

# The Nevis Fund

Interim (unaudited) Report & Financial Statements

For the period from 1 March 2011 to 31 August 2011

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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:** KPMG Audit Plc\*\*  
15 Canada Square,  
Canary Wharf,  
London, E14 5GL

**ADMINISTRATOR & REGISTRAR:** Northern Trust Global Services Limited  
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 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.

### 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 2011 to 31st August 2011.

The Company is a non-UCITS 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.

Where a sub-fund invests in other collective investment schemes, the maximum annual management fee that may be charged to that collective investment scheme is 5% of the net asset value of such a scheme, however, it is expected that the actual annual management fee will not exceed 2%.

### 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)  
20th October 2011

Mark Friend  
Managing Director, Operations (of the ACD)

### IMPORTANT NOTE

\* As part of an internal re-structuring in 2011, The Royal Bank of Scotland Group plc transferred its Trustee and Depositary Services business from The Royal Bank of Scotland plc to National Westminster Bank plc and consequently National Westminster Bank plc was appointed as Depositary of the Fund on 30th September 2011.

As Depositary, National Westminster Bank plc will have the same duties and responsibilities as The Royal Bank of Scotland plc and the change of Depositary will have no impact on the way the Fund is operated.

\*\* On 31st July 2011, KPMG Audit Plc replaced Grant Thornton UK LLP as auditor to The Nevis Fund.

# THE NEVIS FUND AGGREGATED FINANCIAL STATEMENTS

## STATEMENT OF TOTAL RETURN

For the period ended 31st August 2011

	31/08/11		31/08/10	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(3,322)		(149)
Revenue	754		594	
Expenses	(466)		(384)	
Finance costs: Interest	-		-	
Net revenue before taxation	288		210	
Taxation	(5)		(13)	
Net revenue after taxation		283		197
Total return before distributions		(3,039)		48
Finance costs: Distributions		(497)		(354)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(3,536)</b>		<b>(306)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2011

	31/08/11 <sup>1</sup>		31/08/10	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>50,259</b>		<b>39,749</b>
Amounts receivable on issue of shares	5,678		6,336	
Amounts payable on cancellation of shares	(3,465)		(2,160)	
		2,213		4,176
Dilution levy		2		1
Stamp duty reserve tax		(10)		(13)
Change in net assets attributable to shareholders from investment activities		(3,536)		(306)
Retained distributions on accumulation shares		435		318
<b>Closing net assets attributable to shareholders</b>		<b>49,363</b>		<b>43,925</b>

<sup>1</sup> Opening net assets attributable to shareholders for current period differs from the comparative period closing balance as they are not consecutive periods.

## BALANCE SHEET


As at 31st August 2011

	31/08/11	28/02/11
	£'000	£'000
<b>ASSETS</b>		
Investment assets	47,079	47,192
Debtors	438	450
Cash and bank balances	2,838	2,750
<b>Total other assets</b>	<b>3,276</b>	<b>3,200</b>
<b>Total assets</b>	<b>50,355</b>	<b>50,392</b>
<b>LIABILITIES</b>		
Creditors	(939)	(104)
Bank overdrafts	(18)	-
Distribution payable on income shares	(35)	(29)
<b>Total liabilities</b>	<b>(992)</b>	<b>(133)</b>
<b>Net assets attributable to shareholders</b>	<b>49,363</b>	<b>50,259</b>

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)



Mark Friend  
Managing Director, Operations (of the ACD)

20th October 2011

# THE NEVIS FUND AGGREGATED FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

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The interim 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 'Financial Statements of Authorised Funds', issued by the IMA in October 2010, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

# NEVIS CONSERVATIVE PORTFOLIO

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
<b>Income Shares</b>		
2008 <sup>1</sup>	103.52	81.92
2009	96.30	78.85
2010	102.09	92.29
2011 <sup>2</sup>	103.81	93.11
<b>Accumulation Shares</b>		
2008 <sup>1</sup>	103.53	82.87
2009	100.96	81.05
2010	110.76	98.58
2011 <sup>2</sup>	113.53	102.62

