

The Pennine Fund

Interim Report & Financial Statements (unaudited)
For the period from 1st March 2009 to 31st August 2009



Pennine

INDEX

Management and Administration

Registered Office and Directors	2
Company Information	2
Report of the ACD to the Shareholders	2
Directors' Statement	2

The Pennine Fund Aggregated Financial Statements

Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders & Balance Sheet	3
Note to the Aggregated Financial Statements	4

Pennine Dynamic Fund

Comparative Tables	5
Total Expense Ratio	5
Portfolio Turnover Rate	5
Investment Objective and Policy	5
Investment Review	5-6
Portfolio of Investments	7
Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders & Balance Sheet	8
Note to the Financial Statements	9

Pennine Pathfinder Fund

Comparative Tables	10
Total Expense Ratio	10
Portfolio Turnover Rate	10
Investment Objective and Policy	10
Investment Review	10-11
Portfolio of Investments	12-13
Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders & Balance Sheet	14
Note to the Financial Statements	15
Distribution Tables	15

MANAGEMENT AND ADMINISTRATION

The Authorised Corporate Director ("ACD") and registered office of The Pennine 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 Pennine Dynamic Fund and the Pennine Pathfinder Fund.

Premier Fund Managers Limited has appointed North Investment Partners Limited as sub-Investment Adviser to the Pennine Dynamic Fund and the Pennine Pathfinder Fund.

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

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

ADMINISTRATOR & REGISTRAR: Northern Trust Global Fund Services Limited
PO Box 55736,
50 Bank Street,
Canary Wharf,
London, E14 1BT

COMPANY INFORMATION

The Pennine 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 IC000580 and authorised by the FSA with effect from 4th September 2007. Shareholders are not liable for the debts of the Company. At the period end the Company contained 2 sub-funds, the Pennine Dynamic Fund and the Pennine Pathfinder Fund.

The Company is a non-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.

REPORT OF THE ACD TO THE SHAREHOLDERS OF THE COMPANY

The ACD, as sole director, presents its report and the unaudited financial statements of the Company for the period from 1st March 2009 to 31st August 2009.

The Company is a non-UCITS scheme which complies with the FSA's Collective Investment Schemes sourcebook. The shareholders are not liable for the debts of the Company.

The Investment Objectives and Policies of each sub-fund of the Company are covered in the section 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 Auditor are detailed on this page.

In the future there may be other sub-funds of the 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 Company.

DIRECTORS' STATEMENT

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



Neil Macpherson
Finance Director (of the ACD)
30th October 2009

Mark Friend
Managing Director, Operations (of the ACD)

THE PENNINE FUND AGGREGATED FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

For the period ended 31st August 2009

	31/08/09		31/08/08 ¹	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		2,677		(274)
Revenue	175		220	
Expenses	(162)		(180)	
Finance costs: Interest	-		-	
Net revenue before taxation	13		40	
Taxation	(7)		(10)	
Net revenue after taxation		<u>6</u>		<u>30</u>
Total return before distributions		2,683		(244)
Finance costs: Distributions		(7)		(42)
Change in net assets attributable to shareholders from investment activities		<u><u>2,676</u></u>		<u><u>(286)</u></u>

¹Restated (see note to the financial statements on page 4).

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2009

	31/08/09		31/08/08	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		15,002		-
Amounts receivable on issue of shares	3,022		16,681	
Amounts payable on cancellation of shares	(841)		(977)	
		2,181		15,704
Dilution levy		1		-
Stamp duty reserve tax		(2)		(4)
Change in net assets attributable to shareholders from investment activities		2,676		(286)
Retained distributions on accumulation shares		8		56
Closing net assets attributable to shareholders		<u><u>19,866</u></u>		<u><u>15,470</u></u>

BALANCE SHEET

As at 31st August 2009

	31/08/09	28/02/09
	£'000	£'000
ASSETS		
Investment assets	<u>19,035</u>	<u>14,755</u>
Debtors	160	430
Cash and bank balances	<u>709</u>	<u>503</u>
Total other assets	<u>869</u>	<u>933</u>
Total assets	<u><u>19,904</u></u>	<u><u>15,688</u></u>
LIABILITIES		
Creditors	(23)	(685)
Bank overdrafts	(13)	-
Distributions payable on income shares	<u>(2)</u>	<u>(1)</u>
Total liabilities	<u>(38)</u>	<u>(686)</u>
Net assets attributable to shareholders	<u><u>19,866</u></u>	<u><u>15,002</u></u>

On behalf of Premier Portfolio Managers Limited



Neil Macpherson

Finance Director (of the ACD)

30th October 2009

Mark Friend

Managing Director, Operations (of the ACD)

NOTE TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 28th February 2009. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA), in November 2008 (the IMA SORP 2008).

