

# PPM Sanlam Property Fund

Interim Short Report  
For the period 1 April 2011  
to 30 September 2011  
a sub-fund of the PPM Sanlam Fund

**PREMIER**  
ASSET MANAGEMENT

**Sanlam**

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 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.pppmsanlam.co.uk](http://www.pppmsanlam.co.uk).

## Investment Objective and Policy

The PPM Sanlam Property Fund aims to provide income and capital growth from a portfolio which will mainly consist of European investments. The 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 Fund may also invest in equities, fixed interest securities, money market instruments, deposits and warrants as permitted by COLL in relation to UCITS schemes.

Subject to the above, the Fund may invest in any asset class and adopt any investment technique or strategy permitted under the rules in COLL as such rules are applied to UCITS Schemes and in accordance with the investment and borrowing powers applicable to UCITS Schemes as summarised in Appendix 4 of the 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)

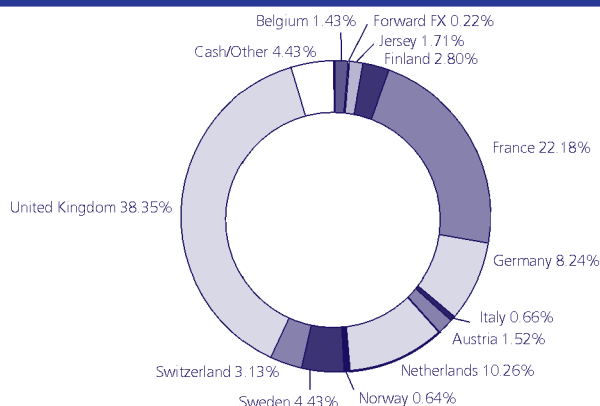
	31/03/2011	31/03/2010
	2.19%	2.25%

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.

## Dividend Distribution

XD date	Paid	Share Class	Distribution (Per Share (P))
30/06/2011	31/08/2011	Income	1.4640
		Accumulation	1.8432
30/09/2011	30/11/2011	Income	0.3062
		Accumulation	0.4085

## Asset Allocation as at 30/09/2011



## Top Ten Holdings at 30/09/2011

Unibail-Rodamco	8.64%
Hammerson	6.60%
Land Securities	6.13%
British Land	5.08%
Segro	3.48%
Klepierre	3.22%
Corio	3.13%
Alstria Office	3.11%
Shaftesbury	3.02%
Development Securities	2.91%

## Fund Facts

Launch date:	6 December 2005
Ex-dividend dates:	31 March, 30 June, 30 September, 31 December
Income dates:	28 February, 31 May, 31 August, 30 November
IMA sector:	Property

## Investment Risks

The PPM Sanlam Property Fund only invests in shares of property investment companies. Whilst equity investments carry potential for attractive returns over the long-term, the volatility of these returns can also be relatively high when compared to physical property. The capital value is sensitive to interest rate trends and the value is likely to fall if interest rates rise in the medium to long-term and vice versa.

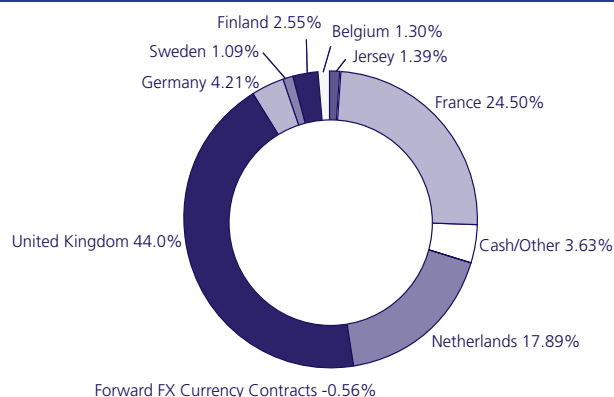
## Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2006	Income	129.13	101.06
	Accumulation	133.36	101.07
2007	Income	138.29	93.99
	Accumulation	144.36	100.87
2008	Income	103.44	53.64
	Accumulation	111.69	60.39
2009	Income	71.09	41.92
	Accumulation	84.32	47.61
2010	Income	77.65	59.54
	Accumulation	90.93	63.42
2011 <sup>1</sup>	Income	79.83	60.49
	Accumulation	101.28	77.25

<sup>1</sup> To 30 September 2011.