### Income/Accumulation Record

Calendar Year	Net Income per Share (p)
<b>Income Shares</b>	
2008 <sup>1</sup>	2.1216
2009	2.4324
2010	2.2545
2011 <sup>2</sup>	2.4230
<b>Accumulation Shares</b>	
2008 <sup>1</sup>	2.1337
2009	2.4544
2010	2.4386
2011 <sup>2</sup>	2.6852

### Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) <sup>3</sup>
<b>Income Shares</b>		
28/02/2010	3,823,295	95.10
28/02/2011	4,258,537	101.30
31/08/2011	4,546,189	94.24
<b>Accumulation Shares</b>		
28/02/2010	16,938,046	100.72
28/02/2011	20,550,233	110.60
31/08/2011	22,044,885	104.71
<b>Total NAV</b>		<b>NAV of Sub-Fund (£)</b>
28/02/2010		20,695,806
28/02/2011		27,041,831
31/08/2011		27,368,406

<sup>1</sup> From 26th February 2008.

<sup>2</sup> To 31st August 2011.

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

## TOTAL EXPENSE RATIO (TER)

28/02/11

2.47%

The TER shows the annual operating expenses of the sub-fund including the annual management charge, other expenses, and collective investments schemes (CIS) cost, which represent the TER's of the underlying funds held as portfolio investments. The CIS costs have been calculated on a weighted average basis using the total value of the investments at the year end. 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.

## INVESTMENT OBJECTIVE AND POLICY

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

The investment policy of the sub-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 sub-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 sub-fund has the facility to take tactical positions in cash or near cash.

Subject to the above, the sub-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 sub-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

Over the six month period, the Nevis Conservative Fund fell by 5.3%.

### MARKET REVIEW

The period was characterised by extreme market volatility, levels of which we have not seen since the financial crisis of 2008. Up until August, the healthy state of corporate balance sheets allowed equities to remain resilient in the face of serious macroeconomic headwinds. Company profits continued to beat expectations even in the face of a spike in the oil price, monetary tightening in emerging markets, supply side shocks resulting from the Japanese disaster and fiscal tightening in many developed nations. However, August saw these concerns override underlying company fundamentals. Mounting worries surrounding an imminent slowdown in global growth coincided with intensified fears over a Eurozone sovereign default to send risk assets spiralling downwards. Confidence in the ability of politicians to address these issues all but evaporated following both the highly public clash that preceded the US debt ceiling being raised and also continued disagreement between the stronger nations of the European single currency and those of the periphery. Several equity indices endured double digit losses over the month, whilst credit spreads blew out and government bonds rallied sharply. Gold and the Swiss franc moved aggressively higher as investors piled into safe haven assets.

### PORTFOLIO ACTIVITY

Fund selection within equities was a positive contributor to relative performance. A focus on high quality equities and in particular the bias toward UK Equity Income funds helped. Invesco Perpetual Income and Invesco Perpetual High Income were the standout performers, returning 0.39% and 0.84% respectively. This was considerably ahead of the -7.95% return generated by the FTSE All Share Index. Fixed Interest fund selection detracted from relative performance. Most of the fixed income managers in the portfolio held significant positions in corporate bonds at the expense of government debt. This proved very costly as government debt rallied sharply over the period on increased risk aversion.

## NEVIS CONSERVATIVE PORTFOLIO

Following strong performance, the entire holding in Investec Global Energy was sold during the first half of the period. The proceeds were not initially re-invested as we looked to build cash levels on the back of mounting macro headwinds. Following the extreme moves experienced in the first two weeks of August, some of this cash was used to increase the portfolio's exposure to credit. New purchases were made into Absolute Insight Credit, a fully flexible long/short credit fund that is able to invest right across the fixed income spectrum, and also the Muzinich Short Duration High Yield Fund which focuses on buying short dated high yield bonds. We see great value in the underlying portfolios of both funds. Finally, having held up well relative to other fixed income funds, the holding in the relatively defensive JPMorgan Income Opportunities fund was sold and the proceeds re-invested in the SWIP Strategic Bond fund.

### OUTLOOK

Although the odds of the global economy slipping back into recession have mounted in recent months, we do not subscribe to the double-dip scenario. Whilst growth in the developed world is likely to be anaemic, growth in the emerging nations is set to remain robust especially as inflation slows and governments can begin to loosen policy after a period of tightening. We also expect policy makers in the developed world to remain accommodative and believe there is a good chance we will see further quantitative easing in both the UK and US.

