



# The Snowdonia Fund

Interim Report & Financial Statements (unaudited)  
for the period 1st April 2006 to 30th September 2006

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## MANAGEMENT AND ADMINISTRATION

The Authorised Corporate Director ("ACD") and registered office of The Snowdonia Fund:

**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)

**INVESTMENT ADVISERS:** Premier Fund Managers Limited is the investment adviser to the Snowdonia Balanced Fund, the Snowdonia Growth Fund, the Snowdonia Income Fund and the Snowdonia Property Fund. The investment adviser has appointed Mercater Capital Management as sub-adviser to the Snowdonia Balanced Fund and UBS Wealth Management (UK) Limited as sub-adviser to the Snowdonia Growth Fund.

**DEPOSITARY:** The Royal Bank of Scotland plc  
Trustee & Depositary Services  
RBS Gogarburn, P.O. Box 1000  
Edinburgh EH12 1HQ

**AUDITORS:** RSM Robson Rhodes LLP  
30 Finsbury Square, London EC2P 2YU

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

### COMPANY INFORMATION

The Snowdonia 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 IC000294 and authorised by the FSA with effect from 17th September 2004. Shareholders are not liable for the debts of the Company. The Company was launched on 14th October 2004. At the period end the Company contained four sub-funds, the Snowdonia Balanced Fund, the Snowdonia Growth Fund, the Snowdonia Income Fund and the Snowdonia Property Fund.

The Company is a UCITS scheme which converted to the FSA rules contained in the New Collective Investment Schemes sourcebook (COLL) on 1st October 2005 and is structured as an umbrella Company so that different Funds may be established from time to time by the ACD with the approval of the FSA and the agreement of the Depositary.

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

The Open-Ended Investment Companies Regulations 2001 and the Financial Services Authority's New Collective Investment Schemes sourcebook ("the Regulations") require the ACD to prepare accounts for each annual accounting period together with interim reports, which give a true and fair view of the financial position of the Scheme as at the end of the period and of the net income and the net gains or losses on the property of the Scheme for the period 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 Investment Management Association in December 2005 and the Instrument of Incorporation.
- follow generally accepted accounting principles and applicable accounting standards; and
- 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 Scheme 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 Company director, presents its report and the unaudited financial statements of the Company for the period ending 30th September 2006.

The Company is a UCITS Scheme which complies with the New Collective Investment Schemes sourcebook. The shareholders are not liable for the debts of the Company.

The investment objectives, policies and activities of each sub-fund of the Company during the period are covered in the investment reviews for each sub-fund. Each of the sub-funds of an umbrella company should be invested as if it were a single company. The names and addresses of the ACD, the Depositary and the Auditors 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  
Finance Director of the ACD

24th November 2006



Mark Friend  
Managing Director, Operations of  
the ACD

### REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS FOR THE PERIOD ENDED 30TH SEPTEMBER 2006 FOR THE SNOWDONIA BALANCED FUND, THE SNOWDONIA GROWTH FUND, THE SNOWDONIA INCOME FUND AND THE SNOWDONIA PROPERTY FUND AS SUB-FUNDS OF THE SNOWDONIA FUND ('THE COMPANY')

The Depositary is responsible for the safekeeping of all the property of the ICVC (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 ICVC is managed in accordance with the Financial Services Authority's New 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 ICVC; the application of the income of the ICVC, and the investment and borrowing powers and restrictions applicable to the ICVC.

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

- the issue, sale, redemption, cancellation and calculation of the price of the ICVC's shares; and
- the application of the ICVC'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 ICVC

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

The Royal Bank of Scotland plc  
Trustee & Depositary Services  
24th November 2006

# THE SNOWDONIA FUND AGGREGATED FINANCIAL STATEMENTS

## STATEMENT OF TOTAL RETURN

For the period to 30th September 2006

	notes	30/09/06		30/09/05	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the period	2		(615)		2,675
Other gains	3		118		-
Income	4	1,409		496	
Expenses	5	(766)		(414)	
Finance costs: Interest	7	(3)		-	
Net income before taxation		640		82	
Taxation	6	(75)		(18)	
Net income after taxation for the period			565		64
Total return before distributions			68		2,739
Finance costs: Distributions	7		(1,009)		(328)
Change in net assets attributable to shareholders			<u>(941)</u>		<u>2,411</u>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the period to 30th September 2006

	notes	30/09/06		30/09/05	
		£'000	£'000	£'000	£'000
Net assets at the start of the period			71,958		-
Movements due to sales and repurchases of shares:					
Amounts receivable on issue of shares		33,172		39,368	
Less: Amounts payable on cancellation of shares		(4,050)		(1,265)	
			29,122		38,103
Change in net assets attributable to shareholders (see above)			(941)		2,411
Retained distribution on accumulation shares	7		545		75
Dilution levy			2		-
Stamp Duty Reserve Tax			(14)		(10)
Net assets at the end of the period			<u>100,672</u>		<u>40,579</u>

## BALANCE SHEET

As at 30th September 2006

	notes	30/09/06	31/03/06
		£'000	£'000
<b>ASSETS</b>			
Portfolio of Investments		<u>96,509</u>	<u>69,564</u>
Debtors	8	1,767	2,195
Cash and bank balances	9	<u>3,884</u>	<u>2,027</u>
Total other assets		<u>5,651</u>	<u>4,222</u>
Total assets		<u>102,160</u>	<u>73,786</u>
<b>LIABILITIES</b>			
Derivative liabilities		<u>3</u>	<u>-</u>
Creditors	11	1,047	1,606
Bank overdrafts	10	107	7
Distribution payable on income shares	7	<u>331</u>	<u>215</u>
Total other liabilities		<u>1,485</u>	<u>1,828</u>
Total liabilities		<u>1,488</u>	<u>1,828</u>
Net assets attributable to shareholders		<u>100,672</u>	<u>71,958</u>

The notes on pages 5-8 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

24th November 2006

# THE SNOWDONIA FUND AGGREGATED FINANCIAL STATEMENTS

## NOTES TO THE AGGREGATED 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 generally accepted accounting principles and applicable accounting standards in the UK, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in December 2005 and the Financial Services Authority's New Collective Investment Schemes Sourcebook and the Instrument of Incorporation, to the extent that the Statement of Recommended Practice does not conflict with UK accounting standards.

Financial Reporting Standard 25 requires shareholder interests to be treated as debt rather than equity. Distributions of the Fund are disclosed as finance costs, as a result overdraft interest is disclosed separately from other expenses on the face of the Statement of Total Return and is included in the finance cost note. In addition to the above derivative liabilities are disclosed within the liabilities section of the balance sheet and not netted off against investment assets.

#### Aggregation

The aggregated accounts represent the sum of the individual Funds within the umbrella company. Further analysis of the distribution and the net asset position can be found within the financial statements of the individual Funds.

#### Income Recognition

Dividends receivable from authorised unit trusts and OEICs are credited to income when the security is quoted ex-distribution. Interest and other income are recognised on an accruals basis. Accumulation of income relating to accumulation units or shares held in underlying funds is recognised as income and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

#### Fund Expenses

Fund expenses are accounted for on an accruals basis. The investment objectives of the Snowdonia Income Fund and Snowdonia Property Fund concentrate on the generation of income as a higher priority than capital growth. The ACD and Depositary agreed that 100% of the sub-funds' expenses are to be borne by capital, as permitted by the Regulations, and a transfer of the debit item may be made from the income property to the capital property, in order to maximise the income distribution. The distributions payable have therefore been enhanced accordingly. For both the Snowdonia Balanced Fund and Snowdonia Growth Fund 100% of the sub-funds' expenses are to be borne by income.

#### Distributions

Except as noted above, amounts distributable are calculated after charging all of the ACD's periodic charge and all other expenses except those of a capital nature. In the case of the Snowdonia Income Fund and the Snowdonia Property Fund, expenses are borne by capital as discussed above.

#### Valuations

The valuation point is 12 noon on the last working day of the accounting period.

Authorised unit trusts are valued at the bid value of contractual prices. OEIC sub-funds are valued at the quoted price for those managed by the ACD and at contractual prices for any other sub-funds.

#### Taxation

The charge for corporation tax is based on the results for the period and takes into account taxation deferred or accelerated because of timing differences arising between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, unless such provision is not permitted by Financial Reporting Standard 19.

#### Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on the sale or repurchase of shares, which is paid into the Fund and included in the capital transactions. The levy is intended to cover certain dealing charges not included in the bid-market value of the Fund used in calculating the share price, which could have a diluting effect on the performance of the Fund.

#### Efficient Portfolio Management

Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance income, the income and expenses derived therefrom are included in 'Income' or 'Expenses' in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net gains/losses on investments' in the Statement of Total Return. Any positions on such transactions open at the period end are reflected in the sub-fund's portfolio of investments at their marked to market value.

#### Stamp Duty Reserve Tax (SDRT)

The ACD hereby notifies that all expenses arising out of the introduction of SDRT will be charged to the sub-fund. It is the ACD's view that these will not be material.

# THE SNOWDONIA FUND AGGREGATED FINANCIAL STATEMENTS

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

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

	30/09/06	30/09/05
	£'000	£'000
Non-derivative securities	(638)	2,675
Forward currency contracts	23	-
<b>Net (losses)/gains on investments</b>	<b>(615)</b>	<b>2,675</b>

## 3. OTHER GAINS

Other gains comprise:

	30/09/06	30/09/05
	£'000	£'000
Currency gains	118	-
	<b>118</b>	<b>-</b>

## 4. INCOME

	30/09/06	30/09/05
	£'000	£'000
Bank interest	39	50
Distributions from authorised investment schemes:		
- franked income	502	176
- unfranked income	672	266
Overseas dividends	149	-
Renewal commission	47	4
	<b>1,409</b>	<b>496</b>

## 5. EXPENSES

	30/09/06	30/09/05
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	621	253
	<b>621</b>	<b>253</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	30	14
Transaction charges	2	8
Safe custody fee	3	-
	<b>35</b>	<b>22</b>

## Other expenses:

Registration fees	91	105
Auditors' remuneration	6	18
Miscellaneous expenses	13	16
	<b>110</b>	<b>139</b>
<b>Total expenses</b>	<b>766</b>	<b>414</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	30/09/06	30/09/05
	£'000	£'000
Current tax:		
Corporation tax	58	9
Double taxation relief	(13)	-
Irrecoverable income tax	11	9
Overseas withholding tax	19	-
<b>Total current tax (note 6(b))</b>	<b>75</b>	<b>18</b>

(b) Factors affecting the tax charge for the period

The tax charged for the period is at the special 20% rate of corporation tax applicable to open ended investment companies (OEICs).

The differences are explained below:

	30/09/06	30/09/05
	£'000	£'000
Net income before taxation	640	82
	<b>640</b>	<b>82</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20%	128	16
Effects of:		
Tax on franked income	(101)	(36)
Double taxation relief	(13)	-
Irrecoverable income tax	11	9
Transaction charges	-	2
Expenses not utilised in period	31	27
Overseas withholding tax	19	-
<b>Current tax charge (note 6 (a))</b>	<b>75</b>	<b>18</b>

Authorised OEICs are exempt from tax on capital gains made within the Fund.

(c) Factors that may affect future tax charges

The Fund has not recognised a deferred tax asset of £55,786 arising as a result of having unutilised interest distributions.

# THE SNOWDONIA FUND AGGREGATED FINANCIAL STATEMENTS

## 7. FINANCE COSTS

	30/09/06	30/09/05
	£'000	£'000
First interim distribution	280	53
First interim accumulation	239	17
Second interim distribution	331	56
Second interim accumulation	306	16
Third interim distribution	-	144
Third interim accumulation	-	42
	<b>1,156</b>	<b>328</b>
Add: Income deducted on cancellation of shares	11	-
Deduct: Income received on issue of shares	(158)	-
<b>Net distributions for the period</b>	<b>1,009</b>	<b>328</b>
Interest	3	-
<b>Total finance costs</b>	<b>1,012</b>	<b>328</b>

Distributions payable to accumulation shareholders are reinvested in the Fund and totalled £545,380 during the period under review.

