



# The Snowdonia Fund

Annual Report and Financial Statements (Audited)  
For the period from 1st April 2007 to 31st March 2008

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## MANAGEMENT AND ADMINISTRATION

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

### PREMIER PORTFOLIO MANAGERS LIMITED

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

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

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

**INVESTMENT ADVISER:** Premier Fund Managers Limited is the Investment Adviser to the Snowdonia Balanced Fund, the Snowdonia Growth Fund, the Snowdonia Income Fund and the Snowdonia Property Fund.

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

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

**AUDITORS:** Grant Thornton UK LLP<sup>1</sup>  
30 Finsbury Square,  
London, EC2P 2YU

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

<sup>1</sup>RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2nd July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 31st July 2007 creating a casual vacancy, which the ACD filled by appointing Grant Thornton.

### 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. At the year 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 complies with the FSA's Collective Investment Schemes sourcebook and is structured as an umbrella company so that different sub-funds may be established from time to time by the ACD with the approval of the FSA and the agreement of the Depositary.

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

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

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

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

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

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

# MANAGEMENT AND ADMINISTRATION

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

The ACD, as sole Company Director, presents its report and the audited financial statements of the Company for the year to 31st March 2008.

The Company is a UCITS Scheme which complies with the FSA's 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 year are covered in the investment reviews for each sub-fund. The sub-funds of an umbrella Company should be invested as if they were a single company. The names and addresses of the ACD, the Depositary and the 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.

Where a Fund invests in other collective investment schemes, the maximum annual management fee that may be charged to that collective investment scheme is 5% of the Net Asset Value of such a scheme, however, it is expected that the actual annual management fee will not exceed 2%.

## DIRECTORS' STATEMENT

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



Neil Macpherson

Mark Friend

Finance Director (of the ACD)

Managing Director, Operations (of the ACD)

31st July 2008

## REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS FOR THE YEAR FROM 1ST APRIL 2007 TO 31ST MARCH 2008 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 Company (other than tangible moveable property) which is entrusted to it. It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the FSA's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 and the Instrument of Incorporation in relation to the pricing of, and dealings in, shares in the Company, the application of the income of the Company, and the investment and borrowing powers and restrictions applicable to the Company.

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

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

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

The Royal Bank of Scotland plc

Trustee & Depositary Services

31st July 2008

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SNOWDONIA FUND

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

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

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

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

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

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

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

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

### Basis of audit opinion

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

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

## Opinion

In our opinion:

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

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

Grant Thornton UK LLP  
Chartered Accountants and Registered Auditors  
London, England

31st July 2008

# SNOWDONIA FUND AGGREGATED FINANCIAL STATEMENTS

## STATEMENT OF TOTAL RETURN

For the year to 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
Net (losses)/gains on investments during the year	2	(24,468)	7,175
Other gains	3	50	106
Income	4	6,278	3,141
Expenses	5	(2,701)	(1,800)
Finance costs: Interest	7	(3)	(6)
Net income before taxation		3,574	1,335
Taxation	6	(466)	(168)
Net income after taxation		3,108	1,167
Total return before distributions		(21,310)	8,448
Finance costs: Distributions	7	(4,746)	(2,242)
<b>Change in net assets attributable to shareholders</b>		<b>(26,056)</b>	<b>6,206</b>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the year to 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
<b>Net assets at the start of the year</b>		<b>141,693</b>	<b>71,958</b>
Movements due to sales and repurchases of shares:			
Amounts receivable on issue of shares		50,501	75,245
Less: Amount payable on cancellation of shares		(15,541)	(12,932)
		34,960	62,313
Dilution levy		-	1
Stamp Duty Reserve Tax (SDRT)		(40)	(30)
Change in net assets attributable to shareholders (see above)		(26,056)	6,206
Retained distribution on accumulation shares	7	2,761	1,245
<b>Net assets at the end of the year</b>		<b>153,318</b>	<b>141,693</b>

## BALANCE SHEET

As at 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
<b>ASSETS</b>			
Portfolio of Investments		147,727	136,186
Debtors	8	5,107	1,949
Cash and bank balances	9	3,086	4,953
<b>Total other assets</b>		<b>8,193</b>	<b>6,902</b>
<b>Total assets</b>		<b>155,920</b>	<b>143,088</b>
<b>LIABILITIES</b>			
Derivative Liabilities		(684)	-
Creditors	11	(1,092)	(599)
Bank overdrafts	10	(271)	(437)
Distributions payable on income shares	7	(555)	(359)
<b>Total other liabilities</b>		<b>(1,918)</b>	<b>(1,395)</b>
<b>Total liabilities</b>		<b>(2,602)</b>	<b>(1,395)</b>
<b>Net assets attributable to shareholders</b>		<b>153,318</b>	<b>141,693</b>

The notes on pages 6 to 8 are an integral part of these financial statements.  
On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)  
31st July 2008

Mark Friend  
Managing Director, Operations (of the ACD)

# SNOWDONIA FUND AGGREGATED FINANCIAL STATEMENTS

## NOTES TO THE AGGREGATED FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

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

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

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

	31/03/08 £'000	31/03/07 £'000
Non-derivative securities	(21,957)	7,143
Forward currency contracts	(2,511)	32
<b>Net (losses)/gains on investments</b>	<b>(24,468)</b>	<b>7,175</b>

### 3. OTHER GAINS

Other gains comprise:

	31/03/08 £'000	31/03/07 £'000
Other currency gains	50	106
	<b>50</b>	<b>106</b>

### 4. INCOME

	31/03/08 £'000	31/03/07 £'000
Bank interest	264	94
Deposit interest	115	-
Franked UK dividends	33	107
Unfranked UK dividends	420	-
Franked REIT income	123	-
Unfranked REIT income	99	-
Interest on debt securities	-	50
Overseas dividends	1,113	352
<b>Payments from authorised collective investment schemes:</b>		
- Franked distributions	1,396	860
- Unfranked distributions	2,380	1,623
Renewal commission	335	55
	<b>6,278</b>	<b>3,141</b>

### 5. EXPENSES

	31/03/08 £'000	31/03/07 £'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	2,336	1,511
	<b>2,336</b>	<b>1,511</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	110	74
Safe custody fees	9	5
Transaction charges	4	8
	<b>123</b>	<b>87</b>

### Other expenses:

Auditors' remuneration	20	12
Registration fees	208	185
FSA and other regulatory fees	1	1
Price publication fees	10	11
Printing fees	3	14
	<b>242</b>	<b>223</b>
Recoverable VAT <sup>1</sup>	-	(21)
<b>Total expenses</b>	<b>2,701</b>	<b>1,800</b>

Irrecoverable VAT is included in the above expenses where relevant.

<sup>1</sup>In June 2006, HM Revenue & Customs published a revised policy with regard to the VAT exemption for the management of authorised collective investment schemes. As a result, the Company was able to reclaim certain items of VAT that had previously been paid.

### 6. TAXATION

(a) The tax charge comprises:

	31/03/08 £'000	31/03/07 £'000
<b>Current tax:</b>		
Corporation tax	346	118
Prior year adjustment	(17)	-
Irrecoverable income tax	30	16
Overseas withholding tax	73	34
<b>Total current tax (note 6 (b))</b>	<b>432</b>	<b>168</b>
Deferred tax (note 6 (c))	34	-
	<b>466</b>	<b>168</b>

(b) Factors affecting the tax charge for the year

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

	31/03/08 £'000	31/03/07 £'000
Net income before taxation	3,574	1,335
	<b>3,574</b>	<b>1,335</b>
Return on ordinary activities multiplied by the corporation tax of 20% (2007: 20%)	715	267

### Effects of:

Franked UK dividends and distributions not subject to taxation	(310)	(193)
Double taxation relief	(70)	(25)
Irrecoverable income tax	30	16
Overseas withholding tax	73	34
Prior year tax adjustment	(17)	-
Expenses not deducted for tax purposes	-	1
Expenses not utilised in period	56	68
Tax payable in different periods	(45)	-
<b>Current tax charge (note 6 (a))</b>	<b>432</b>	<b>168</b>

# SNOWDONIA FUND AGGREGATED FINANCIAL STATEMENTS

## (c) Deferred tax

Provision at the start of the year	-	-
Deferred tax charge in the year	34	-
<b>Provision at the end of the year</b>	<b>34</b>	<b>-</b>

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

Factors that may affect the future tax charge:

The Company had not recognised a deferred tax asset of £177,176 (2007: £122,076) arising as a result of having unutilised management expenses.

## 7. FINANCE COSTS

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

	31/03/08 £'000	31/03/07 £'000
First interim distribution	462	280
First interim accumulation	540	239
Second interim distribution	673	331
Second interim accumulation	827	306
Third interim distribution	472	302
Third interim accumulation	580	312
Final distribution	555	359
Final accumulation	814	388
	<b>4,923</b>	<b>2,517</b>
Add: Income deducted on cancellation of shares	83	46
Deduct: Income received on issue of shares	(260)	(321)
<b>Net distributions for the year</b>	<b>4,746</b>	<b>2,242</b>
Interest	3	6
<b>Total finance costs</b>	<b>4,749</b>	<b>2,248</b>

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

Net income after taxation	3,108	1,167
Expenses offset against capital	1,913	1,181
Tax on expenses offset against capital	(383)	(237)
Income deficit taken to capital	108	131
<b>Finance costs: Distributions</b>	<b>4,746</b>	<b>2,242</b>

## 8. DEBTORS

	31/03/08 £'000	31/03/07 £'000
Accrued income	770	432
Amounts receivable for issue of shares	315	846
Recoverable income tax	401	373
Recoverable overseas withholding tax	12	4
Sales awaiting settlement	3,609	294
	<b>5,107</b>	<b>1,949</b>

## 9. CASH AND BANK BALANCES

	31/03/08 £'000	31/03/07 £'000
Sterling	3,086	4,953
<b>Cash and bank balances</b>	<b>3,086</b>	<b>4,953</b>

## 10. BANK OVERDRAFTS

	31/03/08 £'000	31/03/07 £'000
Sterling	271	437
<b>Bank overdrafts</b>	<b>271</b>	<b>437</b>

## 11. CREDITORS

	31/03/08 £'000	31/03/07 £'000
Accrued expenses	78	56
Amounts payable for cancellation of shares	242	141
Corporation tax payable	294	133
Deferred tax	34	-
Purchases awaiting settlement	444	269
	<b>1,092</b>	<b>599</b>

## 12. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

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

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments at the Balance Sheet date (2007: nil).

