>1,997</u>		<u>(232)</u>

<sup>1</sup>Restated (see note to the financial statements on pages 9).

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2009

	31/08/09		31/08/08	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		12,368		-
Amounts receivable on issue of shares	5,866		13,116	
Amounts payable on cancellation of shares	(2,082)		(640)	
		3,784		12,476
Stamp duty reserve tax		(3)		(1)
Change in net assets attributable to shareholders from investment activities		1,997		(232)
Retained distributions on accumulation shares		152		66
Closing net assets attributable to shareholders		<u>18,298</u>		<u>12,309</u>

## BALANCE SHEET

As at 31st August 2009

	31/08/09	28/02/09
	£'000	£'000
<b>ASSETS</b>		
Investment assets	<u>17,999</u>	<u>12,185</u>
Debtors	160	942
Cash and bank balances	<u>166</u>	<u>417</u>
Total other assets	<u>326</u>	<u>1,359</u>
Total assets	<u>18,325</u>	<u>13,544</u>
<b>LIABILITIES</b>		
Creditors	(24)	(1,160)
Bank overdrafts	(2)	-
Distributions payable on income shares	<u>(1)</u>	<u>(16)</u>
Total liabilities	<u>(27)</u>	<u>(1,176)</u>
Net assets attributable to shareholders	<u>18,298</u>	<u>12,368</u>

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)



Mark Friend  
Managing Director, Operations (of the ACD)

30th October 2009

# NEVIS CONSERVATIVE PORTFOLIO

## NOTE TO THE FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 28th February 2009. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA), in November 2008 (the IMA SORP 2008).

During the period, the sub-fund has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses and transaction charges are now classified as capital gains/(losses). The effect of this is to reduce 'Other gains/(losses)' by £nil (2008: £nil) and 'Expenses' by £108 (2008: £538), with a corresponding change in 'Net capital gains/(losses)'.

### DISTRIBUTION TABLES

For the period from 1st March 2009 to 31st May 2009

#### First Interim dividend distribution in pence per share

##### Income Shares

	Net Income	Equalisation	Distribution Paid	
			31/08/09	28/08/08
Group 1	1.1298	-	1.1298	0.6007
Group 2	0.5443	0.5855	1.1298	0.6007

##### Accumulation Shares

	Net Income	Equalisation	Accumulation Paid	
			31/08/09	28/08/08
Group 1	1.1325	-	1.1325	0.6007
Group 2	0.5470	0.5855	1.1325	0.6007

For the period from 1st June 2009 to 31st August 2009

#### Interim dividend distribution in pence per share

##### Income Shares

	Net Income	Equalisation	Distribution Payable/Paid	
			30/11/09	27/11/08
Group 1	0.0235	-	0.0235	0.5071
Group 2	-	0.0235	0.0235	0.5071

##### Accumulation Shares

	Net Income	Equalisation	Accumulation Payable/Paid	
			30/11/09	27/11/08
Group 1	0.0249	-	0.0249	0.5085
Group 2	-	0.0249	0.0249	0.5085

# NEVIS GROWTH PORTFOLIO

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
---------------	----------	---------

### Accumulation Shares

2008 <sup>1</sup>	104.50	78.75
2009 <sup>2</sup>	93.17	75.53

### Accumulation Record

Calendar Year	Net Income per Share (p)
---------------	--------------------------

### Accumulation Shares

2008 <sup>1</sup>	0.4032
2009 <sup>2</sup>	0.4785

### Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) <sup>3</sup>
-------	-----------------	--------------------------------

### Accumulation Shares

28/02/2009	16,966,835	78.69
31/08/2009	18,376,861	92.83

### NAV of Sub-Fund (£)

<b>Total NAV</b>		
28/02/2009		13,351,425
31/08/2009		17,058,652

<sup>1</sup> From 26th February 2008 to 31st December 2008.

<sup>2</sup> To 31st August 2009.

<sup>3</sup> The net asset value per share is calculated on a bid to bid basis and excludes any distribution payable.

## TOTAL EXPENSE RATIO (TER)

28/02/09  
2.15%

The TER shows the annual operating expenses of the sub-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 of different schemes.

