

# THE SNOWDONIA BALANCED FUND

Interim Short Report for the period from 01/04/2006 to 30/09/2006



The information in this report is designed to enable investors to make an informed judgement on the activities of the Fund during the period. Copies of the Long-Form Interim Report and Accounts are available free of charge by calling Premier on 0845 6056363, or can be downloaded from the Premier website, [www.premierfunds.co.uk](http://www.premierfunds.co.uk)

## Investment Objective and Policy

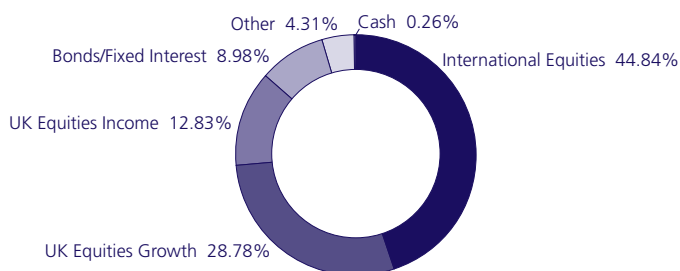
The Snowdonia Balanced Fund aims to provide long-term capital growth from a portfolio of investments. The Fund is managed such that a maximum of 85% of the Fund's property will be exposed to equities both UK and Global. The Fund may invest in units in collective investment schemes and may also invest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

## Fund Facts

**Launch date:** 14 October 2004  
**xd dates:** 31 March, 30 September  
**Income payment dates:** 31 July, 30 November  
**Total Expense Ratio\*:** 3.037%  
**IMA sector:** Balanced Managed

\*The TER is designed to show the annual operating expenses of the Fund. As this Fund had an extended initial accounting period of just under 18 months, the TER for the full 18 month accounting period has been adjusted to bring it in line with other funds and allow comparability. The TER for the full period is available on request.

## Asset Allocation as at 31/03/2006



Source: Mercater Capital Management.

Note: All allocations are rounded to 2 decimal places, this may produce a variance of 0.5%. Please also note that the asset allocation shown here may differ from the portfolio of investments in the Long Form Report and Accounts due to differences in sector classifications.

## Top Ten Holdings as at 31/03/2006

Premier European Growth Fund	7.23%
Gartmore UK Focus	6.64%
AXA Framlington Japan	6.53%
Odey Continental European	6.41%
Capita Walker Corporate UK Growth	5.80%
UBS US Equity B	5.19%
JO Hambro Japan Capital	5.17%
Invesco Perpetual Income	4.90%
Thames River Japan Sterling	4.67%
Mellon Newton Asian Income	4.63%

## Risk Profile

As the Fund invests primarily in the UK, there is a market risk that the Fund might suffer through holding market positions concentrated in the UK in the face of price movements. The value of these investments may decline over a given period because of economic changes or other events that impact large portions of the market.

## Summary Performance

Share Class	Year	Highest Price (p)	Lowest Price (p)
Accumulation	2005	120.79	104.37
	2006 <sup>1</sup>	130.60	115.22

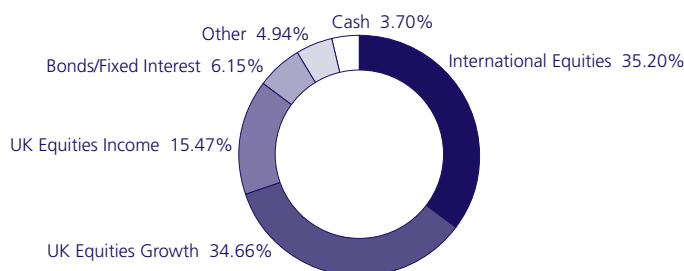
<sup>1</sup> From 01/01/2006 to 30/09/2006.

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

## Net Asset Values - Accumulation Shares

As at	Net Asset Value per Share (p)
31/03/2006	129.00
30/09/2006	123.41

## Asset Allocation as at 30/09/2006



## Top Ten Holdings as at 30/09/2006

Edinburgh Partners UK Opportunities	8.76%
Capita Walker Corporate UK Growth	7.76%
Martin Currie UK Growth	7.10%
Gartmore UK Focus	6.84%
Threadneedle UK Equity Alpha	6.06%
Premier European Growth	5.86%
Rathbone Income	5.75%
Mellon Newton Asian Income	5.68%
AXA Framlington Japan	5.25%
Odey Continental European	4.85%

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## Fund Manager Review

### Performance

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

### Portfolio Activity

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

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

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

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

### Outlook

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

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

**Source:** Mercater Capital Management, October 2006.

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

## Other Information

### Authorised Corporate Director

(ACD) & Registered Office: **Premier Portfolio Managers Limited**,  
Eastgate Court,  
High Street,  
Guildford,  
Surrey GU1 3DE.

### Auditors:

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

### Depositary:

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

### Administrators & Registrar:

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

*The full Fund Manager Review is available in the Long Form Interim Report & Accounts which is available on request, or on the Premier website, [www.premierfunds.co.uk](http://www.premierfunds.co.uk)*



Issued by:

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

Tel: 01483 400 400 Fax: 01483 300 845 Email: [premier@premierfunds.co.uk](mailto:premier@premierfunds.co.uk) [www.premierfunds.co.uk](http://www.premierfunds.co.uk)

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You should remember that past performance is not a guide to future returns and the price of shares and the income from them may go down as well as up and you may get back less than you invested. Investment in these funds should be viewed as a long term investment. Exchange rates will also cause the value of underlying investments to fall as well as rise. Tax concessions are not guaranteed and may be changed at any time, their value will depend on your individual circumstances. Reference to any particular stock does not constitute a recommendation to buy or sell the stock. Details of the nature of the investments, the commitment required and fund specific risk warnings are described in the Simplified Prospectus document which is available on request. Monthly cash withdrawals may lead to erosion of the capital value of your investment should you take a higher cash withdrawal than the growth or income generated. 2811064847