## 14. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

## 15. SHARE CLASSES

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

# SNOWDONIA FUND AGGREGATED FINANCIAL STATEMENTS

## 16. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	31/03/08 £'000	31/03/07 £'000
Purchases in year before transaction costs	84,047	85,160
Commissions	84	51
Taxes	6	4
<b>Total purchase costs</b>	<b>90</b>	<b>55</b>

<b>Gross purchases total</b>	<b>84,137</b>	<b>85,215</b>
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Analysis of total sale costs:

Gross sales before transaction costs	50,801	25,916
Commissions	(14)	(5)
<b>Total sale costs</b>	<b>(14)</b>	<b>(5)</b>

<b>Total sales net of transaction costs</b>	<b>50,787</b>	<b>25,911</b>
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# SNOWDONIA BALANCED FUND

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
<b>Accumulation shares</b>		
2004 <sup>1</sup>	102.26	99.02
2005	120.79	100.36
2006	130.60	115.22
2007	138.00	123.56
2008 <sup>2</sup>	128.51	115.10

### Income/Accumulation Record

Calendar Year (£)	Net Income per Share (p)	Net Income per £1,000 at Launch
<b>Accumulation shares</b>		
2004 <sup>1</sup>	-	-
2005	-	-
2006	-	-
2007	0.2285	22.85
2008 <sup>2</sup>	0.7669	76.69

### Net Asset Values

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
<b>Accumulation shares</b>			
31/03/2006	10,306,881	129.00	13,296,061
31/03/2007	17,123,340	132.88	22,753,293
31/03/2008	19,425,791	118.38	22,996,972

<sup>1</sup>14th October 2004 to 31st December 2004.

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

## TOTAL EXPENSE RATIOS (TERs)

	31/03/08	31/03/07
	2.86%	3.01%

The TERs show the annual operating expenses of the sub-fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses to different schemes.

## INVESTMENT OBJECTIVE AND POLICY

The Snowdonia Balanced Fund aims to provide long-term capital growth from a portfolio of investments. The sub-fund is 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 invest 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 12 month period the Snowdonia Balanced Fund returned -11.1%<sup>1</sup> and its Sector, Balanced Managed returned -5.0%.

## MARKET REVIEW

The period under review has been one of exceptional volatility for both equity and bond markets, with many investors adversely affected, particularly where gearing has been involved. The first signs of trouble came last spring, however equity markets staged a recovery and continued to make progress through the summer. The collapse of two hedge funds, established by Bear Stearns to invest in sub prime debt, brought this problem back to centre stage.

Bond markets had a poor June and July, with the equity market finally succumbing at the beginning of August. It was at this point that Global credit markets seized up, leading very quickly to the fall of Northern Rock for which no rescue plan existed. With the Government guaranteeing all bank deposits, the expectation was that credit markets would start to function again and equities, particularly in emerging parts of the world, made progress. So did Sovereign Debt.

The Federal Reserve embarked on a series of interest rate cuts and, together with the European Central Bank, pumped huge amounts of liquidity in to the financial system. This has allowed lenders to widen margins but has failed to get the credit markets functioning again. The deterioration in the economic background caused equity markets to fall substantially in January, finally rallying in March following the rescue of Bear Stearns.

This was the first time that an Investment Bank had been bailed out, but the increasing complexity of the financial system left little option; its failure would have had a domino effect. Originally the sub prime crisis was seen as only a problem in financial markets, but as the period drew to a close, the impact on the consumer was starting to be felt. In the UK, some 65% of mortgage products available twelve months ago have been withdrawn, lending criteria tightened, and margins increased. House prices, which had begun to fall at the end of last year, dropped steeply in March.

The effects of this on consumer spending has yet to play out, but in Spain, another country that has enjoyed a property bubble and high levels of debt, new car registrations fell 28% in March.

## PORTFOLIO ACTIVITY

Following the changes made at the end of February, we used subscriptions to add to holdings of River & Mercantile UK Equity High Alpha, Gartmore UK Focus, Rathbone Income, and Threadneedle UK Equity Alpha with significant additions on a day of volatility at the end of July. We also added to Premier European Growth Fund. The holding of SWIP Property Trust was sold at this stage, the commercial property bubble having peaked before the domestic.

In December, the holdings of Rathbone Income and UBS US Equity were sold due to deteriorating performance.

During January, we switched the holding of Thames River Japan into their Global Bond Fund, added to Odey Continental European and Walker Crips UK Growth. A new holding in Schroder UK Alpha was established.

In February, exposure to Japan was reduced by selling JO Hambro Japan and trimming the remaining Framlington Fund. The holding in Thames River Sterling Global Bond was doubled.

Deterioration in credit markets prompted the sale of Old Mutual Dynamic Bond in March and JO Hambro American Growth was disposed of, pending the departure of the manager.

## OUTLOOK

The rescue of Bear Stearns has caused equity markets to rally. However, the underlying problems regarding credit markets remain and we expect this to begin playing through in earnings downgrades before long. The extent to which markets are able to look through this will determine their short term direction but, for the moment, we remain cautious.

Source: Mercater Capital Management, June 2008.

<sup>1</sup> Performance data taken from Financial Express Analytics on a total return, bid to bid, UK Sterling basis. Past performance is not a guide to future returns.

# SNOWDONIA BALANCED FUND

## PORTFOLIO OF INVESTMENTS

As at 31st March 2008

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 90.55% (94.66%)</b>			
<b>Asia 4.49% (4.70%)</b>			
870,000	Mellon Newton Asian Income	1,032	4.49
		<b>1,032</b>	<b>4.49</b>
<b>Europe 12.30% (9.48%)</b>			
322,033	Odey Continental European <sup>1</sup>	1,643	7.14
222,477	Premier European Growth	1,187	5.16
		<b>2,830</b>	<b>12.30</b>
<b>Fixed Interest 19.76% (13.33%)</b>			
362,426	Baring Directional Global Bond <sup>1</sup>	434	1.89
1,581,322	M&G Optimal Income 'I' <sup>1</sup>	1,605	6.98
497,711	M&G Optimal Income 'A' <sup>1</sup>	488	2.12
185,123	Thames River Sterling Global Bond	2,018	8.77
		<b>4,545</b>	<b>19.76</b>
<b>Japan 2.55% (7.85%)</b>			
250,000	AXA Framlington Japan <sup>1</sup>	586	2.55
		<b>586</b>	<b>2.55</b>
<b>Property 2.64% (5.82%)</b>			
1,051,300	Premier Pan European Property Share	606	2.64
		<b>606</b>	<b>2.64</b>
<b>United Kingdom 48.81% (48.50%)</b>			
1,244,919	Edinburgh Partners UK Opportunities <sup>1</sup>	1,550	6.74
559,392	Gartmore UK Equity Income	1,196	5.20
1,052,041	Gartmore UK Focus <sup>1</sup>	1,712	7.44
118,864	Rensburg UK Micro Capital Growth <sup>1</sup>	404	1.76
1,772,334	River & Mercantile UK Equity High Alpha <sup>1</sup>	1,586	6.90
3,782,991	Threadneedle UK Equity Alpha	1,915	8.33
968,523	Schroder UK Alpha A <sup>1</sup>	960	4.17
1,351,171	Walker Crips UK Growth	1,902	8.27
		<b>11,225</b>	<b>48.81</b>
<b>United States 0.00% (4.98%)</b>			
<b>Total Value of Investments</b>		<b>20,824</b>	<b>90.55</b>
Net Other Assets		2,173	9.45
<b>Total Net Assets</b>		<b>22,997</b>	<b>100.00</b>

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

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

# SNOWDONIA BALANCED FUND

## STATEMENT OF TOTAL RETURN

For the year to 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
Net (losses)/gains on investments during the year	2	(2,938)	1,070
Income	3	627	320
Expenses	4	(419)	(330)
Finance costs: Interest	6	(1)	-
Net income/(expense) before taxation		207	(10)
Taxation	5	(23)	(10)
Net income/(expense) after taxation		184	(20)
Total return before distributions		(2,754)	1,050
Finance costs: Distributions	6	(184)	1
<b>Change in net assets attributable to shareholders</b>		<b>(2,938)</b>	<b>1,051</b>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the year to 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
Net assets at the start of the year		22,753	13,296
Movements due to sales and repurchases of shares:			
Amounts receivable on issue of shares		4,727	10,469
Less: Amount payable on cancellation of shares		(1,731)	(2,057)
		2,996	8,412
Stamp Duty Reserve Tax (SDRT)		(5)	(6)
Change in net assets attributable to shareholders (see above)		(2,938)	1,051
Retained distribution on accumulation shares	6	191	-
<b>Net assets at the end of the year</b>		<b>22,997</b>	<b>22,753</b>

## BALANCE SHEET

As at 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
<b>ASSETS</b>			
Portfolio of Investments		20,824	21,537
Debtors	7	1,551	94
Cash and bank balances	8	663	1,251
<b>Total other assets</b>		<b>2,214</b>	<b>1,345</b>
<b>Total assets</b>		<b>23,038</b>	<b>22,882</b>
<b>LIABILITIES</b>			
Creditors	10	(41)	(53)
Bank overdrafts	9	-	(76)
Distributions payable on income shares	6	-	-
<b>Total liabilities</b>		<b>(41)</b>	<b>(129)</b>
<b>Net assets attributable to shareholders</b>		<b>22,997</b>	<b>22,753</b>

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

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)  
31st July 2008

Mark Friend  
Managing Director, Operations (of the ACD)

# SNOWDONIA BALANCED FUND

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

As at 31st March 2008

Purchases	Cost £'000	Note
Thames River Sterling Global Bond	2,018	
Schroder UK Alpha <sup>1</sup>	1,000	
River & Mercantile UK Equity High Alpha	900	
Threadneedle UK Equity Alpha	550	
M&G Optimal Income 'A' <sup>1</sup>	500	
Odey Continental European <sup>1</sup>	500	
Walker Crips UK Growth	400	
Gartmore UK Focus <sup>1</sup>	350	
Rathbone Income	250	
Premier European Growth	200	
Baring Directional Global Bond <sup>1</sup>	5	
<b>Total purchases during the year</b>	<b>6,673</b>	<b>15</b>
Sales	Proceeds £'000	
Rathbone Income	1,140	
Old Mutual Dynamic Bond <sup>1</sup>	924	
UBS US Equity <sup>1</sup>	560	
JO Hambro American Growth <sup>1</sup>	525	
SWIP Property Trust	497	
Thames River Japan <sup>1</sup>	346	
JO Hambro Japan <sup>1</sup>	320	
AXA Framlington Japan <sup>1</sup>	230	
<b>Total sales during the year</b>	<b>4,542</b>	<b>15</b>

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

Please note: the purchases and sales shown represent all those with a value of 2% or more of the net asset value of the sub-fund at the start of the year and at minimum the top 20 purchases and sales during the year. There were 11 purchases and 8 sales during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

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

#### Income Recognition

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

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

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

#### Expenses

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

#### Distributions

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

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

#### Valuations

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

The fair value of investments managed by the ACD is the single price for single priced funds and cancellation prices for dual priced funds. For investments managed by other management groups, the fair value is the contractual bid price.

#### Taxation

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

#### Dilution Levy

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

#### Stamp Duty Reserve Tax (SDRT)

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

# SNOWDONIA BALANCED FUND

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

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

	31/03/08	31/03/07
	£'000	£'000
Non-derivative securities	(2,938)	1,070
<b>Net (losses)/gains on investments</b>	<b>(2,938)</b>	<b>1,070</b>

## 3. INCOME

	31/03/08	31/03/07
	£'000	£'000
Bank interest	55	17
<b>Payments from authorised collective investment schemes:</b>		
- Franked distributions	243	130
- Unfranked distributions	275	134
Renewal commission	54	39
	<b>627</b>	<b>320</b>

## 4. EXPENSES

	31/03/08	31/03/07
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	356	277
	<b>356</b>	<b>277</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	19	15
Safe custody fees	1	1
Transaction charges	-	1
	<b>20</b>	<b>17</b>
<b>Other expenses:</b>		
Auditors' remuneration	5	2
Registration fees	36	39
Price publication fees	2	1
	<b>43</b>	<b>42</b>
Recoverable VAT <sup>1</sup>	-	(6)
<b>Total expenses</b>	<b>419</b>	<b>330</b>

Irrecoverable VAT is included in the above expenses where relevant.