## PORTFOLIO TURNOVER RATE (PTR)

28/02/09  
176.10%

The PTR is a ratio that reflects the volume of trading within the sub-fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the sub-fund's shares and is expressed as a percentage of the sub-fund's average net asset value.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Nevis Growth Portfolio is to provide capital growth over the medium to long term.

The investment policy of the Fund is to invest in units and/or shares in collective investment schemes including (but not limited to) units and/or shares of collective investment schemes which themselves may invest in immovable property and unregulated collective investment schemes such as hedge funds.

The Fund may also invest in equities, fixed interest securities, money market instruments, deposits and warrants. It is the intention to be near fully invested at all times, however the Fund has the facility to take tactical positions in cash or near cash.

Subject to the above, the Fund may invest in any asset class and adopt any investment technique or strategy permitted under FSA rules and as detailed in the full prospectus. The Fund may invest in derivatives and forward transactions for investment purposes as well as for the purposes of efficient portfolio management (including hedging).

## INVESTMENT REVIEW

### PERFORMANCE

The world's financial markets have staged a remarkable and dramatic rebound over the last six months with investor confidence improving significantly from the extreme lows in March. The global financial system which faced near collapse in late 2008 has been rescued by the concerted efforts of governments and central banks worldwide. With interest rates down to historic lows and unprecedented fiscal stimulus, liquidity has flooded the markets. In this environment, investors' appetite for risk assets has returned once more. Against this backdrop, the Nevis Growth Portfolio rose by 17.96% for the period under review which compares to 23.80% from the Fund's composite benchmark.

### MARKET REVIEW

The much needed signs of stability in the world's financial markets failed to appear at the beginning of the year as the recession became much deeper than initially expected. The credit crisis deteriorated further as Western banks sank deeper into trouble with governments and central banks working overtime to provide bail outs and rescue packages. Prudent monetary policy was abandoned as interest rates were slashed close to zero. In addition, governments announced unprecedented fiscal measures in an attempt to support and reflate their failing economies. Understandably investors treated these actions with suspicion and fear, a sign of desperation on behalf of the authorities, and we witnessed the classic capitulation in markets in March.

With equities now priced at bargain prices, value investors began to appear again. The announcement of Quantitative Easing in the US and UK, where authorities inject further liquidity into the markets by buying government and corporate bonds, also helped to ease investor fears. It was then that equity markets staged a strong rally together with credit and commodity markets on hopes of a recovery.

The rally in equities gathered pace in the second quarter as expectations of an economic recovery continued to grow. We saw a fall in volatility, improvement in interbank lending, credit spreads tightening and rising commodity prices. The "we're not bust rally" saw heavily indebted cyclical stocks surge, the so called injured and walking wounded of the market. The return of investors' appetite for risk saw emerging markets outperform developed markets, corporate bonds beat sovereign debt and smaller companies rise more than blue chips.

Banks in the UK and US underwent a stress test to determine their ability to withstand further damage from a global slowdown. Even though the results in the UK were not disclosed and the rigor of the US examination questionable, the effect on sentiment was positive. With the threat of nationalisation abating, the banking sector led the rebound in markets. These results also helped confidence in the money markets and Libor returned to levels seen before the Lehman Brothers collapse last September. Against this background, corporate bonds made good headway. On the other hand, government bonds were weak with concerns over ever increasing supply and a change of investor attitude to risk assets.

## NEVIS GROWTH PORTFOLIO

After the sharp rebound in risk assets in early March, the rally stalled in June. The market consolidated as investors grew increasingly concerned about the lack of hard evidence of economic recovery as opposed to less bad news. In recent weeks an improvement in economic data and more upbeat earnings revisions have boosted investors' confidence in the global economic recovery. Developed economies such as Germany, Japan and Australia have already come out of recession, the US and UK should return to growth fairly soon.

### PORTFOLIO ACTIVITY

After a broad market rally, we believe dispersion in sectors and individual stocks will reappear. A market which is willing to reward winners will suit the active fund managers. As such we have begun to sell down our holdings in index tracking Exchange Traded Funds in favour of active stock pickers. We sold iShares FTSE 100 Index to buy Schroder Income Maximiser, a fund which can also provide downside protection in falling markets. Over the period the cash weighting has been significantly reduced as our confidence in the recovery grows. We remain negative on UK Gilts as further supply is required to a growing deficit. Our fixed interest holdings reflect this view in holding corporate bond and strategic bond funds. Strategic bond funds such as M&G Optimal Income allow an experienced fund manager to tactically asset allocate across all bond sectors. Finally, we have added some new names to absolute return holdings, Artemis Strategic Assets and Absolute Insight UK Equity Neutral Fund.