## 8. DEBTORS

	30/09/06	31/03/06
	£'000	£'000
Accrued income	354	239
Amounts receivable for creation of shares	907	882
Income tax recoverable	226	129
Overseas tax recoverable	9	-
Sales awaiting settlement	271	945
	<b>1,767</b>	<b>2,195</b>

## 9. CASH AND BANK BALANCES

	30/09/06	31/03/06
	£'000	£'000
Euro	1	1
Sterling	3,883	2,026
<b>Cash and bank balances</b>	<b>3,884</b>	<b>2,027</b>

As at 30th September 2006, the floating interest rate on bank balances was 3.75% (31st March 2006 3.75%).

## 10. BANK OVERDRAFTS

	30/09/06	31/03/06
	£'000	£'000
Sterling	107	7
<b>Bank overdrafts</b>	<b>107</b>	<b>7</b>

As at 30th September 2006, the floating interest rate on bank balances was 5.5% (31st March 2006 5.5%).

## 11. CREDITORS

	30/09/06	31/03/06
	£'000	£'000
Accrued expenses	39	47
Amounts payable for cancellation of shares	159	475
Corporation tax provision	73	32
Purchases awaiting settlement	776	1,052
	<b>1,047</b>	<b>1,606</b>

## 12. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director

The Financial Reporting Standard number 8 (FRS 8) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under the FRS the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of Total Return', 'Statement of Change in Shareholder's Funds and the 'Balance Sheet' on page 4 and notes 5, 8 and 11 on pages 6 and 7 including all issues and cancellations where the ACD acted as principal.

### Investment Advisers

The ACD has appointed the following to provide investment management and advisory services to the ACD:

Fund	Investment Adviser
Snowdonia Balanced Fund	Premier Fund Managers Ltd.
Snowdonia Growth Fund	Premier Fund Managers Ltd.
Snowdonia Income Fund	Premier Fund Managers Ltd.
Snowdonia Property Fund	Premier Fund Managers Ltd.

The Investment Adviser has appointed Mercater Capital Management as sub-adviser to the Snowdonia Balanced Fund and UBS Wealth Management (UK) Limited as sub-adviser to the Snowdonia Growth Fund.

### The Depositary

The Company's Depositary for each sub-fund is The Royal Bank of Scotland plc. The Depositary is responsible for the safekeeping of all of the scheme property of the sub-funds and has a duty to take reasonable care to ensure that the sub-funds are 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-funds. Subject to FSA Regulations, the Depositary has full power under the Depositary agreement to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as Depositary. It has delegated custody services to The Northern Trust Company.

The Depositary received for its own account a periodic fee which accrues daily and is due monthly on the last business day of the preceding month.

The fee is payable out of the property attributable to each sub-fund. The rate of the periodic fee is as agreed between the ACD and the Depositary 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 Depositary.

The total remuneration payable to the Depositary 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 in respect of the Depositary's services are disclosed in note 5. There was nothing due to the Depositary at the period end.

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments at the balance sheet date.

## 14. FINANCIAL INSTRUMENTS AND DERIVATIVES

In pursuing its investment objectives each sub-fund holds a number of financial instruments. With the exception of the Snowdonia Property Fund which invests primarily in listed equity holdings, all the sub-funds invest in Collective Investment Schemes. The main risks arising from the sub-funds' 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's may suffer through holding market positions in the face of price movements. The Investment Adviser and sub-advisers 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 objective.

With the exception of the Snowdonia Property Fund the Investment Adviser and sub-advisers do not use derivative instruments to hedge the investment portfolio against risks as, in their opinion, the cost of such a process would result in an unacceptable reduction in the potential capital growth.

### Currency Risk

Although the sub-funds' performance is measured in Sterling, a significant proportion of the sub-funds' assets may be either denominated in other currencies or are in investments in unit trusts or investment funds with substantial currency exposure and, as a result, the income and capital value of the sub-funds may be significantly affected by currency movements. Where appropriate the Investment Adviser and sub-advisers may use forward exchange controls to mitigate the risk.

### Interest Rate Risk

The sub-funds' financial assets do not comprise of fixed interest securities, therefore they are not exposed to significant interest rate risk.

### Liquidity Risk

With the exception of Snowdonia Property Fund the sub-funds invest in authorised investment schemes of recognised product providers spread sufficiently widely, to enable redemption of holdings without undue adverse effect. The main liability of the sub-funds is the redemption of any shares that Investors wish to sell. All the financial liabilities of the sub-funds fall due within one year.

### Counterparty Risk

The sub-funds will be exposed to counterparty risk on parties with whom they trade and will bear the risk of settlement default. The sub-funds minimise concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges. The sub-funds only buy and sell investments through brokers who have been approved by the Investment Adviser and sub-advisers as an acceptable counterparty.

### Fair Value of Financial Assets and Financial Liabilities

All of the listed securities are valued at market values which approximates fair value. See notes to individual sub-funds for numerical disclosure.

# SNOWDONIA BALANCED FUND

## HOW THE FUND HAS PERFORMED

### Performance Record - Accumulation shares

Calendar Year	High (p)	Low (p)
2005	120.79	104.37
2006*	130.60	115.22

### Income Record - Accumulation shares

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at launch (p)
2005	-	-
2006	-	-

### Net Asset Values - Accumulation shares

As at	Shares in issue	Net Asset Value per Share (p)	Net Asset Value of Fund (£)
31/03/2006	10,306,881	129.00	13,296,061
30/09/2006	15,685,397	123.41	19,357,169

\*To 30th September 2006

## INVESTMENT OBJECTIVE

To provide long term capital growth from a portfolio of investments. To be managed such that a maximum of 85% of the sub-fund's property will be exposed to equities, both UK and Global. The sub-fund may achieve this by investing in units in collective investment schemes and may also invest in equities, fixed interest securities, money market instruments, deposits and warrants.

## INVESTMENT REVIEW

### PERFORMANCE

Over the six month period to 30th September 2006, the Snowdonia Balanced Fund experienced a fall of 4.1% compared with a rise of 1.4% for the composite benchmark\*.

### MARKET REVIEW

All of the major economies had a strong first quarter of 2006, continuing the trend seen over the previous twelve months. This allowed central banks to continue with a policy of raising interest rates, or in the case of Japan, to lift them from the zero rate which had prevailed. Most forms of commodities had also seen very large increases from the general lows at the beginning of the Gulf War, so some kind of setback, or consolidation, was to be expected.

This set back duly occurred in May, although the exact trigger remains open to debate. Certainly, a considerable amount of liquidity was removed from the Japanese market, bringing an end to the "carry trade", where investors borrowed cheaply in Yen, and bought much riskier assets. Spectacular falls were seen in some of the more esoteric markets, but mainline ones suffered too, not least Japan.

By the end of the period under review, many markets had regained composure and a recovery was underway. However, leadership appears to have changed from small and mid cap stocks, which had significantly outperformed over the previous three years, to large cap stocks. Those stocks which were outperforming at the beginning of the period were no longer doing so by the end.

## PORTFOLIO ACTIVITY

The disconnect between the performance of large and small caps in the UK is huge and to take advantage of this, we invested in Edinburgh Partners UK Opportunities (a fund which invests in deep value large caps) last autumn and have continued to add to this throughout the period, such that it is now the largest holding.

Our Japanese holdings, which added so much value last year, have had a difficult time, although they have performed well relative to their peer group. The weak performance of Japanese holdings has been the prime contributor to the underperformance of the Fund during the period under review. However, we continue to believe that the multi year Japanese theme of domestic recovery is firmly on track and will again become the focus of more positive sentiment, although the timing of that remains uncertain. We have therefore maintained our holdings, albeit the percentage exposure to this region has fallen due to strong cash inflows to the Fund.

Strong cash flows during the period were used to add to the Fund's concentration in UK large cap, with liquidity being kept to a minimum at all times. We sold the holding of Credit Suisse UK Alpha Income, due to a manager change and Invesco Income, where we felt that the size would increasingly impede the performance.

Scottish Widows Property was added to the portfolio as a diversification tool, but also to take advantage of strong pricing in the commercial market.

## OUTLOOK/PROSPECTS

Interest rates have risen in most of the major markets and it seems likely that they will continue to do so in Europe, Japan and the UK. Such increases will return rates to more neutral levels, not as a defense against rising inflation, but rather that growth is much stronger than recognised.

Against this background, we believe that large cap UK companies offer exceptional value and will be increasing the portfolio weighting to this area.

Source: Mercater Capital Management

October 2006

\*Composite Benchmark: 60% FTSE All Share Index, 20% FTSE All Stocks Index & 20% MSCI World Index

# SNOWDONIA BALANCED FUND

## PORTFOLIO OF INVESTMENTS

As at 30th September 2006

Holding	Investment	Bid market valuation £'000	Total Value of Fund %
<b>EQUITY FUNDS 92.77% (85.67%)</b>			
350,185	AXA Framlington Japan Acc	1,016	5.25
1,033,978	Capita Walker Corporate UK Growth Inc	1,503	7.76
1,118,670	Edinburgh Partners UK Opportunities	1,693	8.76
363,622	Gartmore UK Equity Income	905	4.68
777,057	Gartmore UK Focus Acc	1,324	6.84
708,233	JO Hambro American Growth Institutional Acc	649	3.35
434,034	JO Hambro Japan Capital	569	2.94
190,633	Martin Currie Japan Alpha B	171	0.88
642,128	Martin Currie UK Growth A Acc	1,375	7.10
1,038,183	Mellon Newton Asian Income Inc	1,100	5.68
226,479	Odey Continental European Acc	939	4.85
224,482	Premier European Growth	1,134	5.86
1,051,300	Premier Pan European Property Share	701	3.62
141,310	Rathbone Income Inc	1,113	5.75
118,864	Rensburg UK Micro Cap Growth	447	2.31
467,601	Schroder UK Mid 250 A Inc	547	2.83
82,149	Schroder UK Mid 250 Acc	105	0.54
207,333	SWIP Property Trust Inc	249	1.29
31,370	Thames River Japan Sterling	587	3.03
2,342,854	Threadneedle UK Equity Alpha Inc	1,174	6.06
869,506	UBS US Equity B Acc	656	3.39
		<b>17,957</b>	<b>92.77</b>
<b>CORPORATE BOND FUNDS 6.15% (13.07%)</b>			
362,426	Baring Directional Bond Acc	399	2.06
654,087	M&G Strategic Corporate Bond	370	1.91
768,775	Old Mutual Dynamic Bond	422	2.18
		<b>1,191</b>	<b>6.15</b>
<b>Total Value of Investments</b>		<b>19,148</b>	<b>98.92</b>
<b>Net Other Assets</b>		<b>209</b>	<b>1.08</b>
<b>Total Net Assets</b>		<b>19,357</b>	<b>100.00</b>

Figures in brackets represent sectors distribution at 31st March 2006.

All investments are in Collective Investment Schemes unless otherwise stated.

# SNOWDONIA BALANCED FUND

## STATEMENT OF TOTAL RETURN

For the period to 30th September 2006

	notes	30/09/06		30/09/05	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the period	2		(497)		702
Income	3	136		69	
Expenses	4	(151)		(102)	
Finance costs: Interest	6	(1)		-	
Net expense before taxation		(16)		(33)	
Taxation	5	(8)		(5)	
Net expense after taxation for the period			(24)		(38)
Total return for the period			(521)		664
Change in net assets attributable to shareholders			(521)		664

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the period to 30th September 2006

	30/09/06		30/09/05	
	£'000	£'000	£'000	£'000
Net assets at the start of the period		13,296		-
Movements due to sales and repurchases of shares:				
Amounts receivable on issue of shares		7,426		7,029
Less: Amounts payable on cancellation of shares		(843)		(170)
		6,583		6,859
Change in net assets attributable to shareholders (see above)		(521)		664
Dilution levy		1		-
Stamp Duty Reserve Tax		(2)		(2)
Net assets at the end of the period		19,357		7,521

## BALANCE SHEET

As at 30th September 2006

	notes	30/09/06	31/03/06
		£'000	£'000
<b>ASSETS</b>			
Portfolio of Investments		19,148	13,128
Debtors	7	166	290
Cash and bank balances	8	679	12
Total other assets		845	302
Total assets		19,993	13,430
<b>LIABILITIES</b>			
Creditors	10	565	128
Bank overdrafts	9	71	6
Total liabilities		636	134
Net assets attributable to shareholders		19,357	13,296

The notes on pages 12-15 are an integral part of these financial statements.  
On behalf of Premier Portfolio Managers Limited



Neil Macpherson  
Finance Director of the ACD

24th November 2006



Mark Friend  
Managing Director, Operations of the ACD

# SNOWDONIA BALANCED FUND

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

For the period to 30th September 2006

Purchases	Cost £'000
Threadneedle UK Equity Alpha Inc	1,046
Edinburgh Partners UK Opportunities	951
Gartmore UK Equity Income	885
Martin Currie UK Growth A Acc	750
Capita Walker Corporate UK Growth Inc	675
Mellon Newton Asian Income Inc	500
Rathbone Income Inc	500
Gartmore UK Focus Acc	425
AXA Framlington Japan Acc	300
SWIP Property Trust Inc	250
JO Hambro American Growth Institutional Acc	225
Premier European Growth	225
Martin Currie Japan Alpha B	125
Odey Continental European Acc	100
Premier Pan European Property Share	100
Thames River Japan Sterling	100
<b>Total purchases during the period</b>	<b>7,157</b>
<b>Sales</b>	<b>Proceeds £'000</b>
Invesco Perpetual Income Inc	643
Credit Suisse Alpha Bond	530
<b>Total sales during the period</b>	<b>1,140</b>

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 period. There were sixteen purchases and two sales during the period.