<sup>1</sup>In June 2006, HM Revenue & Customs published a revised policy with regard to the VAT exemption for the management of authorised collective investment schemes. As a result, the Company was able to reclaim certain items of VAT that had previously been paid.

## 5. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	31/03/08	31/03/07
	£'000	£'000
<b>Current tax:</b>		
Irrecoverable income tax	23	10
<b>Total current tax (note 6 (b))</b>	<b>23</b>	<b>10</b>

(b) Factors affecting the tax charge for the year

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

	31/03/08	31/03/07
	£'000	£'000
Net income/(expense) before taxation	207	(10)
	<b>207</b>	<b>(10)</b>

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

	41	(2)
--	----	-----

**Effects of:**

Franked UK dividends and distributions not subject to taxation

	(49)	(26)
--	------	------

Irrecoverable income tax

	23	10
--	----	----

Expenses not utilised in year

	8	28
--	---	----

**Current tax charge (note 6 (a))**

	<b>23</b>	<b>10</b>
--	-----------	-----------

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

Factors that may affect the future tax charge:

The sub-fund has not recognised a deferred tax asset of £56,524 (2007: £49,233) arising as a result of having unutilised management expenses.

# SNOWDONIA BALANCED FUND

## 6. FINANCE COSTS

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

	31/03/08 £'000	31/03/07 £'000
Interim accumulation	42	-
Final accumulation	149	-
	191	-
Add: Income deducted on cancellation of shares	5	-
Deduct: Income received on issue of shares	(12)	(1)
<b>Net distributions for the year</b>	<b>184</b>	<b>(1)</b>
Interest	1	-
<b>Total finance costs</b>	<b>185</b>	<b>(1)</b>

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

Net income/(expense) after taxation	184	(20)
Income deficit taken to capital	-	19
<b>Finance costs: Distributions</b>	<b>184</b>	<b>(1)</b>

## 7. DEBTORS

	31/03/08 £'000	31/03/07 £'000
Accrued income	76	40
Amounts receivable for issue of shares	10	29
Recoverable income tax	32	25
Sales awaiting settlement	1,433	-
	1,551	94

## 8. CASH AND BANK BALANCES

	31/03/08 £'000	31/03/07 £'000
Sterling	663	1,251
<b>Cash and bank balances</b>	<b>663</b>	<b>1,251</b>

## 9. BANK OVERDRAFTS

	31/03/08 £'000	31/03/07 £'000
Sterling	-	76
<b>Bank overdrafts</b>	<b>-</b>	<b>76</b>

## 10. CREDITORS

	31/03/08 £'000	31/03/07 £'000
Accrued expenses	15	9
Amounts payable for cancellation of shares	26	33
Purchases awaiting settlement	-	11
	41	53

## 11. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director ("ACD")

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

The annual management charge ("AMC") accrues daily and is payable monthly. The current AMC for the sub-fund is set out in note 14 on page 15. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 4 on page 13. The balance outstanding at the year end was £nil (2007: £nil).

### Investment Adviser

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

The Investment Adviser has appointed Mercater Capital Management as sub-Investment Adviser to the sub-fund.

### Depository

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

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

Amounts paid to The Royal Bank of Scotland plc in respect of the Depository's services are disclosed in note 4 on page 13. There was nothing due to the Depository at the year end (2007: £nil).

## 12. CONTINGENT LIABILITIES AND COMMITMENTS

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

## 13. DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

In pursuing the sub-funds investment objective, as set out in the investment objective and policy on page 9, 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 might suffer through holding market positions in the face of price movements. The Investment Adviser and sub-Investment Adviser consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the sub-fund's investment objective.

The Investment Adviser and sub-Investment 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.

# SNOWDONIA BALANCED FUND

## Currency Risk

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

## Interest Rate Risk

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

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

## Liquidity Risk

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

## Counterparty Risk

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

## Fair Value of Financial Assets and Financial Liabilities

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

## Derivatives

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

## 14. SHARE CLASSES

The sub-fund currently has one class of share, Accumulation. The AMC is as follows:

Accumulation: 1.50%

The net asset value, the net asset value per share and the number of shares in issue are given in the comparative tables on page 9. The distribution per share class is given in the distribution tables opposite.

## 15. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	31/03/08 £'000	31/03/07 £'000
Purchases in year before transaction costs	6,672	12,477
Commissions	-	8
Taxes	1	-
<b>Total purchase costs</b>	<b>1</b>	<b>8</b>
<b>Gross purchases total</b>	<b>6,673</b>	<b>12,485</b>

Analysis of total sale costs:

Gross sales before transaction costs	4,542	5,191
Commissions	-	-
<b>Total sale costs</b>	<b>-</b>	<b>-</b>
<b>Total sales net of transaction costs</b>	<b>4,542</b>	<b>5,191</b>

## 16. DISTRIBUTION TABLES

For the period from 1st April 2007 to 30th September 2007

Interim dividend distribution in pence per share

Accumulation shares

	Net		Distribution Paid 30/11/07	Distribution Paid 30/11/06
	Income	Equalisation		
Group 1	0.2285	-	0.2285	-
Group 2	0.0838	0.1447	0.2285	-

For the period from 1st October 2007 to 31st March 2008

Final dividend distribution in pence per share

Accumulation shares

	Net		Accumulation Payable 31/07/08	Accumulation Paid 31/07/07
	Income	Equalisation		
Group 1	0.7669	-	0.7669	-
Group 2	0.3172	0.4497	0.7669	-

# SNOWDONIA GROWTH FUND

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
<b>Accumulation shares</b>		
2004 <sup>1</sup>	104.72	98.50
2005	123.29	101.62
2006	136.92	116.81
2007	141.49	126.06
2008 <sup>2</sup>	136.69	119.49

### Income/Accumulation Record

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at Launch (£)
<b>Accumulation shares</b>		
2004	-	-
2005	-	-
2006	-	-
2007	-	-
2008	-	-

### Net Asset Values

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
<b>Accumulation shares</b>			
31/03/2006	10,264,148	131.58	13,505,638
31/03/2007	14,722,122	134.04	19,734,123
31/03/2008	16,021,252	123.33	19,758,940

<sup>1</sup>14th October 2004 to 31st December 2004.

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

## TOTAL EXPENSE RATIOS (TERs)

	31/03/08	31/03/07
	2.84%	3.11%

The TERs show the annual operating expenses of the sub-fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses to different schemes.

## INVESTMENT OBJECTIVE AND POLICY

The Snowdonia Growth Fund aims to provide long-term capital growth from a portfolio of global investments. The sub-fund is 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 and may also invest in equities, fixed interest securities, money market instruments, deposits and warrants.

## INVESTMENT REVIEW

### PERFORMANCE

During the review period the Snowdonia Growth Fund's performance fell by 8.1%<sup>1</sup> along with the Active Managed Sector which fell by 4.5%.

### MARKET REVIEW

The period under review has been dominated by the fall out from the US sub-prime mortgage crisis and fears that the ensuing credit crunch could tip the Western economies into recession. Concerns over the financial stability of the banking system saw casualties on both sides of the Atlantic, with Bear Stearns effectively rescued by JPMorgan and Northern Rock eventually being taken into public ownership in the UK. However, of greater consequence has been the near paralysis of the Western banking system, which has seen an unprecedented withdrawal of credit as the system begins the long and painful process of financial de-leveraging.

The policy response adopted by both governments and central banks has differed widely from country to country. The US has been the most proactive, with the Federal Reserve cutting interest rates by 2% in recent months while moving to pump significant additional liquidity into the financial system by opening up the discount window to all financial institutions. While this response is undoubtedly welcome, the downward pressure these moves have put on the dollar has seen global commodity prices rise further, stoking inflation and subsequently hampering the ability of the UK and European monetary authorities to adopt a similarly aggressive policy response.

In the circumstances it was not surprising that investors exhibited rising levels of risk aversion, shunning volatile asset classes in favour of cash and government bonds. As a consequence, the sell off in equities has been largely indiscriminate, with developed and emerging markets falling alike, dispelling the theory that the strength of emerging economies would help insulate investors in these markets from the worst of the credit crisis.

### PORTFOLIO ACTIVITY

During the review period, the Fund took the opportunity of reducing exposure to financials at every rally. With uncertainties increasing we saw an opportunity to take advantage of the discounts being offered in the investment trust sector. As a result major purchases during the review period included Fidelity European Values (5% discount) and Thames River Property (10% discount). Fidelity European Values was a major purchase and increased the sub-fund's exposure to Europe by 4%. Our belief that Euro land would not be lowering interest rates any time soon and that valuations were attractive meant that both on a stocks and currency basis the region was cheap. A tightening credit market resulted in us taking profits from the private equity sector.

### OUTLOOK

The ongoing de-leveraging of the Western financial system will undoubtedly cast a long shadow over equity markets in the coming months as investors look to determine whether the response of central banks around the world will be sufficient to prevent the Western economies from slipping into recession. While the repercussions of the withdrawal of credit from Western economies will remain a major theme throughout 2008, of equal significance will be the resilience of those developing economies that have embarked upon full scale industrialisation. This demand pull from countries such as China, India and Brazil will remain crucial in determining the outcome for global GDP growth for the current year and will add support to those companies with profits and earnings linked to their expansion. With many of these companies having been victim to the recent indiscriminate sell-off, we view the unfolding situation as offering increasing opportunities for long term equity investors.

Source: UBS Wealth Management, June 2008.

<sup>1</sup> Performance data taken from Financial Express Analytics, total return, bid to bid, UK sterling. Past performance is not a guide to future returns.