During the period, the Company has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses and transaction charges are now classified as capital. The effect of this is to increase 'Other losses' by £nil (2008: £2,000) and 'Expenses' by £nil (2008: £2,000), with a corresponding change in 'Net capital gains/(losses)'.

PENNINE DYNAMIC FUND

COMPARATIVE TABLES

Performance Record

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

Accumulation Shares

2007 ¹	102.01	96.33
2008	101.18	72.56
2009 ²	85.20	70.90

Accumulation Record

Calendar Year	Net Income per Share (p)
---------------	--------------------------

Accumulation Shares

2007 ¹	-
2008	-
2009 ²	-

Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p)
-------	-----------------	-------------------

Accumulation Shares

28/02/2009	5,420,570	72.63
31/08/2009	6,293,126	84.94

Total NAV	NAV of Sub-Fund (£)
-----------	---------------------

28/02/2009	3,936,793
31/08/2009	5,345,483

¹ From 5th October 2007 to 31st December 2007.

² To 31st August 2009.

TOTAL EXPENSE RATIO (TER)

28/02/09

3.17%

The TER shows 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 of different schemes.

PORTFOLIO TURNOVER RATE (PTR)

28/02/09

134.20%

The PTR is a ratio that reflects the volume of trading within the sub-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 sub-fund's shares and is expressed as a percentage of the sub-fund's average net asset value.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Pennine Dynamic Fund is to provide long-term capital growth from a portfolio of global investments.

To invest predominantly in units in collective investment schemes. The long-term capital growth objective may lead to the Fund maintaining a weighting of equity based collective investment schemes. The Fund may also invest in equities, fixed interest securities, money market instruments, deposits and warrants, and may invest indirectly in immovable property typically through units in collective investment schemes and/or shares in property companies.

The Fund may invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective and policy of the Fund).

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).

INVESTMENT REVIEW

PERFORMANCE

The world's financial markets have staged a remarkable and dramatic rebound over the last six months with investor confidence improving significantly from the extreme lows in March. The global financial system which faced near collapse in late 2008 has been rescued by the concerted efforts of governments and central banks worldwide. With interest rates down to historic lows and unprecedented fiscal stimulus, liquidity has flooded the markets. In this environment, investors' appetite for risk assets has returned once more. Against this backdrop, the Pennine Dynamic Portfolio rose by 16.86% for the period under review.

MARKET REVIEW

The much needed signs of stability in the world's financial markets failed to appear at the beginning of the year as the recession became much deeper than initially expected. The credit crisis deteriorated further as Western banks sank deeper into trouble with governments and central banks working overtime to provide bail outs and rescue packages. Prudent monetary policy was abandoned as interest rates were slashed close to zero. In addition, governments announced unprecedented fiscal measures in an attempt to support and reflate their failing economies. Understandably investors treated these actions with suspicion and fear, a sign of desperation on behalf of the authorities, and we witnessed the classic capitulation in markets in March.

With equities now priced at bargain prices, value investors began to appear again. The announcement of Quantitative Easing in the US and UK, where authorities inject further liquidity into the markets by buying government and corporate bonds, also helped to ease investor fears. It was then that equity markets staged a strong rally, together with credit and commodity markets on hopes of a recovery.

The rally in equities gathered pace in the second quarter as expectations of an economic recovery continued to grow. We saw a fall in volatility, improvement in interbank lending, credit spreads tightening and rising commodity prices. The "we're not bust rally" saw heavily indebted cyclical stocks surge, the so called injured and walking wounded of the market. The return of investors' appetite for risk saw emerging markets outperform developed markets, corporate bonds beat sovereign debt and smaller companies rise more than blue chips.

Banks in the UK and US underwent a stress test to determine their ability to withstand further damage from a global slowdown. Even though the results in the UK were not disclosed and the rigor of the US examination questionable, the effect on sentiment was positive. With the threat of nationalisation abating, the banking sector led the rebound in markets. These results also helped confidence in the money markets and LIBOR returned to levels seen before the Lehman Brothers collapse last September. Against this background corporate bonds made good headway. On the other hand, government bonds were weak with concerns over ever increasing supply and a change of investor attitude to risk assets.