## 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 generally accepted accounting principles and applicable accounting standards in the UK, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in December 2005 and the Financial Services Authority's New Collective Investment Schemes Sourcebook and the Instrument of Incorporation, to the extent that the Statement of Recommended Practice does not conflict with UK accounting standards.

Financial Reporting Standard 25 requires shareholder interests to be treated as debt rather than equity. Distributions of the sub-fund are disclosed as finance costs, as a result overdraft interest is disclosed separately from other expenses on the face of the Statement of Total Return and is included in the finance cost note. In addition to the above derivative liabilities are disclosed within the liabilities section of the balance sheet and not netted off against investment assets.

#### Income Recognition

Dividends receivable from authorised unit trusts and OEICs are credited to income when the security is quoted ex-distribution. Interest and other income are recognised on an accruals basis. Accumulation of income relating to accumulation units or shares held in underlying funds is recognised as income and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

#### Sub-Fund Expenses

Sub-fund expenses are accounted for on an accruals basis. For this sub-fund the ACD and Depositary have agreed that 100% of the sub-fund's expenses are to be borne by income.

#### Distributions

Amounts distributable are calculated after charging all of the ACD's periodic charge and all other expenses except those borne by capital.

#### Valuations

The valuation point is 12 noon on the last working day of the accounting period. Quoted investments are valued at the bid-market value net of any accrued interest which is included in the balance sheet as an income-related item.

Authorised unit trusts are valued at the bid-value of contractual prices. OEIC sub-funds are valued at the quoted price for those managed by the ACD and at contractual prices for any other sub-funds.

#### Taxation

The charge for corporation tax is based on the results for the period and takes into account taxation deferred or accelerated because of timing differences arising between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, unless such provision is not permitted by Financial Reporting Standard 19.

#### Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on the sale or repurchase of shares, which is paid into the sub-fund and included in the capital transactions. The levy is intended to cover certain dealing charges not included in the bid-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.

# SNOWDONIA BALANCED FUND

## Efficient Portfolio Management

Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance income, the income and expenses derived therefrom are included in 'Income' or 'Expenses' in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net gains/losses on investments' in the Statement of Total Return. Any positions on such transactions open at the period end are reflected in the sub-fund's portfolio of investments at their marked to market value.

## Stamp Duty Reserve Tax (SDRT)

All expenses arising out of the introduction of SDRT will be charged to the sub-fund. It is the ACD's view that these will not be material.

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

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

	30/09/06	30/09/05
	£'000	£'000
Non-derivative securities	(497)	702
<b>Net (losses)/gains on investments</b>	<b>(497)</b>	<b>702</b>

## 3. INCOME

	30/09/06	30/09/05
	£'000	£'000
Bank interest	6	12
Distributions from authorised investment schemes:		
- franked income	43	23
- unfranked income	73	31
Renewal commission	14	3
	<b>136</b>	<b>69</b>

## 4. EXPENSES

	30/09/06	30/09/05
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	118	57
	<b>118</b>	<b>57</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	6	3
Transaction fees	1	1
	<b>7</b>	<b>4</b>
<b>Other expenses:</b>		
Registration fees	22	31
Auditors' remuneration	2	5
Miscellaneous expenses	2	5
	<b>26</b>	<b>41</b>
<b>Total expenses</b>	<b>151</b>	<b>102</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 5. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	30/09/06	30/09/05
	£'000	£'000
Current tax:		
Irrecoverable income tax	8	5
<b>Total current tax (note 5 (b))</b>	<b>8</b>	<b>5</b>

(b) Factors affecting the tax charge for the period

The tax charged for the period is at the special 20% rate of corporation tax applicable to open ended investment companies (OEICs). The differences are explained below.

	30/09/06	30/09/05
	£'000	£'000
Net expense before taxation	(16)	(33)
	<b>(16)</b>	<b>(33)</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20%	(3)	(7)
Effects of:		
Tax on franked income	(9)	(5)
Irrecoverable income tax	8	5
Expenses not utilised in period	12	12
<b>Current tax charge (note 5 (a))</b>	<b>8</b>	<b>5</b>

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

(c) Factors that may affect future tax charges

The sub-fund has not recognised a deferred tax asset of £21,297 arising as a result of having unutilised management expenses. These expenses will only be utilised if the tax treatment of capital gains or the sub-fund investment profile changes.

## 6. FINANCE COSTS

	30/09/06	30/09/05
	£'000	£'000
Interim distribution	-	-
	-	-
Add: Income deducted on cancellation of shares	-	-
Deduct: Income received on issue of shares	-	-
<b>Net distributions for the period</b>	<b>-</b>	<b>-</b>
Interest	1	-
<b>Total finance costs</b>	<b>1</b>	<b>-</b>

# SNOWDONIA BALANCED FUND

## 7. DEBTORS

	30/09/06	31/03/06
	£'000	£'000
Accrued income	42	8
Amounts receivable for creation of shares	109	274
Income tax recoverable	15	8
	<u>166</u>	<u>290</u>

## 8. CASH AND BANK BALANCES

	30/09/06	31/03/06
	£'000	£'000
Sterling	679	12
<b>Cash and bank balances</b>	<u>679</u>	<u>12</u>

As at 30th September 2006, the weighted average floating interest rate on bank balances was 3.75% (31st March 2006 3.75%).

## 9. BANK OVERDRAFTS

	30/09/06	31/03/06
	£'000	£'000
Sterling	71	6
<b>Bank overdrafts</b>	<u>71</u>	<u>6</u>

At 30th September 2006, the weighted average floating interest rate on bank overdrafts was 5.5% (31st March 2006 5.5%).

## 10. CREDITORS

	30/09/06	31/03/06
	£'000	£'000
Accrued expenses	9	10
Amounts payable for cancellation of shares	51	18
Purchases awaiting settlement	505	100
	<u>565</u>	<u>128</u>

## 11. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director

The Authorised Corporate Director ("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 each sub-fund, not exceeding 2.5% per annum of the Net Asset Value of the sub-fund, calculated on a mid market basis.

The annual management charge accrues daily and is payable monthly. The current management charge for the Snowdonia Balanced Fund is 1.5%. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 4. The balance outstanding at the period end was nil.

### Investment Advisers

The ACD has appointed Premier Fund Managers Limited to provide investment management and advisory services to the ACD. The Investment Adviser has appointed Mercater Capital Management as sub-adviser to the sub-fund.

## The 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 due monthly on the last business day of the preceding month. The fee is payable out of the property attributable to each 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 in respect of the Depository's services are disclosed in note 4. There was nothing due to the Depository at the period end.

## 12. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments at the balance sheet date.

## 13. FINANCIAL INSTRUMENTS

The main risks arising from the sub-fund's financial instruments are market price, interest, liquidity and counterparty risks. The disclosures below exclude short-term debtors and creditors.

### 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-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 objective.

The Investment Adviser and sub-adviser do not use derivative instruments to hedge the investment portfolio against risks as, in their opinion, the cost of such a process would result in an unacceptable reduction in the potential capital growth.

### Currency Risk

The assets of the sub-fund are denominated in Sterling, therefore the sub-fund is not exposed to adverse currency risk.

### Interest Rate Risk

The sub-fund does not have any direct interest rate risk as all the sub-fund's financial assets are in authorised investment schemes which neither pay interest nor have any maturity date. The floating interest rate on cash positions is disclosed in notes 8 and 9.

	Floating Rate Financial Assets*	Floating Rate Financial Assets*
	30/09/06	31/03/06
	£'000	£'000
Sterling		
Cash at bank	608	6
	<u>608</u>	<u>6</u>

\*Floating by reference to LIBOR or international equivalent.

## **Liquidity Risk**

The sub-fund invests in authorised investment schemes of recognised product providers spread sufficiently widely, to enable redemption of holdings without undue adverse effect. 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 due 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 who have been approved by the Investment Adviser as an acceptable counterparty.

## **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.

## **14. SHARE CLASSES**

The sub-fund currently has one share class, class 1 (Accumulation). The annual management charge on this share class is as follows:

Class 1: 1.5%

The net asset value of the share class, the net asset value per share, and the number of shares is given in the comparative table on page 9.

## **15. PORTFOLIO TRANSACTION COSTS**

As the sub-fund only invests in Collective Investment Schemes, there are no associated transaction costs.

# SNOWDONIA GROWTH FUND

## HOW THE FUND HAS PERFORMED

### Performance Record - Accumulation shares

Calendar Year	High (p)	Low (p)
2005	123.29	106.79
2006*	132.82	116.81

### Income Record - Accumulation shares

Calendar Year	Net accumulation per Share (p)	Net accumulation per £1,000 at launch (p)
2005	-	-
2006	-	-

### Net Asset Values - Accumulation shares

As at	Shares in issue	Net Asset Value Per Share (p)	Net Asset Value of Fund (£)
31/03/2006	10,264,148	131.58	13,505,638
30/09/2006	12,812,736	124.64	15,970,350

\*To 30th September 2006

## INVESTMENT OBJECTIVE

To provide long term capital growth from a portfolio of global investments. To be managed such that a maximum of 100% of the sub-fund's property will be exposed to equities. The sub-fund may invest in collective investment schemes, equities, fixed interest securities, money market instruments, deposits and warrants.

## INVESTMENT REVIEW

### PERFORMANCE

Although starting the year strong, global equity markets went into sharp reverse in May when the US Federal Reserve Board (Fed) implemented its 17th increase in prime rates, with a view to heading off inflationary trends within the US economy. This led to some panic selling, as investors feared that this policy of monetary tightening would result in a world economic recession.

However, the Fed has held prime rates at 5.25% for some while, fuelling investors' hopes that although the US economy may be slowing down, it is not entering recession. In addition, the cyclical uptrend in oil prices that was exacerbating inflation saw a peak in August, from which a sharp price reversal has been alleviating inflationary pressures.

Against this improving background in global sentiment, world Indices showed recovery in the latter half of the period. However, this was not sufficiently strong to outweigh the early weakness and world Indices finished the period down.

### PORTFOLIO ACTIVITY

#### UK

The early months of the period showed recurring price weakness in the UK Indices, with mid caps being worst affected. However, the UK economy remains robust, supported by strong export growth and buoyant domestic demand and is estimated to continue to grow throughout 2006. The housing market continues to be strong, while falling fuel prices should

provide support to consumer demand, with the result that the money supply continues to grow at an accelerating rate. Consequently, inflationary pressures remain and a further rate rise can be expected.

On the corporate front, earnings numbers have again been up to, or ahead of, expectations, with very few companies actually releasing disappointing figures. Of more significance, however, was the general tone of the forward looking statements that continue to anticipate good growth in profits and commensurate increases in dividends. Indeed, the strength of corporate cash flow continues to be a feature of the current market rally. The combination of continuing merger and acquisition activity and the ongoing reduction in the equity base (as companies buy back their own shares) will provide a major source of support for valuations.

#### US

Given the mixed nature of US economic data, the strength of the equity markets during the last quarter came as a surprise to many. The key to the improvement in the latter half of the period has been the central assumption that after 17 consecutive interest rate increases, the Fed has been successful in slowing down the US economy sufficiently enough to choke off inflation, without tipping it into recession.

