

The Pennine Fund

Interim Report & Financial Statements (unaudited)
For the period from 1 March 2011 to 31 August 2011



Pennine

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

ADMINISTRATOR & REGISTRAR: Northern Trust Global Services Limited
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 year end the Company contained 2 sub-funds, the Pennine Dynamic Fund and the Pennine Pathfinder Fund.

The Company is a non-UCITS retail 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 2011 to 31st August 2011.

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.

Where a sub-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
Finance Director (of the ACD)
18th October 2011

Mark Friend
Managing Director, Operations (of the ACD)

IMPORTANT NOTES

As part of an internal re-structuring in 2011 The Royal Bank of Scotland Group plc transferred its Trustee and Depositary Services business from The Royal Bank of Scotland plc to National Westminster Bank plc and consequently National Westminster Bank plc was appointed as Depositary of the Fund on 30th September 2011.

As Depositary, National Westminster Bank plc will have the same duties and responsibilities as The Royal Bank of Scotland plc and the change of Depositary will have no impact on the way the Fund is operated.

* On 31st July 2011, KPMG Audit Plc replaced Grant Thornton UK LLP as auditor to The Pennine Fund.

THE PENNINE FUND AGGREGATED FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

For the period ended 31st August 2011

	31/08/11		31/08/10	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(1,730)		(187)
Revenue	247		224	
Expenses	<u>(281)</u>		<u>(242)</u>	
Net expense before taxation	(34)		(18)	
Taxation	<u>-</u>		<u>(6)</u>	
Net expense after taxation		<u>(34)</u>		<u>(24)</u>
Total return before distributions		(1,764)		(211)
Finance costs: Distributions		-		-
Change in net assets attributable to shareholders from investment activities		<u><u>(1,764)</u></u>		<u><u>(211)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2011

	31/08/11 ¹		31/08/10	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		28,060		25,121
Amounts receivable on issue of shares	4,554		4,674	
Amounts payable on cancellation of shares	<u>(2,963)</u>		<u>(1,128)</u>	
		1,591		3,546
Dilution levy		2		1
Stamp duty reserve tax		(10)		(4)
Change in net assets attributable to shareholders from investment activities		(1,764)		(211)
Closing net assets attributable to shareholders		<u><u>27,879</u></u>		<u><u>28,453</u></u>

¹Opening net assets attributable to shareholders for current period differs from the comparative period closing balance as they are not consecutive periods.

BALANCE SHEET

As at 31st August 2011

	31/08/11	28/02/11
	£'000	£'000
ASSETS		
Investment assets	<u>25,747</u>	<u>27,531</u>
Debtors	181	95
Cash and bank balances	<u>3,226</u>	<u>743</u>
Total other assets	<u>3,407</u>	<u>838</u>
Total assets	<u>29,154</u>	<u>28,369</u>
LIABILITIES		
Creditors	(1,166)	(191)
Bank overdrafts	<u>(109)</u>	<u>(118)</u>
Total liabilities	<u>(1,275)</u>	<u>(309)</u>
Net assets attributable to shareholders	<u><u>27,879</u></u>	<u><u>28,060</u></u>

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson
Finance Director (of the ACD)



Mark Friend
Managing Director, Operations (of the ACD)

18th October 2011

THE PENNINE FUND AGGREGATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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 'Financial Statements of Authorised Funds', issued by the IMA in October 2010, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

PENNINE DYNAMIC FUND

COMPARATIVE TABLES

Performance Record

Calendar Year	High (p)	Low (p)
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Accumulation Shares

2007 ¹	102.01	96.33
2008	101.18	72.56
2009	91.81	70.90
2010	102.19	88.82
2011 ²	103.59	91.29

Accumulation Record

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

Accumulation Shares

2007 ¹	-
2008	-
2009	-
2010	-
2011 ²	-

Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) ³
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Accumulation Shares

28/02/2010	7,787,906	91.55
28/02/2011	6,510,332	100.28
31/08/2011	7,517,516	93.91

Total NAV	NAV of Sub-Fund (£)
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28/02/2010	7,129,876
28/02/2011	6,528,664
31/08/2011	7,059,759

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

² To 31st August 2011.

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

TOTAL EXPENSE RATIO (TER)

28/02/11

2.67%

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.

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.

The investment policy is to invest predominantly in units in collective investment schemes. The long-term capital growth objective may lead to the sub-fund maintaining a weighting of equity based collective investment schemes. The sub-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 sub-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 sub-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 sub-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

Over the six month period, the Pennine Dynamic Fund fell by 6.3%.