# SNOWDONIA GROWTH FUND

## STATEMENT OF TOTAL RETURN

For the year to 31st March 2008

	Notes	31/03/08		31/03/07	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the year	2		(1,596)		694
Other gains	3		2		2
Income	4	268		183	
Expenses	5	(369)		(289)	
Finance costs: Interest	7	-		-	
Net expense before taxation		(101)		(106)	
Taxation	6	(7)		(6)	
Net expense after taxation			(108)		(112)
Total return before distributions			(1,702)		584
Finance costs: Distributions	7		-		-
Change in net assets attributable to shareholders			(1,702)		584

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the year to 31st March 2008

	Notes	31/03/08		31/03/07	
		£'000	£'000	£'000	£'000
Net assets at the start of the year			19,734		13,506
Movements due to sales and repurchases of shares:					
Amounts receivable on issue of shares		4,001		7,082	
Less: Amount payable on cancellation of shares		(2,267)		(1,431)	
			1,734		5,651
Stamp Duty Reserve Tax (SDRT)			(7)		(7)
Change in net assets attributable to shareholders (see above)			(1,702)		584
Net assets at the end of the year			19,759		19,734

## BALANCE SHEET

As at 31st March 2008

	Notes	31/03/08		31/03/07	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Portfolio of Investments			19,489		18,423
Debtors	8		591		345
Cash and bank balances	9		-		1,139
Total other assets			591		1,484
Total assets			20,080		19,907
<b>LIABILITIES</b>					
Creditors	11		(50)		(50)
Bank overdrafts	10		(271)		(123)
Total liabilities			(321)		(173)
Net assets attributable to shareholders			19,759		19,734

The notes on pages 19 to 22 are an integral part of these financial statements.  
On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)  
31st July 2008

Mark Friend  
Managing Director, Operations (of the ACD)

# SNOWDONIA GROWTH FUND

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

As at 31st March 2008

Purchases	Cost £'000	Note
Thames River Property	1,398	
Fidelity European Values <sup>1</sup>	1,338	
JPMorgan Emerging Markets <sup>1</sup>	1,125	
Henderson UK Equity Income <sup>1</sup>	900	
MPC Strategic Reserve	707	
First State Asia Pacific Leaders <sup>1</sup>	596	
Schroder Oriental	534	
Legal & General Growth 'I' <sup>1</sup>	501	
Gartmore UK Diversified <sup>1</sup>	500	
M&G American	500	
Legal & General US Index	500	
Legal & General Growth Trust <sup>1</sup>	450	
Schroder Tokyo <sup>1</sup>	450	
Aberforth Smaller Companies	444	
AXA Talents Portfolio	400	
BlackRock UK Dynamic <sup>1</sup>	300	
Melchior Japan	293	
ETFS Gold	276	
NSAM Hiscox Insurance	250	
Invesco Perpetual High Income <sup>1</sup>	250	
Other	209	
<b>Total purchases during the year</b>	<b>11,921</b>	<b>16</b>
<b>Sales</b>	<b>Proceeds £'000</b>	
AXA Framlington Equity Income	1,191	
Old Mutual UK Select Large Cap <sup>1</sup>	957	
NSAM Hiscox Insurance	886	
Thames River Property	813	
Gartmore Cautious Managed <sup>1</sup>	642	
First State Asia Pacific Leaders <sup>1</sup>	596	
Gartmore UK Focus	575	
Electra Private Equity	524	
Legg Mason US Equity	522	
GAM North American Growth	522	
Fidelity European Values <sup>1</sup>	501	
Schroder Japan Smaller Companies <sup>1</sup>	459	
Artemis European Growth <sup>1</sup>	408	
JPMorgan Japan	324	
ETFS Gold	264	
Schroder Oriental	189	
<b>Total sales during the year</b>	<b>9,373</b>	<b>16</b>

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

Please note: the purchases and sales shown represent all those with a value of 2% or more of the net asset value of the sub-fund at the start of the year and at a minimum the top 20 purchases and sales during the year. There were 16 sales during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

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

#### Income Recognition

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

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

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

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

#### Expenses

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

#### Distributions

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

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

#### Valuations

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

The fair value of investments managed by the ACD is the single price for single priced funds and cancellation prices for dual priced funds. For investments managed by other management groups, the fair value is the contractual bid price.

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

#### Taxation

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

#### Dilution Levy

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

#### Stamp Duty Reserve Tax (SDRT)

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

# SNOWDONIA GROWTH FUND

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

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

	31/03/08 £'000	31/03/07 £'000
Non-derivative securities	(1,596)	694
<b>Net (losses)/gains on investments</b>	<b>(1,596)</b>	<b>694</b>

## 3. OTHER GAINS

Other gains comprise:

	31/03/08 £'000	31/03/07 £'000
Other currency gains	2	2
	<u>2</u>	<u>2</u>

## 4. INCOME

	31/03/08 £'000	31/03/07 £'000
Bank interest	31	39
Overseas dividends	42	-
<b>Payments from authorised collective investment schemes:</b>		
- Franked distributions	122	96
- Unfranked distributions	60	43
Renewal commission	13	5
	<u>268</u>	<u>183</u>

## 5. EXPENSES

	31/03/08 £'000	31/03/07 £'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	311	242
	<u>311</u>	<u>242</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	16	13
Safe custody fees	1	1
Transaction charges	1	-
	<u>18</u>	<u>14</u>
<b>Other expenses:</b>		
Auditors' remuneration	5	2
Registration fees	32	36
Legal fees	1	-
Price publication fees	2	2
	<u>40</u>	<u>40</u>
Recoverable VAT <sup>1</sup>	-	(7)
<b>Total expenses</b>	<b>369</b>	<b>289</b>

Irrecoverable VAT is included in the above expenses where relevant.

<sup>1</sup>In June 2006, HM Revenue & Customs published a revised policy with regard to the VAT exemption for the management of authorised collective investment schemes. As a result, the Company was able to reclaim certain items of VAT that had previously been paid.

## 6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	31/03/08 £'000	31/03/07 £'000
<b>Current tax:</b>		
Irrecoverable income tax	7	6
<b>Total current tax (note 6 (b))</b>	<b>7</b>	<b>6</b>

(b) Factors affecting the tax charge for the year

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

	31/03/08 £'000	31/03/07 £'000
Net (expense) before taxation	(101)	(106)
	<u>(101)</u>	<u>(106)</u>

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

	(20)	(21)
--	------	------

**Effects of:**

Franked UK dividends and distributions not subject to taxation	(24)	(19)
Irrecoverable income tax	7	6
Expenses not utilised in period	48	40
Tax payable in different periods	(4)	-
<b>Current tax charge (note 6 (a))</b>	<b>7</b>	<b>6</b>

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

Factors that may affect the future tax charge:

The sub-fund has not recognised a deferred tax asset of £120,652 (2007: £72,843) arising as a result of having unutilised management expenses.

## 7. FINANCE COSTS

There are no distributions for the year as expenditure exceeds income.

## 8. DEBTORS

	31/03/08 £'000	31/03/07 £'000
Accrued income	33	19
Amounts receivable for issue of shares	45	41
Recoverable income tax	5	-
Sales awaiting settlement	508	285
	<u>591</u>	<u>345</u>

## 9. CASH AND BANK BALANCES

	31/03/08 £'000	31/03/07 £'000
Sterling	-	1,139
<b>Cash and bank balances</b>	<b>-</b>	<b>1,139</b>

# SNOWDONIA GROWTH FUND

## 10. BANK OVERDRAFTS

	31/03/08 £'000	31/03/07 £'000
Sterling	271	123
<b>Bank overdrafts</b>	<b>271</b>	<b>123</b>

## 11. CREDITORS

	31/03/08 £'000	31/03/07 £'000
Accrued expenses	14	9
Amounts payable for cancellation of shares	22	33
Purchases awaiting settlement	14	8
	<b>50</b>	<b>50</b>

## 12. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director ("ACD")

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

The annual management charge ("AMC") accrues daily and is payable monthly. The current AMC for the sub-fund is set out in note 15 on page 22. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 5 on page 20. The balance outstanding at the year end was £nil (2007: £nil).

### Investment Adviser

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

The Investment Adviser has appointed UBS Wealth Management (UK) Limited as sub-Investment Adviser to the sub-fund.

### Depository

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

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

Amounts paid to The Royal Bank of Scotland plc in respect of the Depository's services are disclosed in note 5 on page 20. There was nothing due to the Depository at the year end (2007: £nil).

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

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

## 14. DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

In pursuing the sub-funds investment objective, as set out in the investment objective and policy on page 16, 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 might suffer through holding market positions in the face of price movements. The Investment Adviser and sub-Investment Adviser consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the sub-fund's investment objective.

The Investment Adviser and sub-Investment 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

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

### Interest Rate Risk

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

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

### Liquidity Risk

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

### Counterparty Risk

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

### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the Balance Sheet on page 18.

### Derivatives

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

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### Derivatives

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

## 15. SHARE CLASSES

The sub-fund currently has one class of share, Accumulation. The AMC on this share class is as follows:

Accumulation: 1.50%

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

## 16. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	31/03/08 £'000	31/03/07 £'000
Purchases in year before transaction costs	11,904	9,741
Commissions	14	5
Taxes	3	1
<b>Total purchase costs</b>	<b>17</b>	<b>6</b>
<b>Gross purchases total</b>	<b>11,921</b>	<b>9,747</b>

Analysis of total sale costs:

Gross sales before transaction costs	9,378	4,347
Taxes	(5)	-
<b>Total sale costs</b>	<b>(5)</b>	<b>-</b>
<b>Total sales net of transaction costs</b>	<b>9,373</b>	<b>4,347</b>

# SNOWDONIA INCOME FUND

## COMPARATIVE TABLES

### Performance Record

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

### Income Shares

2004 <sup>1</sup>	103.66	99.40
2005	116.39	103.66
2006	121.24	112.78
2007	123.53	113.72
2008 <sup>2</sup>	115.24	105.09

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

### Accumulation Shares

2004 <sup>1</sup>	103.66	99.40
2005	116.39	103.29
2006	128.09	116.17
2007	132.72	124.06
2008 <sup>2</sup>	127.49	116.33

### Income/Accumulation Record

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at Launch (£)
---------------	--------------------------	-------------------------------------

### Income Shares

2005	3.0451	30.45
2006	4.0689	40.68
2007	4.6749	46.75
2008 <sup>2</sup>	1.3217	13.22

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at Launch (£)
---------------	--------------------------	-------------------------------------

### Accumulation Shares

2005	2.5453	25.45
2006	4.1791	41.79
2007	5.0062	50.06
2008 <sup>2</sup>	1.4694	14.69

### Net Asset Values

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
-------	-----------------	-------------------------------	---------------------------------

### Income Shares

31/03/2006	18,305,044	118.28	39,417,389
31/03/2007	27,663,583	120.24	70,432,511
31/03/2008	35,080,306	104.81	80,262,123

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
-------	-----------------	-------------------------------	---------------------------------

### Accumulation Shares

31/03/2006	14,498,149	122.54	39,417,389
31/03/2007	28,700,040	129.51	70,432,511
31/03/2008	37,020,413	117.48	80,262,123

<sup>1</sup>From 14th October 2004 to 31st December 2004.

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

## TOTAL EXPENSE RATIOS (TERs)

	31/03/08	31/03/07
	2.26%	2.39%

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

## INVESTMENT OBJECTIVE AND POLICY

The Snowdonia Income Fund aims to provide income together with some long-term capital growth from a portfolio of investments. The sub-fund is managed such that a maximum of 60% 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

Apart from a couple of sound months at the start, financial markets have endured a torrid time over the 12-month reporting period, with equities, property and corporate bonds all hit hard by the credit and banking crisis. The Snowdonia Income Fund fell back by 9.1%<sup>1</sup> over this period, along with the IMA Cautious Managed Sector which fell by 4.8%, reflecting the turmoil that has beset the financial world in recent months.

### MARKET REVIEW

In financial terms, this reporting period will be remembered for the turbulence that began in the lower echelons of the US mortgage market, then spread throughout the global banking system. It was the period that saw the first run on a UK bank in more than a century and billions wiped off the values of financial institutions across the country.

However, the UK stock market lost less than 8% over this period – a figure that is perhaps not as disastrous as would be expected given the grim financial headlines. So why wasn't this figure worse? And why did the sub-fund fall by more than this amount?

Answering the first question gives part of the answer for the second. The main reason the overall UK stock market wasn't too severely hit was the huge differences between the performance of industries in the UK. While headline-grabbing banks and property companies were put through the wringer (the banking sector alone fell more than 22%), there were other parts of the UK stock market that flourished – effectively bringing up the average. Mining companies were one such group; making hay in the sunshine of Chinese and emerging market demand for raw materials, while the same factors drove shares in metal producers up by a staggering 96% over the past 12 months.