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 31/03/2011



## Top Ten Holdings at 31/03/2011

Unibail-Rodamco	9.69%
Land Securities	9.21%
British Land	8.43%
Hammerson	6.00%
Eurocommercial Property	4.69%
Segro	4.46%
Corio	4.32%
Klepierre	4.26%
Vastned Retail	3.66%
Hanstee Holdings	3.31%

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## Investment Review

### Performance

The Fund was not immune from the selloff in global stock markets and fell 15.0% over the period, compared to the IMA Property Sector fall of 7.6%.

### Portfolio Activity

We were highly active in the Fund in the period, with the Fund significantly increasing the underlying exposure to prime commercial property in the more defensive markets of Sweden, Germany and Switzerland. Most of the sales were in UK and French companies.

### Outlook

As a result of this equity market weakness, share prices of Pan European real estate securities are now trading on average discounts to the underlying value of the real estate assets of over 30%. These share prices have already factored in some significant falls in prime commercial real estate, despite the relatively conservative capital values of these assets following the heavy falls of 2007-09.

Whether these falls materialise is largely dependent on European politicians agreeing a successful resolution to contain the sovereign debt crisis to Greece and therefore avoid a second banking crisis. Towards the end of the period, there was clearly some progress being made by the important political figures on agreeing on resolutions required to stabilise this sovereign debt crisis.

There remains much uncertainty going into the autumn months. If there is an agreement amongst the Euro zone members on the required resolutions, prime property values in the core regions of northern and western Europe will be broadly resilient at their current levels. Institutional investors such as pension funds and insurance companies require income, and the outlook of low interest rates for the foreseeable future and the further fall in bond yields makes prime commercial real estate increasingly attractive. Furthermore, with long term inflation increasingly likely as a result of central banks printing money, institutional investors are also able to achieve long term inflation protection from prime real estate. DTZ estimate there is \$111bn of capital looking to acquire Pan European real estate, and if anything, the events of the last few months will see that capital increasingly focused towards the real estate safe havens of London (plus prime destination shopping centres), Paris, Germany, the Nordic, and Switzerland, thus underpinning values in these prime and supply constrained markets.

The Fund is heavily weighted towards these key defensive real estate markets, with shares trading at levels that already account for some significant falls in value if the sovereign debt crisis escalates. In these unprecedented times, there is no clear certainty as to the economic outlook, particularly when it involves regional politics. However, assuming these European leaders are able to find agreement (ultimately, they have little alternative as a division would cause grave consequences for all global investors and consumers), current share price discounts should prove attractive for long term investors prepared to tolerate ongoing short term share price volatility in this highly uncertain global economic environment.

Source: Premier Fund Managers Limited, October 2011. Performance data taken from Financial Express Analytics, quoted on a total return, bid to bid UK sterling basis. Past performance is not a guide to future returns.

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

## Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
31/03/2010	Income	69.25
	Accumulation	83.37
31/03/2011	Income	75.42
	Accumulation	94.53
30/09/2011	Income	62.56
	Accumulation	80.29

## Important Information

On 11 July 2011, the Company changed its name from 'The Snowdonia Fund' to 'The PPM Sanlam Fund'. The 'Snowdonia Property Fund' became the PPM Sanlam Property Fund.

The Royal Bank of Scotland plc (RBS) the Trustee Depository of the Fund(s), transferred its Trustee and Depository Services business to National Westminster Bank plc on 31 October 2011.

On 31 July 2011, KPMG Audit PLC replaced Grant Thornton UK LLP as auditor to the PPM Sanlam Fund

## Other Information

Authorised Corporate Director (ACD) & Registered Office:

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

Auditor:

**KPMG Audit PLC,**  
15 Canada Square, Canary Wharf,  
London, E14 5GL

Depository:

**National Westminster Bank plc,**  
Trustee & Depository Services,  
The Broadstone, 50 South Gyle  
Crescent, Edinburgh, EH12 9UZ

Administrator & Registrar:

**Northern Trust Global Services Limited,**  
50 Bank Street, Canary Wharf,  
London, E14 1BT

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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.