The recent slowdown in global manufacturing has undoubtedly been influenced by supply side issues arising from the tragic events in Japan, a sharp spike in the oil price and also political instability. A sharp fall back in commodities witnessed in recent weeks combined with Japanese production coming back on-line should help support growth in the second half of the year. With yields on the perceived 'safe-havens' of gilts and treasuries near record lows and offering negative real returns, we continue to see good quality equities and parts of the corporate bond market as offering far more attractive risk/reward characteristics than sovereign debt.

Source: North Investment Partners, September 2011. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

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Note: On 1st July 2011, the composite benchmark was changed to include a global constituent, which more accurately reflects the international equities element within the Fund. Please note that there has been no change to the way in which the Fund is managed.

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

Purchases	Costs £'000	Sales	Proceeds £'000
Scottish Widows Strategic Bond	1,576	JPMorgan Income Hedged 'C'	1,545
Absolute Insight Credit Fund 'B1p'	1,293	John Laing Infrastructure	765
Vanguard US Equity	870	Investec Global Energy 'A'	383
Muzinich Short Duration High Yield	815	Invesco Perpetual Income	343
Neptune Income 'B'	400	FRM Credit Alpha	82
John Laing Infrastructure	203	MedicX	39
Allianz RCM BRIC Stars Fund 'C'	65		
Newton Asian Income Institutional Fund	62		
Martin Currie Japan Alpha 'H'	55		
JPMorgan Income Hedged 'C'	40		
<b>Total purchases during the period were</b>	<b>5,404</b>	<b>Total sales during the period were</b>	<b>3,157</b>

# NEVIS CONSERVATIVE PORTFOLIO

## PORTFOLIO OF INVESTMENTS

As at 31st August 2011

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 87.01% (77.81%)</b>			
<b>Europe 7.66% (0.00%)</b>			
750,000	Absolute Insight Credit Fund 'B1p'	1,279	4.67
8,330	Muzinich Short Duration High Yield	817	2.99
		<b>2,096</b>	<b>7.66</b>
<b>United Kingdom 79.35% (77.81%)</b>			
287,339	Allianz RCM BRIC Stars Fund 'C'	458	1.67
1,250,159	Artemis Income 'I'	1,965	7.18
799,446	Artemis Strategic Asset 'I'	480	1.75
3,276,475	Artemis Strategic Bond	1,582	5.78
68,053	BlackRock Gold & General 'A'	1,131	4.13
510,000	F&C UK Property	498	1.82
452,147	Henderson UK Property Trust	413	1.51
866,378	Invesco Perpetual High Income	726	2.65
807,250	Invesco Perpetual Income	681	2.49
1,681,721	Invesco Perpetual Monthly Income Plus	1,567	5.73
283,825	Investec Enhanced Natural Resources 'I'	369	1.35
1,568,280	JO Hambro UK Equity 'I'	1,907	6.97
494,173	JPMorgan Global Consumer Trends 'C'	491	1.79
2,536,346	Legal & General Dynamic Bond 'I'	1,567	5.73
528,659	Martin Currie Japan Alpha 'H'	515	1.88
935,152	Neptune Income 'B'	1,310	4.79
351,895	Newton Asian Income	565	2.06
3,816,742	Schroder Income Maximiser 'A'	1,414	5.17
1,530,000	Scottish Widows Strategic Bond	1,545	5.65
3,121,223	Threadneedle UK Monthly Income	1,679	6.13
6,040	Vanguard US Equity	853	3.12
		<b>21,716</b>	<b>79.35</b>
<b>EXCHANGE TRADED FUNDS 0.49% (0.44%)</b>			
<b>United Kingdom 0.49% (0.44%)</b>			
34,000	Quorum Oil & Gas Technology	135	0.49
		<b>135</b>	<b>0.49</b>
<b>INVESTMENT TRUSTS 2.83% (5.29%)</b>			
<b>Global 2.71% (4.76%)</b>			
222,000	Better Capital Ltd	263	0.96
283,891	BlueCrest AllBlue	480	1.75
		<b>743</b>	<b>2.71</b>
<b>Property 0.00% (0.13%)</b>			
<b>United Kingdom 0.12% (0.40%)</b>			
46,241	FRM Credit Alpha	33	0.12
		<b>33</b>	<b>0.12</b>
<b>HEDGE FUNDS 1.89% (7.79%)</b>			
<b>United Kingdom 1.89% (7.79%)</b>			
421,000	BlackRock Hedge UK Emerging Red 'P'	516	1.89
		<b>516</b>	<b>1.89</b>