Data releases, which appear as contradictory so far, have made short term economic and market forecasting difficult. Core inflation at 2.5% remains above the 1%-2% range generally regarded as the Fed comfort zone, but pronounced weakness in the housing market and concerns that this may impact the wider economy have resulted in an inversion in the yield curve in US Bonds, normally seen as a precursor to recession. Indeed US GDP growth has slowed significantly, with the annual rate revised down for the second time during the quarter.

In the short-term a great deal of attention will be focussed upon the resilience of the US consumer, for many years the driver of US economic activity. With US house price and housing data all pointing to a significant slow down, the recent weakness in the oil price and its direct impact upon personal consumption patterns should provide some relief.

#### Europe

In contrast to the US, Europe is experiencing benign economic conditions, with GDP forecasts being revised upwards and inflation remaining in check. A strong improvement in the construction sector throughout much of the area is playing a key part, particularly in Germany, where economic activity has shown a sustained recovery after years of stagnation.

As a consequence, corporate profitability has been robust throughout the year, with strong reported earnings and positive outlook statements reversing the downtrend in prices in the first half of the period.

Money supply growth remains a concern though, with the European Central Bank maintaining a stance of "strong vigilance" over nascent inflationary pressures, making further increases in Euro interest rates likely.

#### Japan and the Pacific Basin

The evidence that Japan is finally emerging from deflation is becoming more convincing, with increasing levels of capital investment suggesting corporate Japan has finally exhausted its excess capacity and is beginning to invest for future growth. Real GDP is expected to be above trend for the second consecutive year, boosted by strong export demand and also by the improved consumer confidence engendered by a strong labour market.

However, the sustainability of this rebound remains in some doubt, with the Japanese Central Bank indicating it intends to maintain its near zero interest rate policy for the coming months. As a result, the Japanese Indices failed to recover the ground lost in the first half and finished the period down.

By contrast, the Chinese economic growth engine continues apace, being on course to repeat the growth in GDP recorded in 2005.

# SNOWDONIA GROWTH FUND

## OUTLOOK

The short-term direction of equity markets will inevitably be driven by investors' perception over the resilience of the US economy. Current evidence suggests that the gentle deceleration of the global economy and the consequent reduction in oil and commodity prices will allow the US to achieve a soft economic landing. With most equity investors currently discounting this benign economic outcome any evidence of a slippage in growth is bound to unsettle markets. As a consequence we remain cautious of short-term prospects, preferring to remain reasonably defensively positioned, until a clearer picture emerges.

The restructuring process was completed in June and the Fund now represents the changes we highlighted in our last review. The current cash weighting is around 7%. This high weighting is a combination of both new monies that have been added to the Fund and our slightly cautious view after the recent rally in global markets.

After taking over management of the Fund, we have reduced exposure to both the UK and US markets as we believe European markets offer better value. Major sales in both regions have been the HSBC UK G&I and the Cazenove UK Growth in relation to the UK market and Prudential North America in the US. Proceeds raised have been used to introduce a number of specialist funds, namely Henderson Horizon Property Equity and Investec Global Energy. Apart from getting the right asset allocation it is important that the Fund is represented in the right sectors. We believe there are three areas that will outperform in coming months, namely Energy, Financials and Far Eastern Property.

After taking in to account all the changes in asset allocation, the Fund remains within the benchmark weightings.

Source: UBS Wealth Management (UK) Ltd

October 2006

## PORTFOLIO OF INVESTMENTS

As at 30th September 2006

Holding	Investment	Bid market valuation £'000	Total Value of Fund %
<b>EQUITY FUNDS 93.69% (90.54%)</b>			
398,506	Artemis European Growth Acc	782	4.90
101,191	AXA Framlington European Acc	421	2.64
55,412	AXA Framlington Equity Income Acc	851	5.33
323,056	AXA Framlington UK Smaller Companies Acc	314	1.97
356,572	CF Morant Wright Japan B Acc	651	4.08
33,000	Electra Private Equity	452	2.83
39,267	Fidelity European Acc	424	2.65
308,940	First State Asian Pacific Leaders Acc	505	3.16
34,270	GAM North American Growth Acc	502	3.14
261,557	Gartmore Cautious Managed Retail	407	2.55
327,900	Gartmore UK Focus Inc	544	3.41
23,734	Henderson Asia Properties Equity	165	1.03
235,048	Invesco Perpetual High Income Acc	980	6.15
138,840	Investec Global Free Enterprise A Acc	505	3.16
2,900	Investec Global Strategy Global Energy A Inc	390	2.44
50,000	JPMorgan Fleming Japan	126	0.79
381,427	Legg Mason US Equity B Acc	519	3.25
188,098	LG Eastern Opportunities B Acc	259	1.62
321,739	Lincoln Far East	202	1.26
621,681	Merrill Lynch UK Dynamic Acc	862	5.40
148,540	NSAM Hiscox Institutional Portfolio Inc	253	1.58
253,495	Old Mutual North American Acc	809	5.07
1,340,903	Old Mutual UK Select Large Cap	837	5.24
767,070	Old Mutual US Select Equity	441	2.76
138,510	Rensburg UK Select Growth Inc	355	2.22
371,909	Schroder Tokyo A Acc	620	3.88
651,420	Schroder UK Alpha Plus Retail A Acc	624	3.91
67,448	Schroder US Smaller Companies A Acc	537	3.36
521,086	Zenith European Income Institutional Acc	625	3.91
<b>Total Value of Investments</b>		<b>14,962</b>	<b>93.69</b>
<b>Net Other Assets</b>		<b>1,008</b>	<b>6.31</b>
<b>Total Net Assets</b>		<b>15,970</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 31st March 2006.

All investments are in Collective Investment Schemes unless otherwise stated.

# SNOWDONIA GROWTH FUND

## STATEMENT OF TOTAL RETURN

For the period to 30th September 2006

	notes	30/09/06		30/09/05	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the period	2		(685)		797
Other gains	3		1		-
Income	4	109		46	
Expenses	5	(133)		(103)	
Finance costs: Interest		-		-	
Net expense before taxation		(24)		(57)	
Taxation	6	(3)		(2)	
Net expense after taxation for the period			(27)		(59)
Total return for the period			(711)		738
Change in net assets attributable to shareholders			(711)		738

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the period to 30th September 2006

	30/09/06		30/09/05	
	£'000	£'000	£'000	£'000
Net assets at the start of the period		13,506		-
Movements due to sales and repurchases of shares:				
Amounts receivable on issue of shares		3,772		8,132
Less: Amounts payable on cancellation of shares		(594)		(208)
		3,178		7,924
Change in net assets attributable to shareholders (see above)		(711)		738
Stamp Duty Reserve Tax		(3)		(1)
Net assets at the end of the period		15,970		8,661

## BALANCE SHEET

As at 30th September 2006

	notes	30/09/06	31/03/06
		£'000	£'000
<b>ASSETS</b>			
Portfolio of Investments		14,962	12,228
Debtors	8	107	1,039
Cash and bank balances	9	979	720
Total other assets		1,086	1,759
Total assets		16,048	13,987
<b>LIABILITIES</b>			
Creditors	11	45	480
Bank overdrafts	10	33	1
Total liabilities		78	481
Net assets attributable to shareholders		15,970	13,506

The notes on pages 19-22 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

24th November 2006

# SNOWDONIA GROWTH FUND

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

For the period to 30th September 2006

Purchases	Cost £'000
Schroder UK Alpha Plus Retail A Acc	600
Gartmore UK Focus Inc	550
Investec Global Free Enterprise A Acc	500
Old Mutual US Select Equity	475
Electra Private Equity	443
Gartmore Cautious Managed Retail	400
Zenith European Income Institutional Acc	357
Artemis European Growth Acc	350
Rensburg UK Select Growth Inc	350
Investec Global Strategy Global Energy A Inc	294
NSAM Hiscox Institutional Portfolio Inc	250
First State Asian Pacific Leaders Acc	200
Henderson Asia Properties Equity	172
JPMorgan Fleming Japan	134
Income on accumulation dividends offset with bookcost	63
<b>Total purchases during the period</b>	<b>5,138</b>
Sales	Proceeds £'000
Cazenove UK Growth & Income X Acc	876
HSBC UK Growth & Income B Acc	840
<b>Total sales during the period</b>	<b>1,716</b>

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 period and at a minimum the top 20 purchases and sales during the period. There were fourteen purchases and two sales during the period.

## 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 generally accepted accounting principles and applicable accounting standards in the UK, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in December 2005 and the Financial Services Authority's New Collective Investment Schemes Sourcebook and the Instrument of Incorporation, to the extent that the Statement of Recommended Practice does not conflict with UK accounting standards.

Financial Reporting Standard 25 requires shareholder interests to be treated as debt rather than equity. Distributions of the sub-fund are disclosed as finance costs, as a result overdraft interest is disclosed separately from other expenses on the face of the Statement of Total Return and is included in the finance cost note. In addition to the above derivative liabilities are disclosed within the liabilities section of the balance sheet and not netted off against investment assets.

#### Income Recognition

Dividends receivable from authorised unit trusts and OEICs are credited to income when the security is quoted ex-distribution. Interest and other income are recognised on an accruals basis. Accumulation of income relating to accumulation units or shares held in underlying funds is recognised as income and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

#### Sub-Fund Expenses

Sub-fund expenses are accounted for on an accruals basis. For this sub-fund the ACD and Depositary have agreed that 100% of the sub-fund's expenses are to be borne by income.

#### Distributions

Amounts distributable are calculated after charging all sub-fund expenses except those borne by income as discussed above.

#### Valuations

The valuation point is 12 noon on the last working day of the accounting period. Quoted investments are valued at the bid-market value net of any accrued interest which is included in the balance sheet as an income-related item.

Authorised unit trusts are valued at the bid value of the contractual prices. OEIC sub-funds are valued at the quoted price for those managed by the ACD and at contractual prices for any other sub-funds.

#### Foreign Currencies

Assets and liabilities in currencies other than Sterling are translated into Sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Transactions in foreign currencies are translated at the exchange rate prevailing at the transaction date. Where forward positions in currencies are held, these are translated at the appropriate forward rate. Any resulting exchange differences in these forward positions are disclosed as other gains/(losses) in the Statement of Total Return.

# SNOWDONIA GROWTH FUND

## Taxation

The charge for corporation tax is based on the results for the period and takes into account taxation deferred or accelerated because of timing differences arising between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, unless such provision is not permitted by Financial Reporting Standard 19.

## Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on the sale or repurchase of shares, which is paid into the sub-fund and included in the capital transactions. The levy is intended to cover certain dealing charges not included in the bid-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.

## Efficient Portfolio Management

Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance income, the income and expenses derived therefrom are included in 'Income' or 'Expenses' in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net gains/(losses) on investments' in the Statement of Total Return. Any positions on such transactions open at the period end are reflected in the sub-funds portfolio of investments at their marked to market value.

## Stamp Duty Reserve Tax (SDRT)

All expenses arising out of the introduction of SDRT will be charged to the sub-fund. It is the ACD's view that these will not be material.

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

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

	30/09/06	30/09/05
	£'000	£'000
Non-derivative securities	(685)	797
<b>Net (losses)/gains on investments</b>	<b>(685)</b>	<b>797</b>

## 3. OTHER GAINS

Other gains comprise:	30/09/06	30/09/05
	£'000	£'000
Currency gains	1	-
	<b>1</b>	<b>-</b>

## 4. INCOME

	30/09/06	30/09/05
	£'000	£'000
Bank interest	18	10
Distributions from authorised investment schemes:		
- franked income	72	26
- unfranked income	14	10
Renewal commission	5	-
	<b>109</b>	<b>46</b>

## 5. EXPENSES

	30/09/06	30/09/05
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	107	56
	<b>107</b>	<b>56</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	5	3
Transaction charges	-	4
	<b>5</b>	<b>7</b>
<b>Other expenses:</b>		
Registration fees	18	30
Auditors' remuneration	2	5
Miscellaneous expenses	1	5
	<b>21</b>	<b>40</b>
<b>Total expenses</b>	<b>133</b>	<b>103</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	30/09/06	30/09/05
	£'000	£'000
Current tax:		
Irrecoverable income tax	3	2
<b>Total current tax (note 6 (b))</b>	<b>3</b>	<b>2</b>

(b) Factors affecting the tax charge for the period

The tax charged for the period is at the special 20% rate of corporation tax applicable to open ended investment companies (OEICs).