PENNINE DYNAMIC FUND

After the sharp rebound in risk assets in early March, the rally stalled in June. The market consolidated as investors grew increasingly concerned about the lack of hard evidence of economic recovery as opposed to less bad news. In recent weeks an improvement in economic data and more upbeat earnings revisions have boosted investors' confidence in the global economic recovery. Developed economies such as Germany, Japan and Australia have already come out of recession, the US and UK should return to growth fairly soon.

PORTFOLIO ACTIVITY

After a broad market rally, we believe dispersion in sectors and individual stocks will reappear. A market which is willing to reward winners will suit the active fund managers. As such we have begun to sell down our holdings in index tracking Exchange Traded Funds in favour of active stock pickers. We sold iShares FTSE 100 Index to buy Schroder Income Maximiser, a Fund which can also provide downside protection in falling markets. This theme has been carried into overseas markets and we have invested in Axa Framlington American Growth Fund. This Fund has been managed for over a decade by Stephen Kelly who has a focus on growth and quality. Our fixed interest holdings have also been reviewed and we made the switch from corporate bond to strategic bond funds. Funds such as Legal & General Dynamic Bond Trust and M&G Optimal Income allow experienced fund managers to tactically asset allocate across all bond sectors. Finally we have added some new names to absolute return holdings, Artemis Strategic Assets and Absolute Insight UK Equity Market Neutral Fund.

The top ten purchases and sales during the period were as follows:

Purchases	Costs	Sales	Proceeds
	£'000		£'000
First State Asia Pacific Leaders 'B'	238	iShares FTSE 100	394
Legal & General Dynamic Bond 'I'	200	Goldman Sachs Sterling Liquid Reserves Institutional	290
Goldman Sachs Sterling Liquid Reserves Institutional	199	Insight Liquidity Class 5	270
iShares FTSE 100	193	Invesco Perpetual Corporate Bond	200
iShares FTSE 250	171	iShares S&P 500	177
Schroder Income Maximiser 'A'	151	iShares FTSE 250	174
Goldman Sachs International	140	M&G Optimal Income	93
Absolute Insight UK Equity Market Neutral B2P	139	iShares MSCI Latin America	69
Goldman Sachs Dividend-Linked Equity Income Portfolio	104	BlackRock Absolute Return Strategies	57
Artemis Strategic Asset 'I'	94	Veritas Asian 'A'	52
Total purchases during the period were	£2,423,188	Total sales during the period were	£1,928,465

OUTLOOK

There are signs of the emergence of more stable economic data and the markets are no longer anticipating a depression or a slump but rather a severe recession. Whilst many investors have decided that the fiscal and monetary stimulus will eventually succeed in leading to a recovery, the question now is how sustainable is this recovery when the economic fundamentals remain poor? Unemployment continues to rise against a background of high levels of indebtedness amongst the government, businesses and households. The fact that corporate earnings continue to surprise is more a reflection of the behaviour of analysts who have swung from too optimistic to overly pessimistic in less than a year. For now corporate earnings are being driven more by cost cutting than sales or revenue growth. However, we believe that we have seen the worst in terms of this economic slowdown and that next year will see the beginnings of a recovery. Interest rates will stay low for now and short term the risk is deflation rather than inflation. In this environment we continue to favour equities and corporate bonds.

Source: North Investment Partners, September 2009. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