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>STRUCTURED PLANS 3.28% (3.68%)</b>			
<b>United Kingdom 3.28% (3.68%)</b>			
15,700,000	Goldman Sachs GBP 10 Year Swap Rate Certificates 12/06/2012	16	0.06
864,000	Goldman Sachs GBP 10 Year Swap Rate Certificates 20/11/2014	622	2.27
359,500	Harewood Structured Enhanced Property Recovery 'A'	259	0.95
		<b>897</b>	<b>3.28</b>
<b>Total Value of Investments</b>		<b>26,136</b>	<b>95.50</b>
<b>Net Other Assets</b>		<b>1,232</b>	<b>4.50</b>
<b>Total Net Assets</b>		<b>27,368</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28th February 2011.

# NEVIS CONSERVATIVE PORTFOLIO

## STATEMENT OF TOTAL RETURN

For the period ended 31st August 2011

	31/08/11		31/08/10	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(1,794)		2
Revenue	515		373	
Expenses	(253)		(202)	
Finance costs: Interest	-		-	
Net revenue before taxation	262		171	
Taxation	(3)		(5)	
Net revenue after taxation		<u>259</u>		<u>166</u>
Total return before distributions		(1,535)		168
Finance costs: Distributions		(473)		(323)
Change in net assets attributable to shareholders from investment activities		<u>(2,008)</u>		<u>(155)</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2011

	31/08/11 <sup>1</sup>		31/08/10	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		27,042		20,696
Amounts receivable on issue of shares	3,389		4,004	
Amounts payable on cancellation of shares	(1,460)		(1,437)	
		1,929		2,567
Stamp duty reserve tax		(5)		(9)
Change in net assets attributable to shareholders from investment activities		(2,008)		(155)
Retained distributions on accumulation shares		410		284
Closing net assets attributable to shareholders		<u>27,368</u>		<u>23,383</u>

<sup>1</sup> Opening net assets attributable to shareholders for current period differs from the comparative period closing balance as they are not consecutive periods.

## BALANCE SHEET

As at 31st August 2011

	31/08/11	28/02/11
	£'000	£'000
<b>ASSETS</b>		
Investment assets	<u>26,136</u>	<u>25,692</u>
Debtors	310	212
Cash and bank balances	<u>1,839</u>	<u>1,218</u>
Total other assets	<u>2,149</u>	<u>1,430</u>
Total assets	<u>28,285</u>	<u>27,122</u>
<b>LIABILITIES</b>		
Creditors	(882)	(51)
Distribution payable on income shares	<u>(35)</u>	<u>(29)</u>
Total liabilities	<u>(917)</u>	<u>(80)</u>
Net assets attributable to shareholders	<u>27,368</u>	<u>27,042</u>

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)  
20th October 2011



Mark Friend  
Managing Director, Operations (of the ACD)

# NEVIS CONSERVATIVE PORTFOLIO

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The interim 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 'Financial Statements of Authorised Funds', issued by the IMA in October 2010, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

#### DISTRIBUTION TABLES

For the period from 1st March 2011 to 31st May 2011

First Interim dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Paid	
			28/08/11	28/08/10
Group 1	0.9678	-	0.9678	0.7000
Group 2	0.3557	0.6121	0.9678	0.7000

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			28/08/11	28/08/10
Group 1	1.0469	-	1.0469	0.7400
Group 2	0.4349	0.6120	1.0469	0.7400

For the period from 1st June 2011 to 31st August 2011

Second Interim dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Payable	
			27/11/11	27/11/10
Group 1	0.7689	-	0.7689	0.7000
Group 2	0.1097	0.6592	0.7689	0.7000

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			27/11/11	27/11/10
Group 1	0.8412	-	0.8412	0.7400
Group 2	0.1355	0.7057	0.8412	0.7400