The differences are explained below:

	30/09/06	30/09/05
	£'000	£'000
Net expense before taxation	(24)	(57)
	<b>(24)</b>	<b>(57)</b>

# SNOWDONIA GROWTH FUND

Return on ordinary activities multiplied by the special rate of corporation tax of 20%	(5)	(11)
Effects of:		
Tax on franked income	(14)	(5)
Irrecoverable income tax	3	2
Transaction charges	-	1
Expenses not utilised in period	19	15
<b>Current tax charge (note 6 (a))</b>	<b>3</b>	<b>2</b>

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

(c) Factors that may affect future tax charges

The Sub-fund has not recognised a deferred tax asset of £32,370 arising as a result of having unutilised interest distributions.

## 7. FINANCE COSTS

There will be no distribution for this period as expenditure exceeds income.

## 8. DEBTORS

	30/09/06	31/03/06
	£'000	£'000
Accrued income	10	9
Amounts receivable for creation of shares	97	84
Income tax recoverable	-	1
Sales awaiting settlement	-	945
	<b>107</b>	<b>1,039</b>

## 9. CASH AND BANK BALANCES

	30/09/06	31/03/06
	£'000	£'000
Sterling	979	720
<b>Cash and bank balances</b>	<b>979</b>	<b>720</b>

At 30th September 2006, the weighted average floating interest rate on bank balances was 3.75% (31st March 2006 3.75%).

## 10. BANK OVERDRAFTS

	30/09/06	31/03/06
	£'000	£'000
Sterling	33	1
<b>Bank overdrafts</b>	<b>33</b>	<b>1</b>

At 30th September 2006, the weighted average floating interest rate on bank overdrafts was 5.5% (31st March 2006 5.5%).

## 11. CREDITORS

	30/09/06	31/03/06
	£'000	£'000
Accrued expenses	5	10
Amounts payable for cancellation of shares	36	19
Purchases awaiting settlement	4	451
	<b>45</b>	<b>480</b>

## 12. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director

The Authorised Corporate Director ("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 each sub-fund, not exceeding 2.5% per annum of the Net Asset Value of the sub-fund, calculated on a mid market basis.

The annual management charge accrues daily and is payable monthly. The current management charge for the Snowdonia Growth Fund is 1.5%. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 4. The balance outstanding at the period end was nil.

### Investment Advisers

The ACD has appointed Premier Fund Managers Limited to provide investment management and advisory services to the ACD. The Investment Adviser has appointed UBS Wealth Management (UK) Limited as sub-adviser to the sub-fund with effect from February 2006. Prior to this date, Rensburg Investment Management Limited acted as sub-adviser to the sub-fund.

### The 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 due monthly on the last business day of the preceding month. The fee is payable out of the property attributable to each 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 in respect of the Depository's services are disclosed in note 4. There was nothing due to the Depository at the period end.

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments at the balance sheet date.

## 14. FINANCIAL INSTRUMENTS

The main risks arising from the sub-fund's financial instruments are market price, interest, liquidity and counterparty risks. The disclosures below exclude short-term debtors and creditors.

### 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-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 objective.

The Investment Adviser and sub-adviser do not use derivative instruments to hedge the investment portfolio against risks as, in their opinion, the cost of such a process would result in an unacceptable reduction in the potential capital growth.

### Currency Risk

The assets of the sub-fund are denominated in Sterling, therefore the sub-fund is not exposed to adverse currency risk.

### Interest Rate Risk

The sub-fund does not have any direct interest rate risk as all the sub-fund's financial assets are in authorised investment schemes which neither pay interest nor have any maturity date. The floating interest rate on cash positions is disclosed in notes 9 and 10.

	Floating Rate Financial Assets* 30/09/06	Floating Rate Financial Assets* 31/03/06
	£'000	£'000
Cash at bank	946	719
	<u>946</u>	<u>719</u>

\*Floating by reference to LIBOR or international equivalent.

### Liquidity Risk

The sub-fund invests in authorised investment schemes of recognised product providers spread sufficiently widely, to enable redemption of holdings without undue adverse effect. 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 due 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 who have been approved by the Investment Adviser and sub-adviser as an acceptable counterparty.

### 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.

## 15. SHARE CLASSES

The sub-fund currently has one share class, Class 1 (Accumulation). The annual management charge on this share class is as follows:

Class 1: 1.5%

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

## 16. PORTFOLIO TRANSACTION COSTS

As the sub-fund only invests in Collective Investment Schemes, there are no associated transaction costs.

# SNOWDONIA INCOME FUND

## HOW THE FUND HAS PERFORMED

### Performance Record - Income shares

Calendar Year	High (p)	Low (p)
2005	113.64	99.40
2006*	119.24	112.78

### Accumulation shares

Calendar Year	High (p)	Low (p)
2005	116.01	99.40
2006*	123.53	116.17

### Income Record - Income shares

Calendar Year	Net Income per Share (p)	Net Income per
		£1,000 at launch (p)
		14 October 2004
2005	3.0451	3,041.50
2006**	3.2076	3,207.60

### Income Record - Accumulation shares

Calendar Year	Net Income per Share (p)	Net Income per
		£1,000 at launch (p)
		14 October 2004
2005	2.5453	2,545.30
2006**	3.2688	3,268.80

### Net Asset Values - Income shares

As at	Shares in issue	Net Asset	Net Asset
		Value Per Share (p)	Value of Fund (£)
31/03/2006	18,305,044	118.28	39,417,389
30/09/2006	22,996,853	116.62	51,804,553

### Net Asset Values - Accumulation shares

As at	Shares in issue	Net Asset	Net Asset
		Value Per Share (p)	Value of Fund (£)
31/03/2005	14,498,149	122.54	39,417,389
30/09/2006	20,279,533	123.20	51,804,553

\*To 30th September 2006

\*\*To 30th September 2006, payable 30th November 2006

## INVESTMENT OBJECTIVE

To provide income together with some long-term capital growth from a portfolio of investments. To be managed such that a maximum of 60% of the sub-fund's property will be exposed to equities. The sub-fund may achieve this by investing in collective investment schemes and may also invest in equities, fixed interest securities, money market instruments, deposits and warrants.

## INVESTMENT REVIEW

### PERFORMANCE

Over what has been a turbulent six months for the UK's financial markets, the Fund registered a return of 1.0%. This was ahead of the IMA Cautious Managed sector average, which gained 0.2% over the half year, but behind the benchmark advance of 1.3%\*.

## MARKET REVIEW

The six months to the end of September proved to be a rocky period for financial markets, with volatility picking up significantly in May. During this time, the UK was one of the strongest of the major stock markets for UK investors, albeit with a relatively flat return of 1.0% for the six months. UK Government bonds, meanwhile, fared slightly better; ending the period ahead by 1.5%.

In line with most world stock markets, the UK made strong advances over the first month of the period. In May, however, investors became more concerned over the outlook for inflation, global interest rates and world economic growth. The result was a sharp fall in share prices across the world as investors fled from riskier assets, effectively cancelling out earlier gains.

The global stock market retreat lasted until mid-June, from where equity prices began to recover. The UK's rebound was stronger than most, due largely to the sustained solid performance of the defensive UK corporate sector and the high volume of merger and acquisition activity. The stock market continued to stabilise over the remainder of the half year, helping UK equities to return to positive territory by the period end.

The UK economy, meanwhile, improved considerably over the half year. In particular, the housing and retail markets - which were previously showing signs of slowing down - both stabilised, leading to an improved outlook for UK economic growth. However, it wasn't all good news: core inflation was stubbornly high during the period, largely because of high energy and commodity prices.

This balance of economic conditions did little to help the beleaguered UK bond market over the six months. As the period began, markets were expecting an interest rate cut, but rising inflation and the prospect of stronger growth eventually led to a rate rise in August. As a consequence, although UK bonds outperformed their equity counterparts, a gain of 1.5% represented an uninspiring return for the six-month period.

Over the same period, the UK commercial property market continued to produce solid, positive returns, driven predominantly by strong investor demand.

## PORTFOLIO ACTIVITY

The Fund remained close to the benchmark weighting in equities throughout the period, as we continue to favour the longer-term potential of equities over bonds. Due to the timing of the stock market correction, this preference hindered returns over this specific six-month period, as investors temporarily lost their appetite for risk.

More positively, the decision to remain underweight in fixed interest in favour of cash proved beneficial, as UK bond returns were behind those generated by property and cash. This position was maintained throughout the half year, as our view on the fixed-interest market has remained largely unchanged.

Our only significant asset allocation change over the period was to reduce the Fund's property exposure. Having had an extremely strong run over the past few years, we feel property markets are unlikely to be able to maintain this pace for much longer. Instead, we have introduced a weighting in alternative assets because, in our view, these provide risk-controlled access to potentially attractive returns.

The weighting in alternative assets has been created through the addition of two new holdings to the Portfolio. The first; Middlefield Canadian Income, is a Jersey-domiciled fund investing in tax-efficient Canadian Income Trusts (CITs). Middlefield are highly-regarded managers of CITs, which eliminate corporation tax on trusts formed around mature businesses with sustainable cashflows that are largely paid out to shareholders. The other; Harewood BNP Paribas European Shield, is a Guernsey-domiciled product that provides protected access to the returns generated by European stock markets.

# SNOWDONIA INCOME FUND

Still at an individual holding level, we sold HSBC Infrastructure to lock in profits, as this holding had enjoyed a strong run since its purchase earlier this year. In addition, we continued to add to or trim back holdings in response to individual performance.

## OUTLOOK/PROSPECTS

Markets have continued to stabilise following the turbulence over the summer, which has so far vindicated our continuing preference for equities. However, we remain wary that a number of economic factors are delicately balanced and would not be surprised to see volatility pick up again in the short term at least.

Looking at the world's pace of economic growth, the US continues to be the most significant concern. While the global economy is no longer so reliant on the US as its sole driver, a considerable slowdown would still have an impact that would be magnified in the eyes of wary investors. However, the US economy currently seems unlikely to tip over into recession, although growth should continue to slow to around or just below trend levels.

At a corporate level, the picture remains encouraging. Increasingly efficient companies are churning out good financial results on a consistent basis and the volume of takeover activity has been brisk. These factors, combined with robust global economic growth, give us confidence over the medium to long-term outlook for equities.

Fixed-interest markets, meanwhile, still look unlikely to generate strong capital growth any time soon. However, we continue to them for the purposes of providing income and diversification.

Source: Premier Fund Managers Ltd

October 2006

\*Composite Benchmark: 50% FTSE All Share Index, 50% FTSE All Stocks Index

## PORTFOLIO OF INVESTMENTS

As at 30th September 2006

Holding	Investment	Bid market valuation £'000	Total Value of Fund %
<b>EQUITY FUNDS 51.58% (50.59%)</b>			
735,551	AXA Framlington Monthly Income	2,207	4.26
1,150,250	Baillie Gifford British 350 B Inc	2,531	4.89
2,547,554	Credit Suisse Alpha Income	2,227	4.30
103,148	Discretionary Unit Fund	992	1.91
1,155,000	Harewood BNP UK High Income	1,178	2.27
857,250	Harewood BNP European Shield	909	1.75
299,250	ING UK Real Estate	362	0.70
210,381	Insight Foundation Property	279	0.54
75,577	Investec UK Smaller Companies	1,257	2.43
462,851	Jupiter Income	2,387	4.61
1,090,352	Legal & General UK Index Inc	1,340	2.59
3,513,056	Mellon Newton Higher Income Inc	2,438	4.71
966,000	Middlefield Canadian Income	1,009	1.95
1,117,536	Neptune Income B	1,780	3.44
185,991	Rathbone Income	1,466	2.83
1,019,721	Rensburg UK Equity Income	1,943	3.75
3,058,573	Standard Life UK Equity High Income	2,414	4.65
		<b>26,719</b>	<b>51.58</b>
<b>CORPORATE BOND FUNDS 45.10% (48.73%)</b>			
3,213,003	Baillie Gifford Corporate Bond B Inc	2,471	4.77
19,603	Collins Stewart Total Return Bond	1,965	3.79
4,812,831	F&C Extra Income	2,387	4.61
3,655,670	Henderson Preference & Bond I Inc	2,291	4.42
4,513,046	Legal & General High Income Inc	2,557	4.94
1,457,968	Legal & General Linked Gilt	1,444	2.79
978,721	Liontrust First Income	1,743	3.36
5,140,522	M&G High Yield Corporate Bond	2,531	4.89
1,801,161	Resolution Corporate Bond Inc	2,046	3.95
2,424,057	Royal London Income	2,348	4.52
3,220,376	Standard Life Higher Income	1,584	3.06
		<b>23,367</b>	<b>45.10</b>
<b>Total Value of Investments</b>		<b>50,086</b>	<b>96.68</b>
<b>Net Other Assets</b>		<b>1,719</b>	<b>3.32</b>
<b>Total Net Assets</b>		<b>51,805</b>	<b>100.00</b>

Figures in brackets represent sector distribution as 31st March 2006.