PENNINE DYNAMIC FUND

PORTFOLIO OF INVESTMENTS

As at 31st August 2009

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %	Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
COLLECTIVE INVESTMENT SCHEMES 57.40% (60.55%)				HEDGE FUNDS 2.41% (3.00%)			
China 0.80% (1.75%)				Global 2.41% (3.00%)			
979	First State China Growth 'I'	43	0.80	31,365	Absolute Return	35	0.65
		43	0.80	72,224	FRM Credit Alpha	53	0.99
Europe 4.14% (1.65%)				33,757	Thames River Multi Hedge PCC	41	0.77
53,447	Neptune European Opportunities 'B'	164	3.07			129	2.41
144,885	Premier Pan European Property Share Fund	57	1.07	INVESTMENT TRUSTS 13.59% (8.30%)			
		221	4.14	Asia 6.72% (1.63%)			
Far East 4.06% (3.45%)				96,875	First State Asia Pacific Leaders 'B'	259	4.85
5,036	Atlantis China Fortune	5	0.09	53,000	Invesco Asia	60	1.12
14,205	Chirin Asia Absolute Alpha 'I'	158	2.96	10,600	Invesco Asia Sub Shares	1	0.02
9,893	Gartmore China Opportunities	54	1.01	26,000	Schroder Asia Pacific	39	0.73
		217	4.06			359	6.72
Frontier Markets 0.00% (0.36%)				Global 5.66% (5.63%)			
Global 20.66% (22.63%)				12,800	BlackRock World Mining	57	1.07
71,653	Allianz RCM BRIC Stars 'C'	99	1.85	45,523	Cazenove Absolute Equity	49	0.92
2,760	BlackRock Gold & General	28	0.52	25,601	CQS RIG Finance	2	0.04
93,100	Harewood BNP Paribas Agrinvest	75	1.40	43,700	EW&PO Finance ZDP	47	0.87
231,759	Invesco Perpetual Corporate Bond	234	4.38	111,744	PSource Structured Debt	66	1.23
18,791	Investec Global Energy 'A'	39	0.73	12,940	Quorum Oil & Gas Technology	76	1.42
382,409	Legal & General Dynamic Bond 'I'	222	4.15	1,110	Quorum Oil & Gas Technology Warrants	-	-
362,759	M&G Optimal Income	408	7.63	5,546	Utilico Emerging Markets Utilities	6	0.11
		1,105	20.66	2,168	Utilico Emerging Markets Utilities 'S'	-	-
Japan 1.65% (2.36%)						303	5.66
103,447	Martin Currie Japan Alpha 'B'	88	1.65	Property 1.21% (1.04%)			
		88	1.65	59,997	Enhanced Property Recovery	38	0.71
North America 1.87% (0.00%)				20,000	MedicX	14	0.26
57,621	AXA Framlington American Growth	100	1.87	28,000	Terra Catalyst	13	0.24
		100	1.87			65	1.21
United Kingdom 24.22% (28.35%)				STRUCTURED PLANS 8.22% (2.74%)			
128,323	Absolute Insight UK Equity Market Neutral B2P	140	2.62	United Kingdom 5.60% (2.74%)			
195,126	Artemis Strategic Assets 'I'	99	1.85	87,000	Goldman Sachs Dividend-Linked Equity Income Portfolio	101	1.89
1,124	BlackRock UK Special Situations	12	0.22	4,700,000	Goldman Sachs International 3 Year Certificates Linked to GBP 10 Year SWAP due 29/05/2012	19	0.36
89,700	Gartmore UK Absolute Return 'I'	96	1.80	104,500	Goldman Sachs International 3 Year Certificates Linked to FTSE 100 Index due 20/10/2011	127	2.38
388,267	Goldman Sachs Sterling Liquid Reserves Institutional	388	7.26	46,000	Symphony Structure Defensive FTSE AutoCall 4	52	0.97
287,000	Insight Liquidity Class 5	287	5.37			299	5.60
16,863	PSigma Income	11	0.21	Global 2.62% (0.00%)			
46,077	River & Mercantile UK Equity Income 'A'	41	0.77	140,000	Goldman Sachs International 3 Year Certificates on Goldman Sachs Emerging Markets & G10 Carry Excess Return Index - Class B due 26/06/2012	140	2.62
511,478	Schroder Income Maximiser 'A'	220	4.12			140	2.62
		1,294	24.22	Total Value of Investments			
EQUITY 0.00% (0.10%)						5,096	95.34
United Kingdom 0.00% (0.10%)				Net Other Assets			
EXCHANGE TRADED FUNDS 13.72% (23.68%)						249	4.66
Japan 0.75% (0.86%)				Total Net Assets			
6,500	iShares MSCI Japan	40	0.75			5,345	100.00
		40	0.75	Figures in brackets represent sector distribution at 28th February 2009.			
North America 0.00% (4.14%)							
United Kingdom 12.97% (18.68%)							
64,806	Barclays Simple '543' 0% Notes 27/06/2013	73	1.37				
830	ETFS Oil Securities	27	0.51				
730	Gold Bullion 0% Undated Notes	42	0.79				
111,900	iShares FTSE 100	551	10.30				
		693	12.97				

PENNINE DYNAMIC FUND

STATEMENT OF TOTAL RETURN

For the period ended 31st August 2009

	31/08/09		31/08/08 ¹	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		739		(143)
Revenue	51		47	
Expenses	(50)		(59)	
Finance costs: Interest	-		-	
	1		(12)	
Net revenue/(expense) before taxation				
Taxation	(2)		-	
	(1)		(12)	
Net expense after taxation				
Total return before distributions		738		(155)
Finance costs: Distributions		-		-
Change in net assets attributable to shareholders from investment activities		738		(155)

¹Restated (see note to the financial statements on page 9).