The top ten purchases and all sales during the period were as follows:

Purchases	Costs	Sales	Proceeds
	£'000		£'000
Schroder Income Maximiser 'A'	1,097	iShares FTSE 100	1,381
Insight Sterling Liquidity 5	900	Martin Currie Japan	855
First State Asia Pacific Fund 'B'	650	Goldman Sachs Sterling	
Goldman Sachs Sterling		Liquid Reserves	850
Liquid Reserves	488	Insight Sterling Liquidity 5	650
Absolute Insight UK Equity		JPMorgan Europe	
Market Neutral 'B'	300	Dynamic (ex UK)	354
Gartmore UK Absolute Return	300	FRN Credit Alpha	131
Artemis Strategic Asset	300		
Harewood Structured BNP			
Paribas Comac 'A'	300		
iShares FTSE 100	261		
Invesco Income Fund	252		
Total purchases in the period were	£5,137,037	Total sales in the period were	£4,220,896

### OUTLOOK

There are signs of the emergence of more stable economic data and the markets are no longer anticipating a depression or a slump but rather a severe recession. Whilst many investors have decided that the fiscal and monetary stimulus will eventually succeed in leading to a recovery, the question now is how sustainable is this recovery when the economic fundamentals remain poor? Unemployment continues to rise against a background of high levels of indebtedness amongst the government, businesses and households. The fact that corporate earnings continue to surprise is more a reflection of the behavior of analysts who have swung from too optimistic to overly pessimistic in less than a year. For now, corporate earnings are being driven more by cost cutting than sales or revenue growth. However, we believe that we have seen the worst in terms of this economic slowdown and that next year will see the beginnings of a recovery. Interest rates will stay low for now and short term the risk is deflation rather than inflation. In this environment we continue to favour equities and corporate bonds.

Source: Premier Fund Managers Limited, August 2009.

Performance data taken from Financial Express Analytics, total return, bid to bid, UK sterling. Past performance is not a guide to future returns.

# NEVIS GROWTH PORTFOLIO

## PORTFOLIO OF INVESTMENTS

As at 31st August 2009

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 79.40% (67.74%)</b>			
<b>United Kingdom 60.90% (41.73%)</b>			
275,811	Absolute Insight UK Equity Market Neutral	300	1.76
406,835	Allianz RCM BRIC Stars Fund 'C'	562	3.29
1,077,553	Artemis Income	1,556	9.12
618,811	Artemis Strategic Asset	314	1.84
95,571	AXA Framlington UK Select Opportunities	835	4.89
334,262	F&C Progressive Growth	408	2.39
276,926	First State Asia Pacific Fund 'B'	740	4.34
284,765	Gartmore UK Absolute Return 'I'	305	1.79
2,266,053	Invesco Income	1,728	10.13
807,383	Invesco IP Corporate Bond	816	4.78
760,141	M&G Optimal Income Sterling	854	5.01
170,723	Neptune Income 'B'	525	3.08
3,355,443	Schroder Unit Trust Income Maximiser 'A'	1,446	8.48
		<b>10,389</b>	<b>60.90</b>
<b>Europe 0.00% (2.56%)</b>			
<b>Money Market 14.47% (19.34%)</b>			
1,231,249	Goldman Sachs Sterling Liquid Reserves	1,234	7.23
1,235,000	Insight Sterling Liquidity 5	1,235	7.24
		<b>2,469</b>	<b>14.47</b>
<b>United States 4.03% (4.11%)</b>			
76,880	Schroder US Smaller Companies 'A'	687	4.03
		<b>687</b>	<b>4.03</b>
<b>EXCHANGE TRADED FUNDS 11.18% (20.18%)</b>			
<b>United Kingdom 1.45% (9.69%)</b>			
50,300	iShares FTSE 100	248	1.45
		<b>248</b>	<b>1.45</b>
<b>United States 9.73% (10.49%)</b>			
3,500	ETFS WTI Oil	113	0.66
234,000	iShares S&P 500	1,479	8.67
1,200	Lyxor Gold Bullion	69	0.40
		<b>1,661</b>	<b>9.73</b>
<b>INVESTMENT TRUSTS 2.69% (4.16%)</b>			
<b>Global 0.21% (0.17%)</b>			
8,000	BlackRock World Mining	36	0.21
		<b>36</b>	<b>0.21</b>