All investments are in Collective Investment Schemes unless otherwise stated.

# SNOWDONIA INCOME FUND

## STATEMENT OF TOTAL RETURN

For the period to 30th September 2006

	notes	30/09/06		30/09/05	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the period	2		(62)		1,176
Income	3	935		381	
Expenses	4	(385)		(209)	
Finance costs: Interest	6	(1)		-	
Net income before taxation		549		172	
Taxation	5	(45)		(11)	
Net income after taxation for the period			504		161
Total return before distributions			442		1,337
Finance costs: Distributions	6		(812)		(328)
Change in net assets attributable to shareholders			<u>(370)</u>		<u>1,009</u>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the period to 30th September 2006

	notes	30/09/06		30/09/05	
		£'000	£'000	£'000	£'000
Net assets at the start of the period			39,417		-
Movements due to sales and repurchases of shares:					
Amounts receivable on issue of shares		14,365		24,207	
Less: Amounts payable on cancellation of shares		(2,021)		(887)	
			12,344		23,320
Change in net assets attributable to shareholders (see above)			(370)		1,009
Retained distribution on accumulation shares	6		422		75
Dilution levy			1		-
Stamp Duty Reserve Tax			(9)		(7)
Net assets at the end of the period			<u>51,805</u>		<u>24,397</u>

## BALANCE SHEET

As at 30th September 2006

	notes	30/09/06	31/03/06
		£'000	£'000
<b>ASSETS</b>			
Portfolio of Investments		<u>50,086</u>	<u>39,150</u>
Debtors	7	1,013	592
Cash and bank balances	8	<u>1,415</u>	<u>363</u>
Total other assets		<u>2,428</u>	<u>955</u>
Total assets		<u>52,514</u>	<u>40,105</u>
<b>LIABILITIES</b>			
Creditors	9	416	491
Distribution payable on income shares	6	<u>293</u>	<u>197</u>
Total liabilities		<u>709</u>	<u>688</u>
Net assets attributable to shareholders		<u>51,805</u>	<u>39,417</u>

The notes on pages 26-29 are an integral part of these financial statements.  
On behalf of Premier Portfolio Managers Limited



Neil Macpherson  
Finance Director of the ACD  
24th November 2006



Mark Friend  
Managing Director, Operations of  
the ACD

# SNOWDONIA INCOME FUND

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

For the period to 30th September 2006

Purchases	Cost £'000
Legal & General UK Index Inc	1,242
Jupiter Income	1,120
Middlefield Canadian Income	1,100
Legal & General Linked Gilt	1,000
Harewood BNP European Shield	900
Baillie Gifford British 350 B Inc	777
Legal & General High Income Inc	739
Mellon Newton Higher Income Inc	720
Royal London Income	703
M&G High Yield Corporate Bond	690
Baillie Gifford Corporate Bond B Inc	606
Henderson Preference & Bond I Inc	581
Standard Life UK Equity High Income	550
Neptune Income B	478
Credit Suisse Alpha Income	434
F&C Extra Income	468
Resolution Corporate Bond Inc	400
AXA Framlington Monthly Income	395
Collins Stewart Total Return Bond	270
Investec UK Smaller Companies	225
Other	1,194
<b>Total purchases during the period</b>	<b>14,592</b>

Sales	Proceeds £'000
Insight Foundation Property	880
Legal & General UK Index Inc	704
HSBC Infrastructure	692
ING UK Real Estate	453
Legal & General Linked Gilt	254
Standard Life Higher Income	179
Middlefield Canadian Income	141
Royal London Income	88
Resolution Corporate Bond Inc	47
Collins Stewart Total Return Bond	31
M&G High Yield Corporate Bond	22
Equalisation capitalised on dividends	54
<b>Total sales during the period</b>	<b>3,545</b>

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 period and at a minimum the top 20 purchases and sales during the period. There were eleven sales during the period.

## 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 generally accepted accounting principles and applicable accounting standards in the UK, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in December 2005 and the Financial Services Authority's New Collective Investment Schemes Sourcebook and the Instrument of Incorporation, to the extent that the Statement of Recommended Practice does not conflict with UK accounting standards.

Financial Reporting Standard 25 requires shareholder interests to be treated as debt rather than equity. Distributions of the sub-fund are disclosed as finance costs, as a result overdraft interest is disclosed separately from other expenses on the face of the Statement of Total Return and is included in the finance cost note. In addition to the above derivative liabilities are disclosed within the liabilities section of the balance sheet and not netted off against investment assets.

#### Income Recognition

Dividends receivable from authorised unit trusts and OEICs are credited to income when the security is quoted ex-distribution. Interest and other income are recognised on an accruals basis. Accumulation of income relating to accumulation units or shares held in underlying funds is recognised as income and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

#### Sub-Fund Expenses

Sub-fund expenses are accounted for on an accruals basis. For this sub-fund the ACD and Depositary have agreed that 100% of the sub-fund's expenses are borne by capital.

#### Distributions

Amounts distributable are calculated after charging all sub-fund expenses except those borne by capital as discussed above.

#### Valuations

The valuation point is 12 noon on the last working day of the accounting period. Quoted investments are valued at the bid-market value net of any accrued interest which is included in the balance sheet as an income-related item.

Authorised unit trusts are valued at the bid value of contractual prices. OEIC sub-funds are valued at the quoted price for those managed by the ACD and at contractual prices for any other sub-funds.

#### Taxation

The charge for corporation tax is based on the results for the period and takes into account taxation deferred or accelerated because of timing differences arising between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, unless such provision is not permitted by Financial Reporting Standard 19.

#### Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on the sale or repurchase of shares, which is paid into the sub-fund and included in the capital transactions. The levy is intended to cover certain dealing charges not included in the bid-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.

# SNOWDONIA INCOME FUND

## Efficient Portfolio Management

Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance income, the income and expenses derived therefrom are included in 'Income' or 'Expenses' in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net gains/losses on investments' in the Statement of Total Return. Any positions on such transactions open at the period end are reflected in the sub-fund's portfolio of investments at their marked to market value.

## Stamp Duty Reserve Tax (SDRT)

All expenses arising out of the introduction of SDRT will be charged to the sub-fund. It is the ACD's view that these will not be material.

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

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

	30/09/06	30/09/05
	£'000	£'000
Non-derivative securities	(62)	1,176
<b>Net (losses)/gains on investments</b>	<b>(62)</b>	<b>1,176</b>

## 3. INCOME

	30/09/06	30/09/05
	£'000	£'000
Bank interest	12	28
Distributions from authorised investment schemes:		
- franked income	327	127
- unfranked income	585	225
Renewal commission	11	1
	<b>935</b>	<b>381</b>

## 4. EXPENSES

	30/09/06	30/09/05
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	328	140
	<b>328</b>	<b>140</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	15	8
Transaction charges	1	3
Safe custody fee	1	-
	<b>17</b>	<b>11</b>

## Other expenses:

Registration fees	31	44
Auditors' remuneration	1	8
Miscellaneous expenses	8	6
	<b>40</b>	<b>58</b>
<b>Total expenses</b>	<b>385</b>	<b>209</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 5. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	30/09/06	30/09/05
	£'000	£'000
<b>Current tax:</b>		
Corporation tax	45	9
Irrecoverable income tax	-	2
<b>Total current tax (note 5 (b))</b>	<b>45</b>	<b>11</b>

(b) Factors affecting the tax charge for the period

The tax charged for the period is at the special 20% rate of corporation tax applicable to open ended investment companies (OEICs).

The differences are explained below:

	30/09/06	30/09/05
	£'000	£'000
Net income before taxation	549	172
	<b>549</b>	<b>172</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20%	110	34
Effects of:		
Tax on franked income	(65)	(26)
Irrecoverable income tax	-	2
Transaction charges	-	1
<b>Current tax charge (note 5 (a))</b>	<b>45</b>	<b>11</b>

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

# SNOWDONIA INCOME FUND

## 6. FINANCE COSTS

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

	30/09/06	30/09/05
	£'000	£'000
First interim distribution	176	53
First interim accumulation	150	17
Second interim distribution	293	56
Second interim accumulation	272	16
Third interim distribution	-	144
Third interim accumulation	-	42
	<b>891</b>	<b>328</b>
Add: income deducted on cancellation shares	8	-
Deduct: income received on issue of shares	(87)	-
<b>Net distributions for the period</b>	<b>812</b>	<b>328</b>
Interest	1	-
<b>Total finance costs</b>	<b>813</b>	<b>328</b>

Distributions payable to accumulation shareholders are reinvested in the Fund and totalled £422,191 during the period under review.

## 7. DEBTORS

	30/09/06	31/03/06
	£'000	£'000
Accrued income	293	206
Amounts recoverable for creation of shares	509	266
Income tax recoverable	211	120
	<b>1,013</b>	<b>592</b>

## 8. CASH AND BANK BALANCES

	30/09/06	31/03/06
	£'000	£'000
Sterling	1,415	363
<b>Cash and bank balances</b>	<b>1,415</b>	<b>363</b>

As at 30th September 2006, the weighted average floating interest rate on bank balances was 3.75% (31st March 2006 3.75%).

## 9. CREDITORS

	30/09/06	31/03/06
	£'000	£'000
Accrued expenses	18	13
Amounts payable for cancellation of shares	58	31
Corporation tax provision	73	32
Purchases awaiting settlement	267	415
	<b>416</b>	<b>491</b>

## 10. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director

The Authorised Corporate Director ("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 each sub-fund, not exceeding 2.5% per annum of the Net Asset Value of the sub-fund, calculated on a mid market basis.

The annual management charge accrues daily and is payable monthly. The current management charge for the Snowdonia Income Fund is 1.5%. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 4. The balance outstanding at the period end was nil.

### Investment Advisers

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

### The 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-funds. 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 due monthly on the last business day of the preceding month. The fee is payable out of the property attributable to each 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 in respect of the Depository's services are disclosed in note 4. There was nothing due to the Depository at the period end.

## 11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments at the balance sheet date.

## 12. FINANCIAL INSTRUMENTS

The main risks arising from the sub-fund's financial instruments are market price, interest, liquidity and counterparty risks. The disclosures below exclude short-term debtors and creditors.

### 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 objective.

The Investment Adviser does not use derivative instruments to hedge the investment portfolio against risks as, in their opinion, the cost of such a process would result in an unacceptable reduction in the potential capital growth.

# SNOWDONIA INCOME FUND

## Currency Risk

The assets of the sub-fund are denominated in Sterling, therefore the sub-fund is not exposed to adverse currency risk.

## Interest Rate Risk

The sub-fund does not have any direct interest rate risk as all the sub-fund's financial assets are in authorised investment schemes which neither pay interest nor have any maturity date. The floating interest rate on cash positions is disclosed in note 8.

	Floating Rate Financial Assets*	Floating Rate Financial Assets/ (Liabilities)*
	30/09/06	31/03/06
	£'000	£'000
<b>Sterling</b>		
Cash at bank	315	(12)
Cash on deposit	1,100	375
	1,415	363

\*Floating by reference to LIBOR or international equivalent.

## Liquidity Risk

The sub-fund invests in authorised investment schemes of recognised product providers spread sufficiently widely, to enable redemption of holdings without undue adverse effect. 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 due 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 Company minimises concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges. The Company only buys and sells investments through brokers which have been approved by the Investment Adviser as an acceptable counterparty.

## 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.

## 13. SHARE CLASSES

The sub-fund currently has two share classes, Class 1 (Income) and Class 2 (Accumulation). The annual management charge on each share class is as follows:

Class 1: 1.5%

Class 2: 1.5%

The net asset value of each share class, the net asset value per share, and the number of shares is given in the comparative tables on page 23. The distribution per share class is given in the distribution tables below.