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2009

	31/08/09		31/08/08	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		3,937		-
Amounts receivable on issue of shares	888		4,190	
Amounts payable on cancellation of shares	(218)		(312)	
		670		3,878
Stamp duty reserve tax		-		(2)
Change in net assets attributable to shareholders from investment activities		738		(155)
Closing net assets attributable to shareholders		5,345		3,721

BALANCE SHEET

As at 31st August 2009

	31/08/09	28/02/09
	£'000	£'000
ASSETS		
Investment assets	5,096	3,873
Debtors	49	249
Cash and bank balances	217	112
Total other assets	266	361
Total assets	5,362	4,234
LIABILITIES		
Creditors	(9)	(297)
Bank overdrafts	(8)	-
Total liabilities	(17)	(297)
Net assets attributable to shareholders	5,345	3,937

On behalf of Premier Portfolio Managers Limited



Neil Macpherson

Mark Friend

Finance Director (of the ACD)

Managing Director, Operations (of the ACD)

30th October 2009

NOTE TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 28th February 2009. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA), in November 2008 (the IMA SORP 2008).

During the period, the sub-fund has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses and transaction charges are now classified as capital. The effect of this is to increase 'Other losses' by £nil (2008: £1,000) and 'Expenses' by £nil (2008: £1,000), with a corresponding change in 'Net capital gains/(losses)'.

PENNINE PATHFINDER FUND

COMPARATIVE TABLES

Performance Record

Calendar Year	High (p)	Low (p)
Income Shares		
2007 ¹	101.22	98.41
2008	102.34	80.59
2009 ²	94.24	78.83
Accumulation Shares		
2007 ¹	101.22	98.42
2008	102.32	81.02
2009 ²	94.81	79.46

Income Record

Calendar Year	Net Income per Share (p)
Income Shares	
2007 ¹	-
2008	0.5658
2009 ²	0.1008
Accumulation Shares	
2007 ¹	-
2008	0.5658
2009 ²	0.1028

Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) ³
Income Shares		
28/02/2009	2,814,964	80.72
31/08/2009	3,103,983	93.84
Accumulation Shares		
28/02/2009	10,821,221	81.26
31/08/2009	12,278,976	94.53
Total NAV		NAV of Sub-Fund (£)
28/02/2009		11,065,417
31/08/2009		14,520,655

¹ From 5th October 2007 to 31st December 2007.

² To 31st August 2009.

³ The net asset value per share is calculated on a bid to bid basis and excludes any distribution payable.

TOTAL EXPENSE RATIO (TER)

28/02/09

2.28%

The TER shows 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 of different schemes. The TER for income and accumulation shares is the same.

PORTFOLIO TURNOVER RATE (PTR)

28/02/09

76.86%

The PTR is a ratio that reflects the volume of trading within the sub-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 sub-fund's shares and is expressed as a percentage of the sub-fund's average net asset value.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Pennine Pathfinder Fund is to provide medium to long term growth from a portfolio of global investments.

To invest mainly in units in collective investment schemes. The Fund may also invest in equities, fixed interest securities, money market instruments, deposits and warrants, and may invest indirectly in immovable property, typically through units in collective investment schemes and/or shares in property companies.

The Fund may invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective and policy of the Fund).

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).

INVESTMENT REVIEW

PERFORMANCE

The world's financial markets have staged a remarkable and dramatic rebound over the last six months with investor confidence improving significantly from the extreme lows in March. The global financial system which faced near collapse in late 2008 has been rescued by the concerted efforts of governments and central banks worldwide. With interest rates down to historic lows and unprecedented fiscal stimulus, liquidity has flooded the markets. In this environment, investors' appetite for risk assets has returned once more. Against this backdrop, the Pennine Pathfinder Portfolio rose by 16.03% for the period under review.

MARKET REVIEW

The much needed signs of stability in the world's financial markets failed to appear at the beginning of the year as the recession became much deeper than initially expected. The credit crisis deteriorated further as Western banks sank deeper into trouble with governments and central banks working overtime to provide bail outs and rescue packages. Prudent monetary policy was abandoned as interest rates were slashed close to zero. In addition, governments announced unprecedented fiscal measures in an attempt to support and reflate their failing economies. Understandably investors treated these actions with suspicion and fear, a sign of desperation on behalf of the authorities, and we witnessed the classic capitulation in markets in March.

With equities now priced at bargain prices, value investors began to appear again. The announcement of Quantitative Easing in the US and UK, where authorities inject further liquidity into the markets by buying government and corporate bonds, also helped to ease investor fears. It was then that equity markets staged a strong rally, together with credit and commodity markets on hopes of a recovery.