Unfortunately these market dynamics weren't helpful to the sub-fund over the period, or, for that matter, most other funds that seek to earn their investors an income by investing in British shares. This is because companies such as banks and real-estate firms are typically among those that pay higher-than-average dividends. As such, equity income funds (towards which the Fund has a natural bias) tend to hold a relatively large amount of shares in these companies, thus performance has suffered accordingly. To add insult to injury, mining and metals companies usually pay little, if any, dividends, and are therefore generally avoided by equity income funds, meaning most had to miss out on the best performers in the UK over the period. The net result was the sub-fund's weak performance compared to the resource-driven returns of the wider stock market.

But stock markets weren't the only markets to be hit by wide disparities; bond markets also experienced yawning gaps of their own. As fear took over from greed, gilts flourished as investors took their money out of higher-risk investments and stashed them into the relative safety of UK government bonds, driving their prices up in the process. At the same time, UK corporate bonds had a fairly rough time of it, producing negative returns on the back of rising concerns over the health of UK companies. Once again, the sub-fund has a natural bias towards these types of bonds because of their long-term growth potential, so this also hurt performance.

## PORTFOLIO ACTIVITY

Following the solid performance of equity markets over the first few months of 2007, we decided to trim back our equity weighting in April in favour of cash; and again in May, as we were already wary of the possibility of a market correction. Specifically, we reduced our weighting in the shares of smaller companies, which we believed had become less attractively valued relative to blue chips. We then topped this up in September after prices had fallen, and trimmed back at the start of January before the steep market fall. Within bonds, we kept our strong underweight position throughout the period, as all categories of bonds appeared expensive.

With regards to individual holdings, we made over 170 separate fund trades over the reporting period. The vast majority of these were either topping up or trimming back specific holdings in response to their own price movements, but we also made several additions and disposals to and from the sub-fund.

Within our equity portfolio, we established a new holding in Chelverton UK Equity Income in October. This fund was particularly appealing to us as it provides small-cap exposure with a decent yield, while it also helps to improve our portfolio's diversification. Being a small-cap equity income fund, it straddles two parts of the UK stock market where prices had been hit unusually hard, leading us to believe that this fund could fare very well when markets rebound.

Also within equities, we sold Mellon Newton Higher Income, a UK equity income fund, to replace it with its global equivalent - Mellon Newton Global Higher Income. This has helped the sub-fund greatly as the latter has comfortably outperformed the former since we made the switch back in September.

We also added a number of structured products during the period. These investments are available to us as corporate investors and appeal because of their potential for attractive capital gains or the level of capital protection they offer.

## OUTLOOK

The last year has been an undeniably tough period for the sub-fund, with a number of market trends combining to damage returns. While this has been highly disappointing and frustrating for us and our investors alike, the flipside is that the prices of the investments we hold are more attractive, and this gives us confidence that our performance will recover to its previous strong levels in the medium to long term. We think it's important for investors to know that, throughout the turmoil, we have avoided panic and stuck to our investment principles – which are to buy investments that seem cheap and sell those that look expensive, while also seeking out well-managed investments that will produce the right level of income and at the same time give the best chance of capital gains.

We're content that the sub-fund is well positioned given our current thinking. Within equities, our slight underweight position derives from our view that this asset class has potentially choppy waters ahead of it in the short term, but is not without its attractions over the medium to long term. Bonds, meanwhile, are even less appealing, and we are heavily underweight in this asset class: Government issues offer no long-term value and could start smarting from rising inflation; while corporate bond prices, particularly high yield, could be vulnerable to further signs of economic woe.

Source: Premier Fund Managers Limited, June 2008.

<sup>1</sup> Performance data taken from Financial Express Analytics, total return, bid to bid, UK sterling. Past performance is not a guide to future returns.

# SNOWDONIA INCOME FUND

## PORTFOLIO OF INVESTMENTS

As at 31st March 2008

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 72.75% (88.22%)</b>			
<b>Fixed Interest 31.54% (42.11%)</b>			
12,881,516	Aegon Sterling Corporate Bond	3,495	4.35
6,006,933	Baillie Gifford Corporate Bond	3,996	4.98
7,406,264	Henderson Preference & Bond	4,044	5.04
3,983,375	Legal & General High Income	2,127	2.65
8,476,700	M&G High Yield Corporate Bond	3,714	4.63
4,120,586	Resolution Corporate Bond	3,954	4.93
4,757,471	Royal London Corporate Bond	3,978	4.96
		<b>25,308</b>	<b>31.54</b>
<b>Global 3.64% (0.00%)</b>			
2,359,220	Mellon Newton Global Higher Income	2,923	3.64
		<b>2,923</b>	<b>3.64</b>
<b>Property 2.40% (0.00%)</b>			
1,291,250	F&C Commercial Property	1,230	1.53
1,075,460	Invista Foundation Property	699	0.87
		<b>1,929</b>	<b>2.40</b>
<b>United Kingdom 35.17% (46.11%)</b>			
1,325,504	AXA Framlington Monthly Income	3,197	3.98
631,611	Chelverton UK Equity Income	458	0.57
143,505	Discretionary Income	1,292	1.61
803,013	Jupiter Income	3,656	4.56
2,015,628	Lion Trust First Income	2,996	3.73
2,294,211	Neptune Income	3,471	4.32
470,736	Rathbone Income	3,273	4.08
1,852,959	Rensburg UK Equity Income	3,236	4.03
6,968,799	Schroder Income Maximiser	3,055	3.81
4,678,591	Standard Life UK Equity High Income	3,596	4.48
		<b>28,230</b>	<b>35.17</b>
<b>INVESTMENT TRUSTS 6.30% (4.81%)</b>			
<b>Global 4.21% (3.82%)</b>			
1,248,565	AcenciA Debt Strategies	1,245	1.55
1,942,550	Babcock & Brown Public Partnership	2,132	2.66
		<b>3,377</b>	<b>4.21</b>
<b>North America 1.62% (0.30%)</b>			
1,250,000	PSource Structured Debt	1,300	1.62
		<b>1,300</b>	<b>1.62</b>
<b>Property 0.47% (0.69%)</b>			
464,500	MedicX	377	0.47
		<b>377</b>	<b>0.47</b>
<b>STRUCTURED PLANS 18.06% (6.42%)</b>			
<b>Europe 5.88% (1.29%)</b>			
1,283,750	Harewood BNP Paribas European Shield	1,258	1.57
2,000,000	Merrill Lynch 9% DJ Euro Stoxx 50	1,630	2.03
1,900,000	Symphony Euro Stoxx 50	1,835	2.28
		<b>4,723</b>	<b>5.88</b>

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>United Kingdom 12.18% (5.13%)</b>			
2,140,000	Elders 26A Capital Accumulation V	2,017	2.51
2,015,000	Elders 21A Capital Accumulation III	1,961	2.44
1,998,000	Harewood BNP Paribas UK High Income	1,918	2.39
2,000,000	Merrill Lynch FTSE 100 European Autocall Warrant	1,933	2.41
2,076,000	Symphony Citigroup 16.75% FTSE 100 Autocall	1,948	2.43
		<b>9,777</b>	<b>12.18</b>
<b>Total Value of Investments</b>		<b>77,944</b>	<b>97.11</b>
Net Other Assets		2,318	2.89
<b>Total Net Assets</b>		<b>80,262</b>	<b>100.00</b>

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

# SNOWDONIA INCOME FUND

## STATEMENT OF TOTAL RETURN

For the year to 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
Net (losses)/gains on investments during the year	2	(10,258)	2,217
Income	3	3,922	2,121
Expenses	4	(1,340)	(906)
Finance costs: Interest	6	(2)	(5)
Net income before taxation		2,580	1,210
Taxation	5	(293)	(118)
Net income after taxation		<u>2,287</u>	<u>1,092</u>
Total return before distributions		(7,971)	3,309
Finance costs: Distributions	6	(3,359)	(1,816)
Change in net assets attributable to shareholders		<u><u>(11,330)</u></u>	<u><u>1,493</u></u>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the year to 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
Net assets at the start of the year		70,433	39,417
Movements due to sales and repurchases of shares:			
Amounts receivable on issue of shares		27,835	36,362
Less: Amount payable on cancellation of shares		<u>(8,510)</u>	<u>(7,810)</u>
		19,325	28,552
Dilution levy		-	1
Stamp Duty Reserve Tax (SDRT)		(23)	(17)
Change in net assets attributable to shareholders (see above)		(11,330)	1,493
Retained distribution on accumulation shares	6	<u>1,857</u>	<u>987</u>
Net assets at the end of the year		<u><u>80,262</u></u>	<u><u>70,433</u></u>

## BALANCE SHEET

As at 31st March 2008

	Notes	31/03/08 £'000	31/03/07 £'000
<b>ASSETS</b>			
Portfolio of Investments		<u>77,944</u>	<u>70,049</u>
Debtors	7	2,416	1,113
Cash and bank balances	8	<u>1,242</u>	<u>283</u>
Total other assets		<u>3,658</u>	<u>1,396</u>
Total assets		<u><u>81,602</u></u>	<u><u>71,445</u></u>
<b>LIABILITIES</b>			
Creditors	10	(876)	(467)
Bank overdrafts	9	-	(238)
Distributions payable on income shares	6	<u>(464)</u>	<u>(307)</u>
Total liabilities		<u>(1,340)</u>	<u>(1,012)</u>
Net assets attributable to shareholders		<u><u>80,262</u></u>	<u><u>70,433</u></u>

The notes on pages 27 to 31 are an integral part of these financial statements.  
On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)  
31st July 2008

Mark Friend  
Managing Director, Operations (of the ACD)

# SNOWDONIA INCOME FUND

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

As at 31st March 2008

Purchases	Cost £'000	Note
Aegon Sterling Corporate Bond	4,260	
Mellon Newton Global Higher Income	3,991	
Elders 21A Capital Accumulation III	2,216	
Legal & General All Stock Gilt	2,155	
Elders 26A Capital Accumulation V	2,140	
Symphony Citigroup 16.75% FTSE 100 Autocall	2,055	
Merrill Lynch FTSE 100 European Autocall Warrant	1,983	
Symphony Euro Stoxx 50	1,900	
Rathbone Income	1,680	
Merrill Lynch 9% DJ Euro Stoxx 50	1,640	
Resolution Corporate Bond	1,510	
F&C Commercial Property	1,493	
Schroders Income Maximiser	1,470	
Merrill Lynch 8.5% DJ Eurostoxx 50	1,386	
Jupiter Income	1,365	
Baillie Gifford Corporate Bond	1,265	
PSource Structured Debt	1,250	
AXA Framlington Monthly Income	1,200	
Neptune Income	1,181	
Royal London Corporate Bond	1,180	
Other	10,690	
<b>Total purchases during the year</b>	<b>48,010</b>	<b>14</b>
Sales	Proceeds £'000	
Legal & General All-Stocks Gilt Index	4,602	
Mellon Newton Higher Income	4,035	
F&C Extra Income Bond	3,509	
Collins Stewart Total Return Bond	3,251	
Standard Life Higher Income	2,138	
Investec UK Smaller Companies	1,767	
Merrill Lynch 5% DJ Eurostoxx 50	1,221	
Mellon Newton Global Higher Income	1,160	
Symphony 11% FTSE 100 Autocall	1,124	
Elders 22A FTSE Capital Protected III	1,105	
Legal & General High Income	795	
Rathbone Income	736	
Neptune Income	718	
Aegon Sterling Corporate Bond	562	
Schroders Income Maximiser	552	
Jupiter Income	405	
Rensburg UK Equity Income	382	
Resolution Corporate Bond	306	
Liontrust First Income	276	
Standard Life UK Equity High Income	263	
Other	923	
<b>Total sales during the year</b>	<b>29,830</b>	<b>14</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 year and at minimum the top 20 purchases and sales during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

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

#### Income Recognition

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

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

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

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

#### Expenses

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

#### Distributions

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

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

#### Valuations

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

The fair value of investments managed by the ACD is the single price for single priced funds and cancellation prices for dual priced funds. For investments managed by other management groups, the fair value is the contractual bid price.