# NEVIS GROWTH PORTFOLIO

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
<b>Accumulation Shares</b>		
2008 <sup>1</sup>	104.50	78.75
2009	99.65	75.53
2010	111.08	96.43
2011 <sup>2</sup>	113.37	99.88

### Accumulation Record

Calendar Year	Net Income per Share (p)
<b>Accumulation Shares</b>	
2008 <sup>1</sup>	0.4032
2009	0.4385
2010	0.4314
2011 <sup>2</sup>	0.1933

### Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) <sup>3</sup>
<b>Accumulation Shares</b>		
28/02/2010	19,177,674	99.35
28/02/2011	21,130,504	109.88
31/08/2011	21,386,770	102.84
<b>Total NAV</b>		<b>NAV of Sub-Fund (£)</b>
28/02/2010		19,052,630
28/02/2011		23,217,240
31/08/2011		21,994,952

<sup>1</sup> From 28th February 2008.

<sup>2</sup> To 31st August 2011.

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

## TOTAL EXPENSE RATIO (TER)

28/02/11

2.53%

The TER shows the annual operating expenses of the sub-fund including the annual management charge, other expenses, and collective investments schemes (CIS) cost, which represent the TER's of the underlying funds held as portfolio investments. The CIS costs have been calculated on a weighted average basis using the total value of the investments at the year end. 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.

## 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 sub-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 sub-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 sub-fund has the facility to take tactical positions in cash or near cash.

Subject to the above, the sub-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 sub-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

Over the six month period, the Nevis Growth Fund fell by 6.4%.

### MARKET REVIEW

The period was characterised by extreme market volatility, levels of which we have not seen since the financial crisis of 2008. Up until August, the healthy state of corporate balance sheets allowed equities to remain resilient in the face of serious macroeconomic headwinds. Company profits continued to beat expectations even in the face of a spike in the oil price, monetary tightening in emerging markets, supply side shocks resulting from the Japanese disaster and fiscal tightening in many developed nations. However, August saw these concerns override underlying company fundamentals. Mounting worries surrounding an imminent slowdown in global growth coincided with intensified fears over a Eurozone sovereign default to send risk assets spiralling downwards. Confidence in the ability of politicians to address these issues all but evaporated following both the highly public clash that preceded the US debt ceiling being raised and also continued disagreement between the stronger nations of the European single currency and those of the periphery. Several equity indices endured double digit losses over the month, whilst credit spreads blew out and government bonds rallied sharply. Gold and the Swiss franc moved aggressively higher as investors piled into safe haven assets.

### PORTFOLIO ACTIVITY

Fund selection within equities was a positive contributor to relative performance. Within the UK, Invesco Perpetual Income was the strongest performer, returning 0.39% versus the FTSE All Share Index which fell by 7.95% over the same period. Elsewhere, holdings in Asia also aided relative performance. Both Schroder Asia Total Return and First State Asia Pacific Leaders managed to post positive returns despite the MSCI AC Asia ex Japan index falling by 3.23%. Our fixed interest fund selection proved a negative contributor to relative returns as underlying managers favoured corporate credit over sovereign debt. Despite already offering scant value, sovereign bonds enjoyed another strong period as they were driven higher on mounting macroeconomic concerns.

Following strong performance the entire holding in Investec Global Energy was sold during the first half of the period. Exposure to resources was also further trimmed through the partial sale of the BlackRock Gold & General fund. The proceeds were not initially re-invested as we looked to build cash levels on the back of mounting macro headwinds. Following the extreme moves experienced in the first two weeks of August, some of this cash was used to increase the portfolio's exposure to credit. A new purchase was made into the Absolute Insight Credit, a fully flexible long/short credit fund that is able to invest right across the fixed income spectrum. The allocation to Japan was further increased on the back of compelling valuations and the expectation that corporate Japan was not impacted as badly as once feared by the devastating events earlier in the year. Finally, having held up well relative to other fixed income funds, the holding in the relatively defensive JPMorgan Income Opportunities fund was sold and the proceeds re-invested in the SWIP Strategic Bond fund.