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>Property 0.21% (0.25%)</b>			
50,000	MedicX	35	0.21
		<b>35</b>	<b>0.21</b>
<b>United Kingdom 2.27% (3.74%)</b>			
523,709	FRM Credit Alpha	388	2.27
		<b>388</b>	<b>2.27</b>
<b>HEDGE FUNDS 0.00% (5.48%)</b>			
<b>STRUCTURED PLANS 3.48% (1.09%)</b>			
<b>United Kingdom 3.48% (1.09%)</b>			
269,500	Harewood Structured Enhanced Property Recovery 'A'	293	1.72
297,000	Harewood Structured BNP Paribas C 'A'	240	1.41
14,800,000	Goldman Sachs Structured Product Certs 29/05/12	59	0.35
		<b>592</b>	<b>3.48</b>
<b>Total Value of Investments</b>		<b>16,505</b>	<b>96.75</b>
<b>Net Other Assets</b>		<b>554</b>	<b>3.25</b>
<b>Total Net Assets</b>		<b>17,059</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28th February 2009.

# NEVIS GROWTH PORTFOLIO

## STATEMENT OF TOTAL RETURN

For the period ended 31st August 2009

	31/08/09		31/08/08 <sup>1</sup>	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		2,459		(495)
Revenue	158		129	
Expenses	(136)		(92)	
Finance costs: Interest	-		-	
Net revenue before taxation	22		37	
Taxation	(5)		(6)	
Net revenue after taxation		17		31
Total return before distributions		2,476		(464)
Finance costs: Distributions		(17)		(31)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>2,459</b>		<b>(495)</b>

<sup>1</sup>Restated (see note to the financial statements on pages 14).

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2009

	31/08/09		31/08/08	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		13,351		-
Amounts receivable on issue of shares	1,682		16,494	
Amounts payable on cancellation of shares	(453)		(544)	
		1,229		15,950
Dilution levy		2		-
Stamp duty reserve tax		(1)		-
Change in net assets attributable to shareholders from investment activities		2,459		(495)
Retained distributions on accumulation shares		19		63
<b>Closing net assets attributable to shareholders</b>		<b>17,059</b>		<b>15,518</b>

## BALANCE SHEET

As at 31st August 2009

	31/08/09	28/02/09
	£'000	£'000
<b>ASSETS</b>		
Investment assets	16,505	13,170
Debtors	108	729
Cash and bank balances	465	803
<b>Total other assets</b>	<b>573</b>	<b>1,532</b>
<b>Total assets</b>	<b>17,078</b>	<b>14,702</b>
<b>LIABILITIES</b>		
Creditors	(19)	(1,351)
<b>Total liabilities</b>	<b>(19)</b>	<b>(1,351)</b>
<b>Net assets attributable to shareholders</b>	<b>17,059</b>	<b>13,351</b>

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson

Mark Friend

Finance Director (of the ACD)

Managing Director, Operations (of the ACD)

30th October 2009

## NOTE TO THE FINANCIAL STATEMENTS

**ACCOUNTING POLICIES**

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 28th February 2009. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA), in November 2008 (the IMA SORP 2008).

During the period, the sub-fund has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses and transaction charges are now classified as capital gains/(losses). The effect at this is to reduce other gains/(losses) by £nil (2008: £nil) and 'Expenses' by £197 (2008: £804) with a corresponding change in 'Net capital gains/(losses)'.

**DISTRIBUTION TABLE**

For the period from 1st March 2009 to 31st August 2009

Interim dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Payable/Paid	
			31/10/09	31/10/08
Group 1	0.1012	-	0.1012	0.4032
Group 2	-	0.1012	0.1012	0.4032

## Administration Queries

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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.