MARKET REVIEW

The period was characterised by extreme market volatility, levels of which we have not seen since the financial crisis of 2008. Up until August, the healthy state of corporate balance sheets allowed equities to remain resilient in the face of serious macroeconomic headwinds. Company profits continued to beat expectations even in the face of a spike in the oil price, monetary tightening in emerging markets, supply side shocks resulting from the Japanese disaster and fiscal tightening in many developed nations. However, August saw these concerns override underlying company fundamentals. Mounting worries surrounding an imminent slowdown in global growth coincided with intensified fears over a Eurozone sovereign default to send risk assets spiralling downwards. Confidence in the ability of politicians to address these issues all but evaporated following both the highly public clash that preceded the US debt ceiling being raised and also continued disagreement between the stronger nations of the European single currency and those of the periphery. Several equity indices endured double digit losses over the month, whilst credit spreads blew out and government bonds rallied sharply. Gold and the Swiss franc moved aggressively higher as investors piled into safe haven assets.

PORTFOLIO ACTIVITY

Fund selection within equities was broadly a positive contributor to relative performance. Holdings in Asia ex Japan performed exceptionally well with Schroder Asia Total Return and First State Asia Pacific Leaders posting positive returns despite the MSCI AC Asia ex Japan Index falling by 3.2%. The funds returned 7.0% and 3.2% respectively. AXA Framlington American Growth performed well in difficult markets, only falling 4.7% versus the 7.6% decline in the S&P 500 Index. Fixed interest fund selection proved a negative contributor to relative returns as underlying managers favoured corporate bonds over sovereign debt. Despite already offering scant value, sovereign bonds enjoyed another strong period and significantly outperformed corporate bonds.

PENNINE DYNAMIC FUND

The entire position in John Laing Infrastructure was sold as the price of this listed infrastructure fund moved to a significant premium to its net asset value. Following strong performance, the entire holding in Investec Global Energy was sold during the first half of the period, whilst Investec Enhanced Natural Resources was also trimmed. The proceeds were not initially re-invested as we looked to build cash levels on the back of mounting macro headwinds.

We significantly increased our weighting in Japan through the purchase of Jupiter Japan Income. The decision was based on compelling valuations and the belief that earnings forecasts had become too depressed following the tragic earthquake. Exposure to the US was also increased via the Threadneedle American Extended Alpha fund. These increases were financed through the disposal of the JPMorgan Global Consumer Trends and Allianz BRIC funds and a partial sale of the iShare MSCI Emerging Markets.

Towards the end of the period some of the cash position was re-invested in the Absolute Insight Credit and the Muzinich Short Duration High Yield funds.

OUTLOOK

Although the odds of the global economy slipping back into recession have mounted in recent months, we do not subscribe to the double-dip scenario. Whilst growth in the developed world is likely to be anaemic, growth in the emerging nations is set to remain robust, especially as inflation slows and governments can begin to loosen policy after a period of tightening. We also expect policy makers in the developed world to remain accommodative and believe there is a good chance we will see further Quantitative Easing in both the UK and US.

The recent slowdown in global manufacturing has undoubtedly been influenced by supply side issues arising from the tragic events in Japan, a sharp spike in the oil price and also political instability. A sharp fall back in commodities witnessed in recent weeks combined with Japanese production coming back on-line should help support growth in the second half of the year. With yields on the perceived 'safe-havens' of gilts and treasuries near record lows and offering negative real returns, we continue to see good quality equities and parts of the corporate bond market as offering far more attractive risk/reward characteristics than sovereign debt.

Source: North Investment Partners, September 2011. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

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

Purchases	Costs	Sales	Proceeds
	£'000		£'000
Absolute Insight Credit Fund	419	Martin Currie Japan Alpha 'H'	429
Jupiter Japan Income Hedged 'I'	365	JPMorgan Global Consumer Trends	313
Martin Currie Japan Alpha 'B'	361	JPMorgan Income Opportunity	236
Scottish Widows In Strategic Bond 'B'	316	iShares MSCI Emerging Markets	188
Threadneedle America Extended Alpha	215	Investec Global Energy 'A'	182
Muzinich Short Duration High Yield Hedged Fund	208	Allianz RCM BRIC Stars 'C'	122
First State China Pacific 'B'	115	Salar Convertible Absolute Return 'B'	103
Vanguard US Equity Index	110	Investec Enhanced Natural Resources	68
JPMorgan Income Opportunity	104	John Laing Infrastructure	64
AXA Framlington American Growth	85	First State China Growth 'I'	46
Total purchases during the period were	2,543	Total sales during the period were	1,769