## NEVIS GROWTH PORTFOLIO

### OUTLOOK

Although the odds of the global economy slipping back into recession have mounted in recent months, we do not subscribe to the double-dip scenario. Whilst growth in the developed world is likely to be anaemic, growth in the emerging nations is set to remain robust especially as inflation slows and governments can begin to loosen policy after a period of tightening. We also expect policy makers in the developed world to remain accommodative and believe there is a good chance we will see further quantitative easing in both the UK and US.

The recent slowdown in global manufacturing has undoubtedly been influenced by supply side issues arising from the tragic events in Japan, a sharp spike in the oil price and also political instability. A sharp fall back in commodities witnessed in recent weeks combined with Japanese production coming back on-line should help support growth in the second half of the year. With yields on the perceived 'safe-havens' of gilts and treasuries near record lows and offering negative real returns, we continue to see good quality equities and parts of the corporate bond market as offering far more attractive risk/reward characteristics than sovereign debt.

Source: North Investment Partners, September 2011. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

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Note: On 1st July 2011, the composite benchmark was changed to include a global constituent, which more accurately reflects the international equities element within the Fund. Please note that there has been no change to the way in which the Fund is managed.

The total purchases and total sales during the period were as follows:

<b>Purchases</b>	<b>Costs</b>	<b>Sales</b>	<b>Proceeds</b>
	<b>£'000</b>		<b>£'000</b>
Absolute Insight Credit Fund 'B1p'	1,058	Investec Global Energy 'A'	786
Scottish Widows Strategic Bond	894	JPMorgan Income Hedged 'C'	781
Martin Currie Japan Alpha 'H'	593	Vanguard Equity Index	381
Vanguard Equity Index	440	John Laing Infrastructure	238
Schroder Asian Total Return 'C'	220	BlackRock Gold & General 'A'	185
First State China Pacific 'B'	220	FRM Credit Alpha Red Part Preference	83
JPMorgan Income Opportunities Hedged 'C'	20	FRM Credit Alpha Part Preference 21	
<b>Total purchases during the period were</b>	<b>3,445</b>	<b>Total sales during the period were</b>	<b>2,475</b>

# NEVIS GROWTH PORTFOLIO

## PORTFOLIO OF INVESTMENTS

As at 31st August 2011

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 79.63% (73.07%)</b>			
<b>Asia 14.47% (9.84%)</b>			
191,602	First State Asia Pacific Leaders 'B'	684	3.11
55,403	First State China Pacific 'B'	217	0.99
1,431,804	Martin Currie Japan Alpha 'H'	1,394	6.34
4,917	Schroder Asian Total Return 'C'	886	4.03
		<b>3,181</b>	<b>14.47</b>
<b>Europe 8.58% (4.20%)</b>			
614,000	Absolute Insight Credit Fund 'B1p'	1,047	4.76
277,951	Neptune European Opportunities 'B'	840	3.82
		<b>1,887</b>	<b>8.58</b>
<b>Global 3.73% (7.44%)</b>			
824,592	JPMorgan Global Consumer Trends 'C'	820	3.73
		<b>820</b>	<b>3.73</b>
<b>United Kingdom 48.25% (46.70%)</b>			
473,859	Allianz RCM BRIC Stars 'C'	756	3.44
969,366	Artemis Income 'I'	1,524	6.93
658,434	Artemis Strategic Asset	396	1.80
136,014	AXA Framlington UK Select Opportunities	1,518	6.90
47,633	BlackRock Gold & General 'A'	792	3.60
540,000	F&C UK Property	527	2.40
364,612	Henderson UK Property Trust	333	1.51
1,758,160	Invesco Perpetual Income	1,483	6.74
323,094	Investec Enhanced Natural Resources 'I'	420	1.91
1,623,632	Legal & General Dynamic Bond 'I'	1,003	4.56
2,653,729	Schroder Income Maximiser 'A'	983	4.47
868,000	Scottish Widows Strategic Bond	877	3.99
		<b>10,612</b>	<b>48.25</b>
<b>United States 4.60% (4.89%)</b>			
93,730	Schroder US Smaller Companies 'A'	1,012	4.60
		<b>1,012</b>	<b>4.60</b>
<b>EXCHANGE TRADED FUNDS 6.85% (7.19%)</b>			
<b>United Kingdom 3.86% (4.11%)</b>			
83,600	iShares FTSE 250	849	3.86
		<b>849</b>	<b>3.86</b>
<b>United States 2.99% (3.08%)</b>			
88,500	iShares S&P 500	658	2.99
		<b>658</b>	<b>2.99</b>
<b>EQUITIES 0.56% (0.47%)</b>			
<b>United Kingdom 0.56% (0.47%)</b>			
31,000	Quorum Oil & Gas Technology	123	0.56
		<b>123</b>	<b>0.56</b>