#### Taxation

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

#### Dilution Levy

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

#### Stamp Duty Reserve Tax (SDRT)

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

# SNOWDONIA INCOME FUND

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

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

	31/03/08 £'000	31/03/07 £'000
Non-derivative securities	(10,258)	2,217
<b>Net (losses)/gains on investments</b>	<b>(10,258)</b>	<b>2,217</b>

## 3. INCOME

	31/03/08 £'000	31/03/07 £'000
Bank interest	43	13
Deposit interest	115	17
Unfranked UK dividends	420	-

### Payments from authorised collective investment schemes:

- Franked distributions	1,031	634
- Unfranked distributions	2,045	1,446
Renewal commission	268	11
	<b>3,922</b>	<b>2,121</b>

## 4. EXPENSES

	31/03/08 £'000	31/03/07 £'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	1,193	784
	<b>1,193</b>	<b>784</b>

### Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary's fees	52	35
Safe custody fees	2	2
Transaction charges	2	3
	<b>56</b>	<b>40</b>

### Other expenses:

Auditors' remuneration	5	4
Registration fees	84	65
FSA and other regulatory fees	-	1
Printing fees	-	13
Price publication fees	2	4
	<b>91</b>	<b>87</b>

Recoverable VAT<sup>1</sup>

	-	(5)
<b>Total expenses</b>	<b>1,340</b>	<b>906</b>

Irrecoverable VAT is included in the above expenses where relevant.

<sup>1</sup> In June 2006, HM Revenue & Customs published a revised policy with regard to the VAT exemption for the management of authorised collective investment schemes. As a result, the Company was able to reclaim certain items of VAT that had previously been paid.

## 5. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	31/03/08 £'000	31/03/07 £'000
<b>Current tax:</b>		
Corporation tax	287	118
Prior year adjustment	(17)	-
<b>Total current tax (note 6 (b))</b>	<b>270</b>	<b>118</b>
Deferred tax (note 6 (c))	23	-
	<b>293</b>	<b>118</b>

(b) Factors affecting the tax charge for the year

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

	31/03/08 £'000	31/03/07 £'000
Net income before taxation	2,580	1,210
	<b>2,580</b>	<b>1,210</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2007: 20%)	516	242

### Effects of:

Franked UK dividends and distributions not subject to taxation	(206)	(127)
Prior year tax adjustment	(17)	-
Expenses not deducted for tax purposes	-	1
Expenses not utilised in period	-	2
Tax payable in different periods	(23)	-
<b>Current tax charge (note 6 (a))</b>	<b>270</b>	<b>118</b>

(c) Deferred tax

Provision at the start of the year	-	-
Deferred tax charge in the year	23	-
<b>Provision at the end of the year</b>	<b>23</b>	<b>-</b>

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

# SNOWDONIA INCOME FUND

## 6. FINANCE COSTS

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

	31/03/08 £'000	31/03/07 £'000
First interim distribution	262	176
First interim accumulation	295	150
Second interim distribution	518	293
Second interim accumulation	588	272
Third interim distribution	357	221
Third interim accumulation	430	237
Final distribution	464	307
Final accumulation	544	328
	<b>3,458</b>	<b>1,984</b>
Add: Income deducted on cancellation of shares	58	40
Deduct: Income received on issue of shares	(157)	(208)
<b>Net distributions for the year</b>	<b>3,359</b>	<b>1,816</b>
Interest	2	5
<b>Total finance costs</b>	<b>3,361</b>	<b>1,821</b>

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

Net income after taxation	2,287	1,092
Expenses offset against capital	1,340	906
Tax effect on capital expenses	(268)	(182)
<b>Finance costs: Distributions</b>	<b>3,359</b>	<b>1,816</b>

## 7. DEBTORS

	31/03/08 £'000	31/03/07 £'000
Accrued income	535	321
Amounts receivable for issue of shares	115	435
Recoverable income tax	357	348
Sales awaiting settlement	1,409	9
	<b>2,416</b>	<b>1,113</b>

## 8. CASH AND BANK BALANCES

	31/03/08 £'000	31/03/07 £'000
Sterling	1,242	283
<b>Cash and bank balances</b>	<b>1,242</b>	<b>283</b>

## 9. BANK OVERDRAFTS

	31/03/08 £'000	31/03/07 £'000
Sterling	-	238
<b>Bank overdrafts</b>	<b>-</b>	<b>238</b>

## 10. CREDITORS

	31/03/08 £'000	31/03/07 £'000
Accrued expenses	28	25
Amounts payable for cancellation of shares	160	59
Corporation tax payable	235	133
Deferred tax	23	-
Purchases awaiting settlement	430	250
	<b>876</b>	<b>467</b>

## 11. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director ("ACD")

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

The annual management charge ("AMC") accrues daily and is payable monthly. The current AMC for the sub-fund is set out in note 14 on page 30. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 4 on page 28. The balance outstanding at the year end was £nil (2007: £nil).

### Investment Adviser

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

### 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-fund. 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 payable monthly. The fee is payable out of the property attributable to the sub-fund. The rate of the periodic fee is as agreed between the ACD and the 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 plc in respect of the Depositary's services are disclosed in note 4 on page 28. There was nothing due to the Depositary at the year end (2007: £nil).

## 12. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments at the Balance Sheet date (2007: nil).

# SNOWDONIA INCOME FUND

## 13. DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

In pursuing the sub-funds investment objective, as set out in the investment objective and policy on page 23, 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 might suffer through holding market positions in the face of price movements. The Investment Adviser considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the sub-fund's investment objective.

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.

The sub-fund has increased its holding in structured plans. The purpose of the plans are to provide a certain level of capital protection albeit with a limited potential return, dependent on the movement of underlying market indices. The portfolio statement on page 25, shows that 18.06% (2007: 6.42%) of the portfolio sub-fund's portfolio consists of investments in structured plans.

### Currency Risk

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

### Interest Rate Risk

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

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

### Liquidity Risk

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

### Counterparty Risk

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

### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the Balance Sheet on page 26.

### Derivatives

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

## 14. SHARE CLASSES

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

Income: 1.50%

Accumulation: 1.50%

The net asset value, the net asset value per share and the number of shares in issue are given in the comparative tables on page 23. The distribution per share class is given in the distribution tables opposite and on page 31.

## 15. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	31/03/08 £'000	31/03/07 £'000
Purchases in year before transaction costs	48,005	43,624
Commissions	5	-
<b>Total purchase costs</b>	<b>5</b>	<b>-</b>
<b>Gross purchases total</b>	<b>48,010</b>	<b>43,624</b>

Analysis of total sale costs:

Gross sales before transaction costs	29,830	14,946
Commissions	-	(4)
<b>Total sale costs</b>	<b>-</b>	<b>(4)</b>
<b>Total sales net of transaction costs</b>	<b>29,830</b>	<b>14,942</b>

## 16. DISTRIBUTION TABLES

For the period from 1st April 2007 to 30th June 2007

### First interim dividend distribution in pence per share

#### Income shares

	Net		Distribution Paid 31/08/07	Distribution Paid 31/08/06
	Income	Equalisation		
Group 1	0.8666	-	0.8666	0.8534
Group 2	0.5448	0.3218	0.8666	0.8534

#### Accumulation shares

	Net		Accumulation Paid 31/08/07	Accumulation Paid 31/08/06
	Income	Equalisation		
Group 1	0.9266	-	0.9266	0.8868
Group 2	0.4651	0.4615	0.9266	0.8868

For the period from 1st July 2007 to 30th September 2007

### Second interim dividend distribution in pence per share

#### Income shares

	Net		Distribution Paid 30/11/07	Distribution Paid 30/11/06
	Income	Equalisation		
Group 1	1.6482	-	1.6482	1.2754
Group 2	0.0272	0.8210	1.6482	1.2754

## SNOWDONIA INCOME FUND

For the period from 1st October 2007 to 31st December 2007

Third interim dividend distribution in pence per share

Income shares

	Net		Distribution	Distribution
	Income	Equalisation	Paid 28/02/08	Paid 28/02/07
Group 1	1.0498	-	1.0498	0.8613
Group 2	0.3538	0.6960	1.0498	0.8613

Accumulation shares

	Net		Accumulation	Accumulation
	Income	Equalisation	Paid 28/02/08	Paid 28/02/07
Group 1	1.1918	-	1.1918	0.9103
Group 2	0.5055	0.6863	1.1918	0.9103

For the period from 1st January 2008 to 31st March 2008

Final dividend distribution in pence per share

Income shares

	Net		Distribution	Distribution
	Income	Equalisation	Paid 31/05/08	Paid 31/05/07
Group 1	1.3217	-	1.3217	1.1103
Group 2	0.6922	0.6295	1.3217	1.1103

Accumulation shares

	Net		Accumulation	Accumulation
	Income	Equalisation	Paid 31/05/08	Paid 31/05/07
Group 1	1.4694	-	1.4694	1.1442
Group 2	0.6906	0.7788	1.4694	1.1442

# SNOWDONIA PROPERTY FUND

## COMPARATIVE TABLES

### Performance Record

Calendar Year	High (p)	Low (p)
<b>Income Shares</b>		
2005 <sup>1</sup>	101.11	99.52
2006	129.13	101.06
2007	138.29	93.99
2008 <sup>2</sup>	103.44	92.26

Calendar Year	High (p)	Low (p)
<b>Accumulation Shares</b>		
2005 <sup>1</sup>	101.12	99.53
2006	133.36	101.07
2007	144.36	100.87
2008 <sup>2</sup>	111.69	99.82

### Income/Accumulation Record

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at Launch (£)
<b>Income Shares</b>		
2006	3.9238	39.24
2007	4.2456	42.46
2008 <sup>2</sup>	0.6898	6.90

Calendar Year	Net Income per Share (p)	Net Income per £1,000 at Launch (£)
<b>Accumulation Shares</b>		
2006	3.4330	34.33
2007	4.4337	44.33
2008 <sup>2</sup>	0.7539	7.53

### Net Asset Values

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
<b>Income Shares</b>			
31/03/2006	2,774,466	114.73	5,739,042
31/03/2007	9,831,030	134.78	28,773,366
31/03/2008	13,240,742	98.56	30,300,395

As at	Shares in Issue	Net Asset Value per Share (p)	Net Asset Value of Sub-Fund (£)
<b>Accumulation Shares</b>			
31/03/2006	2,244,522	114.78	5,739,042
31/03/2007	11,057,964	140.38	28,773,366
31/03/2008	16,096,948	107.16	30,300,395

<sup>1</sup>From 6th December 2005 to 31st December 2005.