The rally in equities gathered pace in the second quarter as expectations of an economic recovery continued to grow. We saw a fall in volatility, improvement in interbank lending, credit spreads tightening and rising commodity prices. The "we're not bust rally" saw heavily indebted cyclical stocks surge, the so called injured and walking wounded of the market. The return of investors' appetite for risk saw emerging markets outperform developed markets, corporate bonds beat sovereign debt and smaller companies rise more than blue chips.

PENNINE PATHFINDER FUND

Banks in the UK and US underwent a stress test to determine their ability to withstand further damage from a global slowdown. Even though the results in the UK were not disclosed and the rigor of the US examination questionable, the effect on sentiment was positive. With the threat of nationalisation abating, the banking sector led the rebound in markets. These results also helped confidence in the money markets and LIBOR returned to levels seen before the Lehman Brothers collapse last September. Against this background corporate bonds made good headway. On the other hand, government bonds were weak with concerns over ever increasing supply and a change of investor attitude to risk assets.

After the sharp rebound in risk assets in early March, the rally stalled in June. The market consolidated as investors grew increasingly concerned about the lack of hard evidence of economic recovery as opposed to less bad news. In recent weeks an improvement in economic data and more upbeat earnings revisions have boosted investors' confidence in the global economic recovery. Developed economies such as Germany, Japan and Australia have already come out of recession, the US and UK should return to growth fairly soon.

PORTFOLIO ACTIVITY

After a broad market rally, we believe dispersion in sectors and individual stocks will reappear. A market which is willing to reward winners will suit the active fund managers. As such we have begun to sell down our holdings in index tracking Exchange Traded Funds in favour of active stock pickers. We sold iShares FTSE 100 Index to buy Schroder Income Maximiser, a Fund which can also provide downside protection in falling markets. This theme has been carried into overseas markets and we have invested in Axa Framlington American Growth Fund. This Fund has been managed for over a decade by Stephen Kelly who has a focus on growth and quality. Our fixed interest holdings have also been reviewed and we made the switch from corporate bond to strategic bond funds. Funds such as Legal & General Dynamic Bond Trust and M&G Optimal Income allow experienced fund managers to tactically asset allocate across all bond sectors. Finally we have added some new names to absolute return holdings, Artemis Strategic Assets and Absolute Insight UK Equity Market Neutral Fund.

The top ten purchases and sales during the period were as follows:

Purchases	Costs	Sales	Proceeds
	£'000		£'000
First State Asia Pacific Leaders 'B'	659	iShares FTSE 100	1,300
Legal & General Dynamic Bond 'I'	587	Goldman Sachs Sterling Liquid Reserves Institutional	900
Goldman Sachs International 3 Year Certificates on Goldman Sachs Emerging Markets & G10 Carry Excess Return Index - Class B due 26/06/2012	512	Insight Liquidity Class 5	800
Premier Pan European Property Share Fund	505	Invesco Perpetual Corporate Bond	587
iShares MSCI Latin America	466	iShares FTSE 250	473
Schroder Income Maximiser 'A'	427	M&G Optimal Income	389
Absolute Insight UK Equity Market Neutral B2P	377	iShares S&P 500	259
iShares FTSE 100	365	iShares MSCI Latin America	186
Insight Liquidity Class 5	347	BlackRock Absolute Return Strategies	181
Goldman Sachs Dividend-Linked Equity Income Portfolio	288	Barclays Simple '543' 0% Notes 27/06/2013	147
Total purchases during the period were	£6,959,191	Total sales during the period were	£5,805,436

OUTLOOK

There are signs of the emergence of more stable economic data and the markets are no longer anticipating a depression or a slump but rather a severe recession. Whilst many investors have decided that the fiscal and monetary stimulus will eventually succeed in leading to a recovery, the question now is how sustainable is this recovery when the economic fundamentals remain poor? Unemployment continues to rise against a background of high levels of indebtedness amongst the government, businesses and households. The fact that corporate earnings continue to surprise is more a reflection of the behaviour of analysts who have swung from too optimistic to overly pessimistic in less than a year. For now corporate earnings are being driven more by cost cutting than sales or revenue growth. However, we believe that we have seen the worst in terms of this economic slowdown and that next year will see the beginnings of a recovery. Interest rates will stay low for now and short term the risk is deflation rather than inflation. In this environment we continue to favour equities and corporate bonds.