## 14. PORTFOLIO TRANSACTION COSTS

As the sub-fund only invests in Collective Investment Schemes, there are no associated transaction costs.

## 15. DISTRIBUTION TABLES

For the period to 30th June 2006

Interim dividend distribution in pence per share

	Gross income	Tax Credit (10%)	Income Equalisation	Distribution paid 30/08/06	Distribution paid 30/08/05
Group 1	0.9482	0.0948	-	0.8534	0.5274
Group 2	0.4221	0.0422	0.4735	0.8534	0.5274

Interim dividend distribution in pence per share

	Gross income	Tax Credit (10%)	Income Equalisation	Distribution paid 30/08/06	Distribution paid 30/08/05
Group 1	0.9853	0.0985	-	0.8868	0.6200
Group 2	0.3756	0.0376	0.5488	0.8868	0.6200

For the period to 30th September 2006

Interim dividend distribution in pence per share

	Gross income	Tax Credit (10%)	Income Equalisation	Distribution payable 30/11/06	Distribution paid 30/11/05
Group 1	1.4171	0.1417	-	1.2754	1.0274
Group 2	0.6196	0.0620	0.7178	1.2754	1.0274

Interim dividend distribution in pence per share

	Gross income	Tax Credit (10%)	Income Equalisation	Distribution payable 30/11/06	Distribution paid 30/11/05
Group 1	1.4899	0.1490	-	1.3409	0.5301
Group 2	0.6060	0.0606	0.7955	1.3409	0.5301

# SNOWDONIA PROPERTY FUND

## HOW THE FUND HAS PERFORMED

### Performance Record - Income shares

Calendar Year	High (p)	Low (p)
2005*	101.11	99.52
2006**	118.60	101.06

### Performance record - Accumulation shares

Calendar Year	High (p)	Low (p)
2005*	101.12	99.53
2006**	121.82	101.09

### Income Record - Income shares

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at launch (p)
2006†	3.3945	3,394.50

### Income Record - Accumulation shares

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at launch (p)
2006†	3.4330	3,433.00

### Net Asset Values - Income shares

As at	Shares in issue	Net Asset Value per Share (p)	Net Asset Value of Fund (£)
31/03/2006	2,774,466	114.73	5,739,042
30/09/2006	6,069,815	117.64	13,539,894

### Net Asset Values - Accumulation shares

As at	Shares in issue	Net Asset Value per Share (p)	Net Asset Value of Fund (£)
31/03/2006	2,244,522	114.78	5,739,042
30/09/2006	5,267,612	121.48	13,539,894

\*From 7th December 2005 to 31st December 2005

\*\*To 30th September 2006

†To 30th September 2006, payable 30th November 2006

## INVESTMENT OBJECTIVE

The Snowdonia Property Fund aims to provide income and capital growth from a portfolio which will mainly consist of European investments. The sub-fund will invest in a portfolio of securities which are typically shares in property companies and collective investment schemes whose investments consist of shares in property companies.

## INVESTMENT REVIEW

### PERFORMANCE

The Snowdonia Property Fund rose in value by 6.1% over the interim period. European quoted property companies saw relatively high volatility during the period, although the Fund's remit of a minimum 70% invested in Real Estate Investment Trusts (REITs) and REIT-type vehicles meant that the Fund saw significantly lower volatility compared to the benchmark stocks.

## MARKET REVIEW

The benefits of commercial property continue to be recognised across a range of investors, from pension funds and institutions to private investors, all of whom are attracted by the long term visible income stream available from the sector. This has led to increasing demand for commercial property assets across both the UK and Europe, with much of this demand coming from overseas investors who have identified the growth prospects in the European rental markets.

This demand has led to a further increase in the values of commercial property assets and share prices have risen in line with these increases in asset values of the quoted property stocks.

Pleasingly, this demand has coincided with very healthy rental growth prospects as economic growth is picking up across the region, with increased demand for both retail and office space from international companies. It is this that remains key to the attractions of the sector.

## PORTFOLIO ACTIVITY

The period under review saw significant inflows into the newly launched Fund. The Manager invested these inflows into niche segments of the quoted sector that are able to offer an attractive income with some capital growth potential.

At the period end, the UK comprised the highest exposure of the Fund, although the UK exposure has actually decreased over the period from over 40% to 25%. The key reason for this deliberate shift away from the UK is that the yield from UK property is now below the cost of borrowing in the UK. As such, the UK looks relatively overvalued unless there is clear evidence of rental growth or asset management opportunities. The current UK exposure is concentrated on some UK quoted companies that are set to convert into tax efficient Real Estate Investment Trusts (REITs) in January 2007 and also a number of tax-efficient offshore 'pseudo-REIT' vehicles.

We have significantly increased the Fund's exposure to French commercial property REITs. These companies own some of the largest and best quality properties in France and these are increasingly attracting international tenants looking for more continental European exposure. Vacancy levels are falling and subsequently rents are rising in both retail and office properties.

The Fund also significantly increased its exposure to Germany, from under 1.5% at the start of the period under review, to over 14%. Germany is well placed for a cyclical recovery in its property market, which has seen steady declines over the last 5 years. We see Germany as an attractive long term opportunity and the Fund will be able to ride this recovery in German property in a tax-efficient way thanks to the introduction of German REITs next year.

## OUTLOOK/PROSPECTS

The UK property market has seen strong gains over the last 3 years, but we expect attractive returns to be far more selective over the medium term. The key will be investing in niche pockets of rental growth and as a fully flexible and liquid vehicle, this Fund is able to target those niche markets attractively positioned in their respective cyclical curve.

UK REITs will become fully legislated from 1st January 2007 and this should lead to a considerable expansion in the UK quoted sector in the next 12 months. Thanks to their flexible and tax-efficient structure, UK-REITs will offer the Fund Manager a liquid investment in property with an attractive yield.

We expect to continue to favour the continental European property markets, which are just starting to be recognised by international investors thanks to the improving transparency and regulation in these markets. The cost of borrowing in Europe remains well below the property yields available, which leaves an attractive opportunity to further capital growth. We are likely to see further increases in interest rates in Europe, but this is broadly offset by rental growth, as European leases are typically linked to inflation.

We have noted some significant increases in share prices of some of the more speculative property developers and residential companies in Europe, but the Fund does not invest in such companies due to their high volatility and their significant risk in a market downturn. We will continue to target commercial property companies offering an attractive income stream with well positioned assets and strong tenants.

The outlook for the European property sector should offer considerable medium to long term opportunities for the Fund. Europe is about to experience the final leg in the globalisation of REITs and the Fund is ideally positioned to benefit from this.

Access to local market knowledge and management skills in European markets is particularly important and the Fund will continue to focus on proven and well managed companies exposed to sub-sectors within the Eurozone that are able to generate sustainable rental growth. Unlike those fund's that are aligned to their benchmark, we aim to provide an attractive income and capital return from indirect European property with lower volatility.

Source: Premier Fund Managers Ltd

October 2006

\*Benchmark: FTSE EPRA Europe Index

# SNOWDONIA PROPERTY FUND

## PORTFOLIO OF INVESTMENTS

As at 30th September 2006

Holding	Investment	Bid market valuation £'000	Total Value of Fund %
<b>BELGIUM 3.18% (1.54%)</b>			
400	Befimmo SCA	24	0.17
13,240	Warehouses de Pauw	407	3.01
		<b>431</b>	<b>3.18</b>
<b>FINLAND 1.94% (4.58%)</b>			
43,200	Citycon	120	0.88
24,000	Sponda Oyj	143	1.06
		<b>263</b>	<b>1.94</b>
<b>FRANCE 20.08% (12.18%)</b>			
7,450	Affine	604	4.46
10,000	Fonciere Lyonnaise	354	2.61
20,000	Mercialys	356	2.63
4,250	Silic	314	2.32
4,413	Ste de la Tour Eiffel	373	2.75
6,450	Unibail	719	5.31
		<b>2,720</b>	<b>20.08</b>
<b>GERMANY 1.09% (1.06%)</b>			
4,000	Deutsche Euroshop	147	1.09
<b>NETHERLANDS 16.78% (26.12%)</b>			
9,200	Corio	353	2.61
11,000	Eurocommercial Property	270	1.99
18,000	Nieuwe Steen Investments	249	1.84
10,400	Rodamco Continental	639	4.72
12,500	Vastned Industrial	235	1.74
7,050	Vastned Retail	305	2.25
3,800	Wereldhave	221	1.63
		<b>2,272</b>	<b>16.78</b>
<b>LUXEMBOURG 4.02% (0.00%)</b>			
55,000	Prologis European Property	544	4.02
<b>SWITZERLAND 0.40% (1.01%)</b>			
2,000	PSP Swiss Property	54	0.40
<b>UNITED KINGDOM 43.26% (43.67%)</b>			
300,000	AXA Property	306	2.26
14,800	Brixton	78	0.58
990,000	Develica Deutschland	657	4.85
20,700	Eurocastle Investments	415	3.06
210,000	F&C Commercial Property*	269	1.99
171,400	ING UK Real Estate*	206	1.52
326,800	Insight Foundation Trust*	435	3.21
60,000	ISIS Property 2*	82	0.61
60,000	ISIS Property Trust*	92	0.68
200,000	Kenmore European	212	1.57
40,700	Land Securities	799	5.90
7,350	Mapeley	249	1.84
178,940	Raven Russia	187	1.38
81,800	Slough Estates	544	4.02
150,000	Standard Life Investment Property*	199	1.47
1,000,000	Summit Germany	691	5.10
20,000	UK Balanced Property Trust*	30	0.22
200,000	Wichford*	406	3.00
		<b>5,857</b>	<b>43.26</b>

As at 30th September 2006

Holding	Investment	Bid market valuation £'000	Total Value of Fund %
<b>FORWARD CURRENCY CONTRACTS 0.17% (-0.46%)</b>			
CHF125,000	Sold Swiss Franc bought GBP 54,113 for settlement 08/12/2006	1	0.01
EUR 11,000,000	Sold Euro bought GBP 7,499,800 for settlement 08/12/2006	24	0.18
EUR 789,250	Sold Euro bought GBP 533,399 for settlement 08/12/2006	(3)	(0.02)
		<b>22</b>	<b>0.17</b>
<b>Total Value of Investments</b>		<b>12,310</b>	<b>90.92</b>
<b>Net Other assets</b>		<b>1,230</b>	<b>9.08</b>
<b>Total Net Assets</b>		<b>13,540</b>	<b>100.00</b>

\*CIS funds

Figures in brackets represent sector distribution at 31st March 2006.

All investments are in ordinary shares unless otherwise stated.

# SNOWDONIA PROPERTY FUND

## STATEMENT OF TOTAL RETURN

For the period to 30th September 2006

	notes	30/09/06	
		£'000	£'000
Net gains on investments during the period	2		629
Other gains	3		117
Income	4	229	
Expenses	5	(97)	
Finance costs: Interest	7	(1)	
Net income before taxation		131	
Taxation	6	(19)	
Net income after taxation for the period			112
Total return before distributions			858
Finance costs: Distributions	7		(197)
<b>Change in net assets attributable to shareholders</b>			<b>661</b>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the period to 30th September 2006

	notes	30/09/06	
		£'000	£'000
<b>Net assets at the start of the period</b>			5,739
Movements due to sales and repurchases of shares:			
Amounts receivable on issue of shares		7,609	
Less: Amounts payable on cancellation of shares		(592)	
			7,017
Change in net assets attributable to shareholders (see above)			661
Retained distribution on accumulation shares	7		123
<b>Net assets at the end of the period</b>			<b>13,540</b>

## BALANCE SHEET

As at 30th September 2006

	notes	30/09/06 £'000	31/03/06 £'000
<b>ASSETS</b>			
Portfolio of Investments		12,313	5,058
Debtors	8	481	274
Cash and bank balances	9	811	932
<b>Total other assets</b>		<b>1,292</b>	<b>1,206</b>
<b>Total assets</b>		<b>13,605</b>	<b>6,264</b>
<b>LIABILITIES</b>			
Derivative liabilities		3	-
Creditors	11	21	507
Bank overdrafts	10	3	-
Distribution payable on income shares	7	38	18
<b>Total other liabilities</b>		<b>62</b>	<b>525</b>
<b>Total liabilities</b>		<b>65</b>	<b>525</b>
<b>Net assets attributable to shareholders</b>		<b>13,540</b>	<b>5,739</b>

The notes on pages 34-38 are an integral part of these financial statements.  
On behalf of Premier Portfolio Managers Limited



Neil Macpherson  
Finance Director of the ACD

24th November 2006



Mark Friend  
Managing Director, Operations of the ACD

# SNOWDONIA PROPERTY FUND

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

For the period to 30th September 2006

Purchases	Cost £'000
Summit Germany	677
Develica Deutschland	673
Prologis European Property	531
Unibail	498
Rodamco Continental	401
Eurocastle Investments	391
Ste de la Tour Eiffel	385
Warehouses de Pauw	342
Land Securities	334
Affine	308
AXA Property	316
Mercialys	284
Eurocommercial Property	221
Raven Russia	206
Kenmore European	200
Wichford*	188
Silic	179
Slough Estates	179
Mapeley	174
Fonciere Lyonnaise	155
Other	252
<b>Total purchases during the period</b>	<b>6,894</b>

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 period and at a minimum the top 20 purchases and sales during the period. There were no sales during the period.