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

## TOTAL EXPENSE RATIOS (TERs)

	31/03/08	31/03/07
	1.81%	1.84%

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

## INVESTMENT OBJECTIVE AND POLICY

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. The sub-fund may also invest in equities, fixed interest securities, money market instruments, deposits and warrants.

## INVESTMENT REVIEW

### PERFORMANCE

As a result of the impact of the global credit crisis, the period under review was a difficult time for the quoted property sector with the sub-fund down by 23.7%<sup>1</sup>, in line with the benchmark<sup>2</sup> index which fell by 23.1%.

### MARKET REVIEW

The sub-prime crisis in the US forced global banks to rein in their lending, bringing financing markets to a virtual standstill. As commercial property is highly reliant on debt-financing, few investors were able to finance acquisitions of commercial property and therefore there has been pressure on valuations. This was particularly felt in the UK where the increased financing cost went significantly above the average income yield on property and values were marked down to levels not seen since the early 1990s. Therefore, the UK REIT shares saw significant weakness in the period as the market sentiment turned against them. However, following this sell off, the shares of many UK REITs ended the period under review trading at significant discounts to their underlying property values.

In Europe, the underlying property market remained fundamentally attractive with the property yield typically in excess of the cost of borrowing, even with the impact of the credit crunch. Nonetheless, capital growth expectations for this particular market were significantly scaled back as a result of the credit crunch and its potential impact on the global economy and this was reflected in share prices.

### PORTFOLIO ACTIVITY

The main portfolio activity has centred on the sub-fund steadily buying back into the UK REIT market as shares moved to discounts to underlying asset values that more than factors in further likely markdowns in asset values. As the economic outlook worsened during the second half of the period under review, the sub-fund targeted UK prime commercial property assets where the resilient cashflows from long leases paid by strong tenants should prove relatively resilient in a recessionary environment. The sub-fund also used the weakness in sentiment to build holdings in owners of the best quality shopping centres in Europe, such as the French REIT Unibail-Rodamco, where healthy rental growth is set to continue. The sub-fund exited those holdings where there was little evidence of active management to mitigate the difficult underlying investment market.

### OUTLOOK

The global financial crisis has created significant uncertainty in investment markets, and volatility in quoted property will remain high until there is firm evidence of the credit markets returning to some form of normality. UK commercial property values have seen a significant write down, but there are signs of prime property values bottoming out as opportunistic buyers start to return to the market to pick up attractively priced assets. The key to whether values have reached a low now depends on the occupational markets since, as if the economy goes through an economic downturn or a recession, there will then be pressure on the rental market as void rates increase and demand dampens. For this reason, the Fund is very focused in the UK on prime assets with strong tenants who are able to ride out such a scenario. In Europe, the outlook for the occupational market is clearer, particularly in Germany, which is now seeing a recovery in rental values. Share price discounts to asset values look increasingly attractive at current levels although, if there is a prolonged economic downturn, further weakness should be expected. However, such a scenario of economic weakness would likely be accompanied by lower interest rates, thus making the income yield from property increasingly attractive. The sector is currently going through a cyclical downturn, but as and when credit markets recover and the economic outlook stabilizes, good quality prime commercial property will be well positioned to see a sustainable recovery.

Source: Premier Fund Managers Limited, June 2008.

<sup>1</sup> Performance data taken from Financial Express Analytics, total return, bid to bid, UK sterling. Past performance is not a guide to future returns.

<sup>2</sup> Benchmark: FTSE EPRA Index

# SNOWDONIA PROPERTY FUND

## PORTFOLIO OF INVESTMENTS

As at 31st March 2008

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>BELGIUM 4.35% (3.96%)</b>			
13,827	Befimmo SCA	858	2.83
13,240	Warehouses de Pauw	462	1.52
		<b>1,320</b>	<b>4.35</b>
<b>DIVERSIFIED EUROPE 10.45% (15.81%)</b>			
275,000	Alpha Pyrenees	205	0.68
300,000	AXA Property	208	0.69
402,500	Dawnay Day Carpathian	298	0.98
422,669	Hansteeen	473	1.56
550,000	Kenmore European	408	1.35
88,889	Matrix European Property	404	1.33
700,000	Northern European Properties	454	1.50
89,388	Prologis European Property	714	2.36
		<b>3,164</b>	<b>10.45</b>
<b>FINLAND 1.20% (1.56%)</b>			
49,371	Citycon	149	0.49
33,600	Sponda	216	0.71
		<b>365</b>	<b>1.20</b>
<b>FRANCE 17.14% (9.94%)</b>			
22,350	Affine	633	2.09
15,200	Corio	674	2.22
10,000	Mercialys	226	0.75
7,250	Silic	542	1.79
1,825	Societe de la Tour Eiffel	133	0.44
23,132	Unibail-Rodamco	2,985	9.85
		<b>5,193</b>	<b>17.14</b>
<b>GERMANY 9.89% (19.61%)</b>			
166,875	Alstria Office	1,638	5.41
635,000	Dawnay Day Treveria	333	1.10
28,000	Deutsche Euroshop	588	1.94
843,000	Summit Germany	436	1.44
		<b>2,995</b>	<b>9.89</b>
<b>ITALY 1.41% (2.22%)</b>			
55,631	Spazio	427	1.41
		<b>427</b>	<b>1.41</b>
<b>NETHERLANDS 14.98% (12.73%)</b>			
40,000	Eurocommercial Property	1,139	3.76
64,000	Nieuwe Steen Investments	912	3.01
38,500	Vastned Industrial	685	2.26
29,232	Vastned Retail	1,568	5.17
3,800	Wereldhave	235	0.78
		<b>4,539</b>	<b>14.98</b>
<b>RUSSIA 0.49% (0.75%)</b>			
178,940	Raven Russia	147	0.49
		<b>147</b>	<b>0.49</b>

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>SWITZERLAND 0.22% (0.22%)</b>			
2,000	PSP Swiss Property	67	0.22
		<b>67</b>	<b>0.22</b>
<b>UNITED KINGDOM 37.13% (24.07%)</b>			
145,000	British Land	1,311	4.33
305,300	Brixton	984	3.25
785,000	F&C Commercial Property	748	2.47
90,000	Hammerson	992	3.27
178,200	Land Securities	2,655	8.76
50,000	Liberty International	479	1.58
285,000	London & Stamford Property	285	0.94
1,175,000	MedicX	955	3.15
272,241	Primary Health Properties	785	2.59
239,815	Segro	1,204	3.97
610,849	Wichford	855	2.82
		<b>11,253</b>	<b>37.13</b>
<b>FORWARD FX CURRENCY CONTRACTS -2.26% (0.11%)</b>			
CHF (125,000)	Sold CHF bought GBP 60,976 for settlement 12/06/08	(2)	(0.01)
EUR (20,570,000)	Sold EUR bought GBP 15,716,658 for settlement 12/06/08	(682)	(2.25)
		<b>(684)</b>	<b>(2.26)</b>
<b>Total Value of Investments</b>		<b>29,470</b>	<b>97.26</b>
Net Other Assets		830	2.74
<b>Total Net Assets</b>		<b>30,300</b>	<b>100.00</b>

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

# SNOWDONIA PROPERTY FUND

## STATEMENT OF TOTAL RETURN

For the year to 31st March 2008

	Notes	31/03/08		31/03/07	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the year	2		(9,676)		3,194
Other gains	3		48		104
Income	4	1,461		517	
Expenses	5	(573)		(275)	
Finance costs: Interest	7	-		(1)	
Net income before taxation		888		241	
Taxation	6	(143)		(34)	
Net income after taxation			745		207
Total return before distributions			(8,883)		3,505
Finance costs: Distributions	7		(1,203)		(427)
<b>Change in net assets attributable to shareholders</b>			<b>(10,086)</b>		<b>3,078</b>

## STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

For the year to 31st March 2008

	Notes	31/03/08		31/03/07	
		£'000	£'000	£'000	£'000
<b>Net assets at the start of the year</b>			<b>28,773</b>		<b>5,739</b>
Movements due to sales and repurchases of shares:					
Amounts receivable on issue of shares		13,938		21,332	
Less: Amount payable on cancellation of shares		(3,033)		(1,634)	
			10,905		19,698
Stamp Duty Reserve Tax (SDRT)			(5)		-
Change in net assets attributable to shareholders (see above)			(10,086)		3,078
Retained distribution on accumulation shares	7		713		258
<b>Net assets at the end of the year</b>			<b>30,300</b>		<b>28,773</b>

## BALANCE SHEET

As at 31st March 2008

	Notes	31/03/08		31/03/07	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
<b>Portfolio of Investments</b>			<b>29,470</b>		<b>26,177</b>
Debtors	8		549		397
Cash and bank balances	9		1,181		2,280
<b>Total other assets</b>			<b>1,730</b>		<b>2,677</b>
<b>Total assets</b>			<b>31,200</b>		<b>28,854</b>
<b>LIABILITIES</b>					
<b>Derivative Liabilities</b>			<b>(684)</b>		<b>-</b>
Creditors	10		(125)		(29)
Distributions payable on income shares	7		(91)		(52)
<b>Total other liabilities</b>			<b>(216)</b>		<b>(81)</b>
<b>Total Liabilities</b>			<b>(900)</b>		<b>(81)</b>
<b>Net assets attributable to shareholders</b>			<b>30,300</b>		<b>28,773</b>

The notes on pages 35 to 39 are an integral part of these financial statements.  
On behalf of Premier Portfolio Managers Limited.



Neil Macpherson  
Finance Director (of the ACD)  
31st July 2008

Mark Friend  
Managing Director, Operations (of the ACD)

# SNOWDONIA PROPERTY FUND

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

As at 31st March 2008

Purchases	Cost £'000	Note
Land Securities	1,939	
Alstria Office	1,829	
British Land	1,344	
Segro	1,194	
Unibail-Rodamco	1,108	
Hammerson	978	
Brixton	856	
Primary Health Properties	810	
Vastned Retail	777	
Matrix European Property	600	
Eurocommercial Property	538	
F&C Commercial Property	536	
Spazio	507	
Dawney Day Carpathian	471	
Liberty International	471	
Wichford	429	
Nieuwe Steen Investments	390	
Summit Germany	355	
Kenmore European	349	
Rodamco Continental	337	
Other	1,715	
<b>Total purchases during the year</b>	<b>17,533</b>	<b>15</b>

Sales	Proceeds £'000	Note
Develica Deutschland	981	
Alpha Pyrenees	956	
Summit Germany	771	
Prologis European Property	513	
Spazio	511	
Eurocastle Investments	354	
Invista European Property	348	
Segro	307	
Wichford	291	
Land Securities	284	
ISIS Property Trust	263	
Dawney Day Treveria	255	
Kenmore European	197	
Unibail-Rodamco	154	
Standard Life Investment Property	125	
ING UK Real Estate	118	
Mapeley	118	
Deutsche Land	117	
Alstria Office	101	
Brixton	85	
Other	188	
<b>Total sales during the year</b>	<b>7,037</b>	<b>15</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 year and at minimum the top 20 purchases and sales during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

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

#### Income Recognition

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

Overseas income received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

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

#### Stock Dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as income of the sub-fund. Any enhancement above the cash dividend is treated as capital.