Source: North Investment Partners, September 2009. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

PENNINE PATHFINDER FUND

PORTFOLIO OF INVESTMENTS

As at 31st August 2009

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %	Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
COLLECTIVE INVESTMENT SCHEMES 60.45% (59.75%)				United Kingdom 6.63% (16.61%)			
Asia Pacific 1.88% (0.00%)				206,600	Barclays Simple '543' 0% Notes 27/06/2013	232	1.60
94,074	First State Greater China Growth 'B'	273	1.88	2,500	ETFS Oil Securities	80	0.56
		273	1.88	3,400	Gold Bullion 0% Undated Notes	194	1.34
Europe 7.61% (1.26%)				77,200	iShares FTSE 100	380	2.62
156,497	Neptune European Opportunities 'B'	481	3.31	7,000	iShares FTSE All Stocks Gilt	74	0.51
1,581,828	Premier Pan European Property Share Fund	624	4.30			960	6.63
		1,105	7.61	EQUITY 0.00% (0.07%)			
Far East 2.80% (3.78%)				United Kingdom 0.00% (0.07%)			
18,418	Atlantis China Fortune	18	0.12	FIXED INTEREST 0.00% (0.63%)			
34,982	Chirin Asia Absolute Alpha 'I'	389	2.68	United Kingdom 0.00% (0.63%)			
		407	2.80	HEDGE FUNDS 4.63% (3.81%)			
Frontier Markets 0.00% (0.13%)				Global 4.63% (3.81%)			
Global 28.70% (24.34%)				124,715	Absolute Return	138	0.95
208,700	Allianz RCM BRIC Stars 'C'	288	1.98	230,768	FRM Credit Alpha	171	1.18
535,825	Artemis Strategic Assets 'I'	272	1.87	252,900	Harewood BNP Paribas COMAC Sterling Hedged 'A'	205	1.41
7,109	BlackRock Gold and General	73	0.50	130,661	Thames River Multi Hedge PCC	158	1.09
240,000	Goldman Sachs Dividend-Linked Equity Income Portfolio	279	1.92			672	4.63
735,167	Goldman Sachs Sterling Liquid Reserves Institutional	735	5.06	INVESTMENT TRUSTS 13.66% (8.22%)			
669,874	Invesco Perpetual Corporate Bond	677	4.66	Asia Pacific 5.78% (0.78%)			
67,566	Investec Global Energy 'A'	140	0.96	262,816	First State Asia Pacific Leaders 'B'	703	4.84
1,122,370	Legal & General Dynamic Bond 'I'	650	4.48	79,000	Invesco Asia	90	0.62
938,527	M&G Optimal Income	1,055	7.27	15,800	Invesco Asia Sub Shares	2	0.01
		4,169	28.70	30,000	Schroder Asia Pacific	45	0.31
Japan 1.56% (1.98%)						840	5.78
263,892	Martin Currie Japan Alpha 'B'	226	1.56	Global 6.41% (6.18%)			
		226	1.56	100,000	AcenciA Debt Strategies	65	0.45
North America 1.89% (0.00%)				40,800	BlackRock World Mining	182	1.25
158,231	AXA Framlington American Growth	275	1.89	167,806	Cazenove Absolute Equity	182	1.25
		275	1.89	37,928	CQS RIG Finance	3	0.02
United Kingdom 16.01% (28.26%)				120,750	EW&PO Finance ZDP	136	0.94
347,581	Absolute Insight UK Equity Market Neutral B2P	378	2.60	173,533	PSource Structured Debt	102	0.70
5,297	BlackRock UK Special Situations	56	0.39	45,167	Quorum Oil and Gas Technology	261	1.80
246,321	Gartmore UK Absolute Return 'I'	264	1.82	3,300	Quorum Oil and Gas Technology Warrants	-	-
832,000	Insight Liquidity Class 5	832	5.73			931	6.41
79,499	PSigma Income	52	0.36	Property 1.47% (1.26%)			
137,349	River & Mercantile UK Equity 'A'	121	0.83	181,304	Enhanced Property Recovery	113	0.78
1,441,593	Schroder Income Maximiser 'A'	621	4.28	75,000	MedicX	52	0.36
		2,324	16.01	104,000	Terra Catalyst	48	0.33
EXCHANGE TRADED FUNDS 10.47% (22.95%)						213	1.47
North America 3.84% (6.34%)				88,300	iShares S&P 500	558	3.84
		558	3.84				

PENNINE PATHFINDER FUND

PORTFOLIO OF INVESTMENTS

As at 31st August 2009

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
	STRUCTURED PLANS 6.78% (2.92%)		
	Global 3.52% (0.00%)		
512,000	Goldman Sachs International 3 Year Certificates on Goldman Sachs Emerging Markets & G10 Carry Excess Return Index - Class B due 26/06/2012	511	3.52
		511	3.52
	United Kingdom 3.26% (2.92%)		
12,600,000	Goldman Sachs International 3 Year Certificates Linked to GBP 10 Year SWAP due 29/05/2012	50	0.34
227,000	Goldman Sachs International 3 Year Certificates Linked to FTSE 100 Index due 20/10/2011	275	1.89
134,000	Symphony Structure Defensive FTSE AutoCall 4	150	1.03
		475	3.26
	Total Value of Investments	13,939	95.99
	Net Other Assets	582	4.01
	Total Net Assets	14,521	100.00

Figures in brackets represent sector distribution at 28th February 2009.

