

# The Snowdonia Income Fund, a sub-fund of the Snowdonia Fund

Annual Short Report for the year 1st April 2009 to 31st March 2010



The information in this report is designed to enable investors to make an informed judgement on the activities of the Fund during the year. Copies of the Long-Form Annual Report & Accounts are available free of charge by calling Premier on 01483 306 090, or can be downloaded from the Fund's website at [www.thesnowdoniafund.co.uk](http://www.thesnowdoniafund.co.uk).

## 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 Fund is managed such that a maximum of 60% of the Fund's property will be exposed to equities. The Fund may achieve this by investing in collective investment schemes and may also invest in equities, fixed interest securities, money market instruments, deposits and warrants.

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

## Total Expense Ratio (TER)

31/03/2010  
2.25%

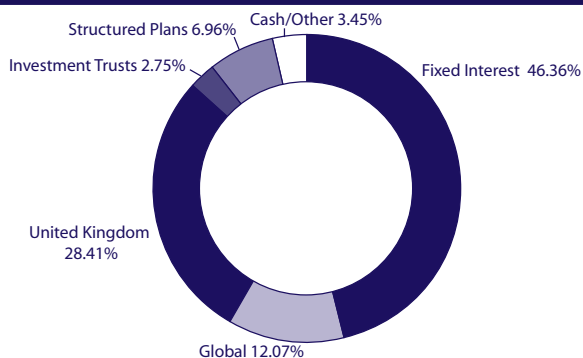
The TER shows the annual operating expenses of the Fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses to different schemes. The TER for income and accumulation shares is the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

## Portfolio Turnover Rate (PTR)

31/03/2010  
85.1%

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

## Asset Allocation as at 31/03/2010



## Top Ten Holdings at 31/03/2010

Thames River Sterling Global Bond	7.44%
Vanguard FTSE UK Equity Income	6.31%
Mellon Newton Global Higher Income	6.17%
Veritas Global Equity	5.90%
FIL Investment Services UK Sterling Bond	5.74%
PSigma Income	5.32%
Artemis Strategic Bond	5.16%
Investec Global Bond	5.06%
Neptune Income	4.91%
Legg Mason Global Multi-Strategy Bond	4.86%

## Fund Facts

Launch date: .....14 October 2004  
Ex-dividend dates: .....31 March, 30 June, 30 September, 31 December  
Income dates: .....28 February, 31 May, 31 August, 30 November  
IMA sector: .....Cautious Managed

## Investment Risks

The Snowdonia Income Fund deducts all charges, including the annual management charge, from capital rather than from income. This may result in the income being higher than would otherwise have been the case and the growth in the capital may be constrained.

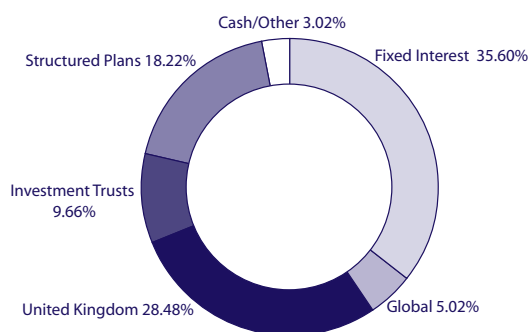
## Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2005	Income	116.39	103.66
	Accumulation	116.39	103.29
2006	Income	121.24	112.78
	Accumulation	128.09	116.17
2007	Income	123.53	113.72
	Accumulation	132.72	124.06
2008	Income	115.24	76.98
	Accumulation	127.49	88.44
2009	Income	93.25	72.08
	Accumulation	112.55	83.62
2010 <sup>1</sup>	Income	97.02	92.07
	Accumulation	117.92	111.86

<sup>1</sup> To 31st March 2010.

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

## Asset Allocation as at 31/03/2009



## Top Ten Holdings at 31/03/2009

Henderson Preference & Bond	5.04%
Ignis Corporate Bond	4.98%
Legal & General Dynamic Bond	4.94%
M&G Strategic Corporate Bond	4.93%
Aegon Sterling Corporate Bond	4.87%
Royal London Corporate Bond	4.82%
Baillie Gifford Corporate Bond	4.80%
PSigma Income	4.75%
Rensburg UK Equity Income	4.73%
Neptune Income	4.45%

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## Annual Short Report for the year 1st April 2009 to 31st March 2010



### Investment Review

#### Performance

The reporting period has seen a remarkable recovery in financial markets from the panic induced lows of March 2009. The Fund has participated in this resurgence, achieving a total return of 35.71%, significantly outperforming the 27.30% return achieved by the IMA Cautious Managed sector.

#### Portfolio Activity

Having taken on management of the portfolio at the end of March 2009, our first task was to assess the position as it stood. Given the outlook at the time, our view was that the portfolio was over-exposed to downside risk and had little to protect it from a continuation of market nervousness. There was significant allocation to higher risk assets, which would go on to recover very strongly, but we felt that there was the opportunity to achieve significant growth in value whilst also reducing risk.

To that end, the initial actions on the portfolio were to sell out of structured products that were close to floor levels (where the capital protection becomes void if the market were to fall below a certain mark). Here the risk was that values could fall by a further 20-30% with the upside benefit being no greater than holding an equity fund.

Purchases have been made to diversify the investments within the portfolio and, in particular, to increase overseas assets. Some of the funds added include Lazard Global Equity Income, Veritas Global Equity Income, Thames River Global Bond, Legg Mason Global Multi Strategy Bond and Investec Global Bond. These last three funds have increased the quality of the underlying bonds held, and benefited from sterling weakness over the period.

Given the circumstances outlined above it will be no surprise that the best performing funds have been those most heavily exposed to risky assets one year ago. Chelverton UK Income is an equity fund that focuses on small companies, which benefited from the recovery as those businesses were perceived to be particularly vulnerable to the credit-crunch. John Pattullo of the Henderson Preference and Bond Fund invested early into the financial sector and, after suffering initially, saw a substantial recovery in value through to March 2010.

#### Outlook

Despite strengthening capital markets and improving economic indicators, a number of questions remain about the future. What will happen when the fiscal and financial stimulus that we have enjoyed over the past year is withdrawn? Is the recovery strong enough to be sustained by the private sector? Will a newly elected government be able to convince global markets that they are dealing with our fiscal deficit? Whatever the answers to these questions, we are convinced that there remain some attractive investment opportunities in today's markets.

Source: Sanlam Fund Solutions, April 2010. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

The full Investment Review is available in the Long-Form Annual Report & Accounts, which is available on request, or from the Fund's website, [www.thesnowdoniafund.co.uk](http://www.thesnowdoniafund.co.uk).

### Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
31/03/2008	Income	104.81
	Accumulation	117.48
31/03/2009	Income	72.61
	Accumulation	85.48
31/03/2010	Income	95.77
	Accumulation	117.64

### Dividend Distribution

XD date	Paid	Share Class	Distribution (Per Share (P))
30/06/2009	31/08/2009	Income	0.7947
		Accumulation	0.9428
30/09/2009	30/11/2009	Income	1.4013
		Accumulation	1.6658
31/12/2009	28/02/2010	Income	0.6409
		Accumulation	0.7732
31/03/2010	31/05/2010	Income	1.0215
		Accumulation	1.2413

### Other Information

Authorised Corporate Director (ACD) & Registered Office:

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

Auditor:

**Grant Thornton UK LLP,**  
30 Finsbury Square,  
London, EC2P 2YU

Depository:

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Trustee & Depository Services,  
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Crescent, Edinburgh, EH12 9UZ

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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. 2107106475