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>INVESTMENT TRUSTS 3.45% (3.71%)</b>			
<b>Global 3.26% (3.12%)</b>			
197,000	Better Capital Ltd	233	1.06
8,000	BlackRock World Mining	56	0.25
254,203	BlueCrest AllBlue	430	1.95
		<b>719</b>	<b>3.26</b>
<b>United Kingdom 0.19% (0.59%)</b>			
59,304	FRM Credit Alpha	42	0.19
		<b>42</b>	<b>0.19</b>
<b>HEDGE FUNDS 1.91% (5.30%)</b>			
<b>United Kingdom 1.91% (5.30%)</b>			
343,000	BlackRock Hedge UK Emerging Red 'P'	420	1.91
		<b>420</b>	<b>1.91</b>
<b>STRUCTURED PLANS 2.82% (2.86%)</b>			
<b>United Kingdom 2.82% (2.86%)</b>			
14,800,000	Goldman Sachs GBP 10 Year Swap Rate Certificates 12/06/2012	15	0.07
371,000	Goldman Sachs GBP 10 Year Swap Rate Certificates 20/11/2014	267	1.21
469,500	Harewood Structured Enhanced Property Recovery 'A'	338	1.54
		<b>620</b>	<b>2.82</b>
<b>Total Value of Investments</b>		<b>20,943</b>	<b>95.22</b>
<b>Net Other Assets</b>		<b>1,052</b>	<b>4.78</b>
<b>Total Net Assets</b>		<b>21,995</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28th February 2011.

# NEVIS GROWTH PORTFOLIO

## STATEMENT OF TOTAL RETURN

For the period ended 31st August 2011

	31/08/11		31/08/10	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(1,528)		(151)
Revenue	239		221	
Expenses	(213)		(182)	
Finance costs: Interest	-		-	
Net revenue before taxation	26		39	
Taxation	(2)		(8)	
Net revenue after taxation		24		31
Total return before distributions		(1,504)		(120)
Finance costs: Distributions		(24)		(31)
Change in net assets attributable to shareholders from investment activities		<u>(1,528)</u>		<u>(151)</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2011

	31/08/11 <sup>1</sup>		31/08/10	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		23,217		19,053
Amounts receivable on issue of shares	2,289		2,332	
Amounts payable on cancellation of shares	(2,005)		(723)	
		284		1,609
Dilution levy		2		1
Stamp duty reserve tax		(5)		(4)
Change in net assets attributable to shareholders from investment activities		(1,528)		(151)
Retained distributions on accumulation shares		25		34
Closing net assets attributable to shareholders		<u>21,995</u>		<u>20,542</u>

<sup>1</sup> Opening net assets attributable to shareholders for current period differs from the comparative period closing balance as they are not consecutive periods.

## BALANCE SHEET

As at 31st August 2011

	31/08/11	28/02/11
	£'000	£'000
<b>ASSETS</b>		
Investment assets	20,943	21,500
Debtors	128	238
Cash and bank balances	999	1,532
Total other assets	1,127	1,770
Total assets	22,070	23,270
<b>LIABILITIES</b>		
Creditors	(57)	(53)
Bank overdrafts	(18)	-
Total liabilities	(75)	(53)
Net assets attributable to shareholders	<u>21,995</u>	<u>23,217</u>

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)  
20th October 2011



Mark Friend  
Managing Director, Operations (of the ACD)

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

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 'Financial Statements of Authorised Funds', issued by the IMA in October 2010, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

### DISTRIBUTION TABLE

For the period from 1st March 2011 to 31st August 2011

Interim dividend distribution in pence per share

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			31/10/11	31/10/10
Group 1	0.1179	-	0.1179	0.1656
Group 2	-	0.1179	0.1179	0.1656

## 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.