PENNINE PATHFINDER FUND

STATEMENT OF TOTAL RETURN

For the period ended 31st August 2009

	31/08/09		31/08/08 ¹	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		1,938		(131)
Revenue	124		173	
Expenses	(112)		(121)	
Finance costs: Interest	-		-	
Net revenue before taxation	12		52	
Taxation	(5)		(10)	
Net revenue after taxation		<u>7</u>		<u>42</u>
Total return before distributions		1,945		(89)
Finance costs: Distributions		(7)		(42)
Change in net assets attributable to shareholders from investment activities		<u><u>1,938</u></u>		<u><u>(131)</u></u>

¹Restated (see note to the financial statements on page 15).

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2009

	31/08/09		31/08/08	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		11,065		-
Amounts receivable on issue of shares	2,134		12,491	
Amounts payable on cancellation of shares	(623)		(665)	
		1,511		11,826
Dilution levy		1		-
Stamp duty reserve tax		(2)		(2)
Change in net assets attributable to shareholders from investment activities		1,938		(131)
Retained distributions on accumulation shares		8		56
Closing net assets attributable to shareholders		<u><u>14,521</u></u>		<u><u>11,749</u></u>

BALANCE SHEET

As at 31st August 2009

	31/08/09	28/02/09
	£'000	£'000
ASSETS		
Investment assets	<u>13,939</u>	<u>10,882</u>
Debtors	111	181
Cash and bank balances	<u>492</u>	<u>391</u>
Total other assets	<u>603</u>	<u>572</u>
Total assets	<u><u>14,542</u></u>	<u><u>11,454</u></u>
LIABILITIES		
Creditors	(14)	(388)
Bank overdrafts	(5)	-
Distributions payable on income shares	<u>(2)</u>	<u>(1)</u>
Total liabilities	<u>(21)</u>	<u>(389)</u>
Net assets attributable to shareholders	<u><u>14,521</u></u>	<u><u>11,065</u></u>

On behalf of Premier Portfolio Managers Limited



Neil Macpherson

Finance Director (of the ACD)

30th October 2009

Mark Friend

Managing Director, Operations (of the ACD)

NOTE TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 28th February 2009. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA), in November 2008 (the IMA SORP 2008).

During the period, the sub-fund has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains or losses and transaction charges are now classified as capital. The effect of this is to increase 'Other losses' by £nil (2008: £1,000) and 'Expenses' by £nil (2008: £1,000), with a corresponding change in 'Net capital gains/(losses)'.

DISTRIBUTION TABLES

For the period from 1st March 2009 to 31st August 2009

Interim dividend distribution in pence per share

Income Shares

	Net Income	Equalisation	Distribution Payable/Paid	
			31/10/09	31/10/08
Group 1	0.0607	-	0.0607	0.5658
Group 2	-	0.0607	0.0607	0.5658

Accumulation Shares

	Net Income	Equalisation	Amount Accumulated	
			31/10/09	31/10/08
Group 1	0.0612	-	0.0612	0.5658
Group 2	-	0.0612	0.0612	0.5658

The Pennine Fund

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
Web: www.premierassetmanagement.co.uk

This document is issued by:

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

Premier Portfolio Managers Limited and Premier Fund Managers Limited are both members of the Premier Asset Management Marketing Group and are authorised and regulated by the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS. Premier Portfolio Managers Limited is an ISA manager and markets a number of funds. Premier Fund Managers Limited manages these and other funds and provides discretionary portfolio management services. Premier Portfolio Managers Limited is also a member of the Investment Management Association.

You should remember that past performance is not a guide to the future. The price of shares and the income from them may go down as well as up and you may get back less than you invested. Exchange rates will also cause the value of underlying investments to fall or rise. Tax concessions are not guaranteed and may be changed at any time; their value will depend on your individual circumstances. For your protection when dealing, your call may be recorded and monitored. Details of the nature of the investments, the commitment required and fund specific risk warnings are described in the Simplified Prospectus document which is available on request. Large print documents are available on request from the above Guildford address.



Pennine