#### Special Dividends

Special dividends are recognised as either income or capital depending upon the nature and circumstances of the dividend.

#### Expenses

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

#### Distributions

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

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

#### Valuations

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

The fair value of investments managed by the ACD is the single price for single priced funds and cancellation prices for dual priced funds. For investments managed by other management groups, the fair value is the contractual bid price.

#### Foreign Currencies

Assets and liabilities in currencies other than sterling are translated into sterling at the exchange rates prevailing at 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 in net gains/(losses) on investments in the Statement of Total Return.

#### Taxation

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

Withholding tax on overseas dividends is accounted for on an accruals basis.

#### Dilution Levy

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

# SNOWDONIA PROPERTY 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 year end are reflected in the sub-fund's Portfolio of Investments at their marked to market value.

## Stamp Duty Reserve Tax (SDRT)

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

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

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

	31/03/08 £'000	31/03/07 £'000
Non-derivative securities	(7,165)	3,162
Forward currency contracts	(2,511)	32
<b>Net (losses)/gains on investments</b>	<b>(9,676)</b>	<b>3,194</b>

## 3. OTHER GAINS

Other gains comprise:

	31/03/08 £'000	31/03/07 £'000
Other currency gains	48	104
	<b>48</b>	<b>104</b>

## 4. INCOME

	31/03/08 £'000	31/03/07 £'000
Bank interest	135	8
Franked UK dividends	33	352
Franked REIT income	123	-
Unfranked REIT income	99	-
Interest on debt securities	-	50
Overseas dividends	1,071	107
	<b>1,461</b>	<b>517</b>

## 5. EXPENSES

	31/03/08 £'000	31/03/07 £'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	476	208
	<b>476</b>	<b>208</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	23	11
Safe custody fees	5	4
Transaction charges	1	1
	<b>29</b>	<b>16</b>

## Other expenses:

Auditors' remuneration	5	4
Registration fees	56	45
Printing fees	3	1
Price publication fees	4	4
	<b>68</b>	<b>54</b>
Recoverable VAT <sup>1</sup>	-	(3)
<b>Total expenses</b>	<b>573</b>	<b>275</b>

Irrecoverable VAT is included in the above expenses where relevant.

<sup>1</sup>In June 2006, HM Revenue & Customs published a revised policy with regard to the VAT exemption for the management of authorised collective investment schemes. As a result, the Company was able to reclaim certain items of VAT that had previously been paid.

## 6. TAX ON ORDINARY ACTIVITIES

(a) The tax charge comprises:

	31/03/08 £'000	31/03/07 £'000
<b>Current tax:</b>		
Corporation tax	59	-
Overseas withholding tax	73	34
<b>Total current tax (note 6 (b))</b>	<b>132</b>	<b>34</b>
Deferred tax (note 6 (c))	11	-
	<b>143</b>	<b>34</b>

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

(b) Factors affecting the tax charge for the year

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

	31/03/08 £'000	31/03/07 £'000
Net income before taxation	888	241
	<b>888</b>	<b>241</b>

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

	178	48
<b>Effects of:</b>		
Franked UK dividends and distributions not subject to taxation	(31)	(21)
Double taxation relief	(70)	(25)
Overseas withholding tax	73	34
Expenses not utilised in period	-	(2)
Tax payable in different periods	(18)	-
<b>Current tax charge (note 6 (a))</b>	<b>132</b>	<b>34</b>

(c) Deferred tax		
Provision at the start of the year	-	-
Deferred tax charge in the year	11	-
<b>Provision at the end of the year</b>	<b>11</b>	<b>-</b>

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

# SNOWDONIA PROPERTY FUND

## 7. FINANCE COSTS

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

	31/03/08 £'000	31/03/07 £'000
First interim distribution	200	104
First interim accumulation	245	89
Second interim distribution	155	38
Second interim accumulation	197	34
Third interim distribution	115	81
Third interim accumulation	150	75
Final distribution	91	52
Final accumulation	121	60
	<u>1,274</u>	<u>533</u>
Add: Income deducted on cancellation of shares	20	6
Deduct: Income received on issue of shares	(91)	(112)
<b>Net distributions for the year</b>	<u>1,203</u>	<u>427</u>
Interest	-	1
<b>Total finance costs</b>	<u>1,203</u>	<u>428</u>

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

Net income after taxation	745	207
Expenses offset against capital	573	275
Tax on fee rebates taken to capital	(115)	(55)
<b>Finance costs: Distributions</b>	<u>1,203</u>	<u>427</u>

## 8. DEBTORS

	31/03/08 £'000	31/03/07 £'000
Accrued income	126	52
Amounts receivable for issue of shares	145	341
Recoverable income tax	7	-
Recoverable overseas withholding tax	12	4
Sales awaiting settlement	259	-
	<u>549</u>	<u>397</u>

## 9. CASH AND BANK BALANCES

	31/03/08 £'000	31/03/07 £'000
Sterling	1,181	2,280
<b>Cash and bank balances</b>	<u>1,181</u>	<u>2,280</u>

## 10. CREDITORS

	31/03/08 £'000	31/03/07 £'000
Accrued expenses	21	13
Amounts payable for cancellation of shares	34	16
Corporation tax payable	59	-
Deferred tax	11	-
	<u>125</u>	<u>29</u>

## 11. SIGNIFICANT AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

### Authorised Corporate Director ("ACD")

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

The annual management charge ("AMC") accrues daily and is payable monthly. The current AMC for the sub-fund is set out in note 14 on page 38. Amounts paid to Premier Portfolio Managers Limited in respect of the ACD's periodic charge are disclosed in note 5 on page 36. The balance outstanding at the year end was £nil (2007: £nil).

### Investment Adviser

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

### Depository

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

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

Amounts paid to The Royal Bank of Scotland plc in respect of the Depository's services are disclosed in note 5 on page 36. There was nothing due to the Depository at the year end (2007: £nil).

# SNOWDONIA PROPERTY FUND

## 12. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments at the Balance Sheet date (2007: nil).

## 13. DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

In pursuing the sub-fund's investment objective, as set out in the investment objective and policy on page 32, the main risks arising from the sub-fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

### Market Price Risk

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

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.

### Currency Risk

The currency profile of the Sub-fund's financial instruments at the Balance Sheet date (including short term debtors and creditors) was:

#### Currency exposure as at 31st March 2008

Investment	Forward		Net	Total	Total
	Currency	Other			
Currency	£'000	£'000	£'000	£'000	%
Euro	16,007	(16,398)	80	(311)	(1.03)
Sterling	13,396	15,778	1,434	30,608	101.02
Swiss francs	67	(64)	-	3	0.01
<b>Total</b>	<b>29,470</b>	<b>(684)</b>	<b>1,514</b>	<b>30,300</b>	<b>100.00</b>

#### Currency exposure as at 31st March 2007

Investment	Forward		Net	Total	Total
	Currency	Other			
Currency	£'000	£'000	£'000	£'000	%
Euro	20,295	(18,595)	-	1,700	5.92
Sterling	5,788	18,687	2,596	27,071	94.08
Swiss francs	62	(60)	-	2	-
<b>Total</b>	<b>26,145</b>	<b>32</b>	<b>2,596</b>	<b>28,773</b>	<b>100.00</b>

### Interest Rate Risk

The majority of the sub-fund's assets comprise equity shares which do not pay interest (2007: same).

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

### Liquidity Risk

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

### Counterparty Risk

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

### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the Balance Sheet on page 34.

### Derivatives

Forward foreign contracts are used to manage currency risk. Open positions at the Balance Sheet date, which are all covered, are included in the net current assets. Unrealised gains/(losses) on forward foreign exchange transactions are taken to capital.

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

## 14. SHARE CLASSES

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

Income: 1.50%

Accumulation: 1.50%

The net asset value, the net asset value per share and the number of shares in issue are given in the comparative tables on page 32. The distribution per share class is given in the distribution tables on page 39.

## 15. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs:

	31/03/08	31/03/07
	£'000	£'000
Purchases in year before transaction costs	17,466	19,318
Commissions	65	38
Taxes	2	3
<b>Total purchase costs</b>	<b>67</b>	<b>41</b>
<b>Gross purchases total</b>	<b>17,533</b>	<b>19,359</b>

Analysis of total sale costs:

	7,051	1,432
Gross sales before transaction costs	7,051	1,432
Commissions	(14)	(1)
<b>Total sale costs</b>	<b>(14)</b>	<b>(1)</b>
<b>Total sales net of transaction costs</b>	<b>7,037</b>	<b>1,431</b>

# SNOWDONIA PROPERTY FUND

## 16. DISTRIBUTION TABLES

For the period from 1st April 2007 to 30th June 2007

First interim dividend distribution in pence per share

Income shares

	Net		Distribution	Distribution
	Income	Equalisation	Paid 31/08/07	Paid 31/08/06
Group 1	1.6287	-	1.6287	2.1073
Group 2	0.7610	0.8677	1.6287	2.1073

Accumulation shares

	Net		Accumulation	Accumulation
	Income	Equalisation	Paid 31/08/07	Paid 31/08/06
Group 1	1.7071	-	1.7071	2.1278
Group 2	0.6117	1.0954	1.7071	2.1278

For the period from 1st July 2007 to 30th September 2007

Second interim dividend distribution in pence per share

Income shares

	Net		Distribution	Distribution
	Income	Equalisation	Paid 30/11/07	Paid 30/11/06
Group 1	1.2065	-	1.2065	0.6286
Group 2	0.6960	0.5105	1.2065	0.6286

Accumulation shares

	Net		Accumulation	Accumulation
	Income	Equalisation	Paid 30/11/07	Paid 30/11/06
Group 1	1.2554	-	1.2554	0.6466
Group 2	0.7194	0.5360	1.2554	0.6466

For the period from 1st October 2007 to 31st December 2007

Third interim dividend distribution in pence per share

Income shares

	Net		Distribution	Distribution
	Income	Equalisation	Paid 28/02/08	Paid 28/02/07
Group 1	0.8811	-	0.8811	1.0398
Group 2	0.2718	0.6093	0.8811	1.0398

Accumulation shares

	Net		Accumulation	Accumulation
	Income	Equalisation	Paid 28/02/08	Paid 28/02/07
Group 1	0.9322	-	0.9322	1.0593
Group 2	0.3976	0.5346	0.9322	1.0593

For the period from 1st January 2008 to 31st March 2008

Final dividend distribution in pence per share

Income shares

	Net		Distribution	Distribution
	Income	Equalisation	Paid 31/05/08	Paid 31/05/07
Group 1	0.6898	-	0.6898	0.5293
Group 2	0.2449	0.4449	0.6898	0.5293

Accumulation shares

	Net		Accumulation	Accumulation
	Income	Equalisation	Paid 31/05/08	Paid 31/05/07
Group 1	0.7539	-	0.7539	0.5390
Group 2	0.2865	0.4674	0.7539	0.5390

## Administration Queries

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

## Further Information

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

## This document is issued by:

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

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