\*CIS Funds

## 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 generally accepted accounting principles and applicable accounting standards in the UK, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in December 2005 and the Financial Services Authority's New Collective Investment Schemes Sourcebook and the Instrument of Incorporation, to the extent that the Statement of Recommended Practice does not conflict with UK accounting standards.

Financial Reporting Standard 25 requires shareholder interests to be treated as debt rather than equity. Distributions of the sub-fund are disclosed as finance costs, as a result overdraft interest is disclosed separately from other expenses on the face of the Statement of Total Return and is included in the finance cost note. In addition to the above derivative liabilities are disclosed within the liabilities section of the balance sheet and not netted off against investment assets.

#### Income Recognition

Dividends receivable from authorised unit trusts and OEICs are credited to income when the security is quoted ex-distribution. Interest and other income are recognised on an accruals basis. Accumulation of income relating to accumulation units or shares held in underlying funds is recognised as income and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

#### Sub-Fund Expenses

Sub-fund expenses are accounted for on an accruals basis. For this sub-fund the ACD and Depositary have agreed that 100% of the sub-fund's expenses are to be borne by capital.

#### Distributions

Amounts distributable are calculated after charging all sub-fund expenses except those borne by capital as discussed above.

#### Valuations

The valuation point is 12 noon on the last working day of the accounting period. Quoted investments are valued at the bid-market value net of any accrued interest which is included in the balance sheet as an income-related item.

Authorised unit trusts are valued at the bid value of contractual prices. OEIC sub-funds are valued at the quoted price for those managed by the ACD and at contractual prices for any other sub-funds.

#### Taxation

The charge for corporation tax is based on the results for the period and takes into account taxation deferred or accelerated because of timing differences arising between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, unless such provision is not permitted by Financial Reporting Standard 19.

#### Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on the sale or repurchase of shares, which is paid into the sub-fund and included in the capital transactions. The levy is intended to cover certain dealing charges not included in the bid-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.

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## Efficient Portfolio Management

Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance income, the income and expenses derived therefrom are included in 'Income' or 'Expenses' in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net gains/losses on investments' in the Statement of Total Return. Any positions on such transactions open at the period end are reflected in the sub-fund's portfolio of investments at their marked to market value.

## Stamp Duty Reserve Tax (SDRT)

All expenses arising out of the introduction of SDRT will be charged to the sub-fund. It is the ACD's view that these will not be material.

## 2. NET GAINS ON INVESTMENTS

The net gains on investments during the period comprise:

	30/09/06
	£'000
Non-derivative securities	606
Forward currency contracts	23
Net gains on investments	<u>629</u>

## 3. OTHER GAINS

Other gains comprise:	30/09/06
	£'000
Currency gains	117
	<u>117</u>

## 4. INCOME

	30/09/06
	£'000
Bank interest	3
Franked income	60
Overseas dividends	149
Renewal commission	17
	<u>229</u>

## 5. EXPENSES

	30/09/06
	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>	
ACD's periodic charge	68
	<u>68</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary's fees	4
Safe custody fees	1
Transaction charges	1
	<u>6</u>

## Other expenses:

Registration fees	20
Auditors' remuneration	1
Miscellaneous expenses	2
	<u>23</u>
<b>Total expenses</b>	<u>97</u>

Irrecoverable VAT is included in the above expenses where relevant.

## 6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	30/09/06
	£'000
<b>Current tax:</b>	
Corporation tax	13
Double taxation relief	(13)
Overseas withholding tax	19
<b>Total current tax (note 6 (b))</b>	<u>19</u>

(b) Factors affecting the tax charge for the period

The tax charged for the period is at the special 20% rate of corporation tax applicable to open ended investment companies (OEICs).

The differences are explained below:

	30/09/06
	£'000
Net income before taxation	131
	<u>131</u>
Return on ordinary activities multiplied by the special rate of corporation tax of 20%	26
Effects of:	
Tax on franked income	(13)
Double taxation relief	(13)
Overseas withholding tax	19
<b>Current tax charge (note 6 (a))</b>	<u>19</u>

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

(c) Factors that may affect future tax charges

The sub-fund has not recognised a deferred tax asset of £2,119 arising as a result of having unutilised management expenses. These expenses will only be utilised if the tax treatment of capital gains or the sub-fund investment profile changes.

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## 7. FINANCE COSTS

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

	30/09/06
	£'000
First Interim distribution	104
First interim accumulation	89
Second interim distribution	38
Second interim accumulation	34
	<u>265</u>
Add income deducted on cancellation of share	3
Deduct: income received on issue of shares	(71)
<b>Net distributions for the period</b>	<b>197</b>
Interest	1
<b>Total finance costs</b>	<b><u>198</u></b>

Distributions payable to accumulation shareholders are reinvested in the Fund and totalled £123,189 during the period under review.

## 8. DEBTORS

	30/09/06	31/03/06
	£'000	£'000
Accrued income	9	16
Amounts recoverable for creation of shares	192	258
Overseas tax recoverable	9	-
Sales awaiting settlement	271	-
	<u>481</u>	<u>274</u>

## 9. CASH AND BANK BALANCES

	30/09/06	31/03/06
	£'000	£'000
Euro	1	1
Sterling	810	931
<b>Cash and bank balances</b>	<b><u>811</u></b>	<b><u>932</u></b>

As at 30th September 2006, the weighted average floating interest rate on bank balances was 3.75% (31st March 2006 3.75%).

## 10. BANK OVERDRAFTS

	30/09/06	31/03/06
	£'000	£'000
Sterling	3	-
	<u>3</u>	<u>-</u>

As at 30th September 2006, the weighted average floating interest rate on bank balances was 5.5% (31st March 2006 5.5%)

## 11. CREDITORS

	30/09/06	31/03/06
	£'000	£'000
Accrued expenses	7	14
Amounts payable for cancellation of shares	14	407
Purchases awaiting settlement	-	86
	<u>21</u>	<u>507</u>

## 12. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director

The Authorised Corporate Director ("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 each sub-fund, not exceeding 2.5% per annum of the Net Asset Value of the sub-fund, calculated on a mid market basis.

The annual management charge accrues daily and is payable monthly. The current management charge for the Snowdonia Property Fund is 1.5%. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 4. The balance outstanding at the period end was nil.

### Investment Advisers

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

### The Depositary

The sub-fund's Depositary is The Royal Bank of Scotland plc. The Depositary 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-funds. Subject to FSA Regulations, the Depositary has full power under the Depositary agreement to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as Depositary. It has delegated custody services to The Northern Trust Company. The Depositary received for its own account a periodic fee which accrues daily and is due monthly on the last business day of the preceding month. The fee is payable out of the property attributable to each sub-fund. The rate of the periodic fee is as agreed between the ACD and the Depositary 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 Depositary.

The total remuneration payable to the Depositary 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 in respect of the Depositary's services are disclosed in note 4. There was nothing due to the Depositary at the period end.

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments at the balance sheet date.

# SNOWDONIA PROPERTY FUND

## 14. FINANCIAL INSTRUMENTS

The main risks arising from the sub-fund's financial instruments are market price, currency, interest, liquidity and counterparty risks. With the exception of the analysis of currency exposures, the disclosures below exclude short-term debtors and creditors.

### 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 objective.

The Investment Adviser may use derivative instruments to hedge the investment portfolio against currency risks.

### Currency Risk

Although the sub-fund's performance is measured in Sterling, a significant proportion of the sub-fund's assets may be either denominated in other currencies or are in investments in unit trusts or investment funds with substantial currency exposure and, as a result, the income and capital value of the sub-fund may be significantly affected by currency movements. In respect of the purchases and sales of investments, the Manager normally reduces the currency risk by executing a foreign exchange transaction to mitigate as far as possible, significant currency risks.

#### Currency exposure as at 30th September 2006

Currency	Investment £'000	Cash balances £'000	Debtors/ (Creditors) £'000	Total exposure £'000
Euro	8,161	1	-	8,162
Sterling	4,094	807	422	5,323
Swiss Francs	55	-	-	55
<b>Total</b>	<b>12,310</b>	<b>808</b>	<b>422</b>	<b>13,540</b>

#### Currency exposure as at 31st March 2006

Currency	Investment £'000	Cash balances £'000	Debtors/ (Creditors) £'000	Total exposure £'000
Euro	2,539	1	-	2,540
Sterling	2,462	931	(165)	3,228
Swiss Francs	57	-	-	57
<b>Total</b>	<b>5,058</b>	<b>932</b>	<b>(165)</b>	<b>5,825</b>

### Interest Rate Risk

The sub-fund's financial assets do not comprise of fixed interest securities, therefore it is not exposed to interest rate risk.

### Liquidity Risk

The sub-fund's financial assets are traded on recognised stock exchanges. 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 due 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 Company minimises concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges. The Company only buys and sells investments through brokers who have been approved by the Investment Adviser as an acceptable counterparty.

### 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.

## 15. SHARE CLASSES

The sub-fund currently has two share classes, Class 1 (Income) and Class 2 (Accumulation). The annual management charge on each share class is as follows:

Class 1: 1.5%

Class 2: 1.5%

The net asset value of each share class, the net asset value per share, and the number of shares is given in the comparative tables on page 30. The distribution per share class is given in the distribution tables on page 38.

## 16. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	2006 £'000
Purchases in period before transaction costs	6,880
Commissions	14
Other costs	-
<b>Total purchase costs</b>	<b>14</b>
<b>Gross purchases total</b>	<b>6,894</b>

Analysis of total sale costs:

Gross sales before transaction costs	-
Commissions	-
Other costs	-
<b>Total sale costs</b>	<b>-</b>
<b>Total sales net of transaction costs</b>	<b>-</b>

# SNOWDONIA PROPERTY FUND

## 17. DISTRIBUTION TABLES

For the period to 30th June 2006

Interim dividend distribution in pence per share

### Income

	Gross income	Tax Credit (10%)	Income Equalisation	Distribution paid 30/08/06
Group 1	2.3414	0.2341	-	2.1073
Group 2	0.7794	0.0779	1.4058	2.1073

Interim dividend distribution in pence per share

### Accumulation

	Gross income	Tax Credit (10%)	Income Equalisation	Distribution paid 30/08/06
Group 1	2.3642	0.2364	-	2.1278
Group 2	0.6221	0.0622	1.5679	2.1278

For the period to 30th September 2006

Interim dividend distribution in pence per share

### Income

	Gross income	Tax Credit (10%)	Income Equalisation	Distribution payable 30/11/06
Group 1	0.6984	0.0698	-	0.6286
Group 2	0.4178	0.0418	0.2526	0.6286

Interim dividend distribution in pence per share

### Accumulation

	Gross income	Tax Credit (10%)	Income Equalisation	Distribution payable 30/11/06
Group 1	0.7184	0.0718	-	0.6466
Group 2	0.4338	0.0434	0.2562	0.6466

### Administration Queries

For any administration queries you can contact us at:

**Premier Portfolio Managers Limited**  
50 Bank Street, Canary Wharf  
London E14 5NT  
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### Further Information About the Funds

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Large print documents are available on request from the above Guildford address.



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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. Premier Portfolio Managers Limited is a PEP and ISA manager and markets a number of OEIC 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 Composite Simplified Prospectus document which is available on request.