PENNINE DYNAMIC FUND

PORTFOLIO OF INVESTMENTS

As at 31st August 2011

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
COLLECTIVE INVESTMENT SCHEMES 68.35% (71.95%)			
China 2.75% (1.91%)			
49,653	First State China Pacific 'B'	194	2.75
		194	2.75
Europe 4.06% (7.17%)			
74,266	Neptune European Opportunities 'B'	224	3.17
149,857	Premier Pan European Property Share Fund	63	0.89
		287	4.06
Far East 8.30% (8.77%)			
74,588	First State Asia Pacific Leaders 'B'	266	3.77
33,033	First State Indian Subcontinent 'A'	65	0.92
1,414	Schroder International Select Asian Total Return	255	3.61
		586	8.30
Global 10.97% (9.39%)			
242,000	Absolute Insight Credit Fund	413	5.85
8,444	BlackRock Gold & General 'A'	140	1.98
359,429	Legal & General Dynamic Bond 'I'	222	3.14
		775	10.97
Japan 4.80% (6.22%)			
390,000	Martin Currie Japan Alpha 'B'	339	4.80
		339	4.80
North America 8.04% (2.79%)			
112,603	AXA Framlington American Growth	256	3.63
161,000	Threadneedle America Extended Alpha	208	2.95
726	Vanguard US Equity Index	103	1.46
		567	8.04
United Kingdom 29.43% (35.70%)			
194,636	Artemis Income 'I'	306	4.33
208,582	Artemis Strategic Assets 'I'	125	1.77
37,675	AXA Framlington UK Select Opportunities	420	5.95
110,000	F&C UK Property Fund	107	1.52
8,146	FRM Credit Alpha	6	0.09
213,129	Investec Enhanced Natural Resources	277	3.92
252,399	JOHambro UK Equity Income	307	4.35
451,710	Legal & General Growth Trust	220	3.11
307,000	SWIP Strategic Bond 'B'	310	4.39
		2,078	29.43
EQUITY 0.94% (1.96%)			
United Kingdom 0.94% (1.96%)			
55,700	Better Capital Ltd	66	0.94
		66	0.94
EXCHANGE TRADED FUNDS 8.86% (13.57%)			
Global 0.75% (3.74%)			
2,169	iShares MSCI Emerging Markets	53	0.75
		53	0.75

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
North America 1.06% (1.26%)			
10,100	iShares S&P 500	75	1.06
		75	1.06
United Kingdom 7.05% (8.57%)			
43,800	iShares FTSE 100	233	3.30
26,100	iShares FTSE 250	265	3.75
		498	7.05
HEDGE FUNDS 9.04% (1.52%)			
Asia 4.72% (0.00%)			
744,000	Jupiter Japan Income Hedged 'I'	333	4.72
		333	4.72
Global 4.32% (1.52%)			
78,200	BlackRock Hedge Selector UK Emerging Companies	96	1.36
2,130	Muzinich Short Duration High Yield Hedged Fund	209	2.96
		305	4.32
INVESTMENT TRUSTS 5.40% (5.91%)			
Asia 2.51% (2.76%)			
56,000	Invesco Asia Trust	83	1.18
10,600	Invesco Asia Trust (Sub Rights)	3	0.04
44,300	Schroder Asia Pacific	91	1.29
5,200	Schroder Asia Pacific Subscription	-	-
		177	2.51
Global 2.45% (2.66%)			
57,700	BlueCrest Allblue	98	1.39
87,400	Psource Structured Debt	24	0.34
12,940	Quorum Oil and Gas	51	0.72
		173	2.45
Property 0.44% (0.49%)			
43,700	Harewood Enhanced Property Recovery	31	0.44
		31	0.44
STRUCTURED PLANS 0.89% (1.09%)			
United Kingdom 0.89% (1.09%)			
4,700,000	Goldman Sachs GBP 10 Year Swap Rate Certificates due 12/06/2012	5	0.07
80,000	Goldman Sachs GBP 10 Year Swap Rate Certificates due 20/11/2014	58	0.82
		63	0.89
Total Value of Investments		6,600	93.48
Net Other Assets		460	6.52
Total Net Assets		7,060	100.00

Figures in brackets represent sector distribution at 28th February 2011.

PENNINE DYNAMIC FUND

STATEMENT OF TOTAL RETURN

For the period ended 31st August 2011

	31/08/11		31/08/10	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(448)		(51)
Revenue	54		64	
Expenses	(77)		(64)	
Net expense before taxation	(23)		-	
Taxation	-		(2)	
Net expense after taxation		(23)		(2)
Total return before distributions		(471)		(53)
Finance costs: Distributions		-		-
Change in net assets attributable to shareholders from investment activities		(471)		(53)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2011

	31/08/11 ¹		31/08/10	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		6,529		7,130
Amounts receivable on issue of shares	1,721		758	
Amounts payable on cancellation of shares	(719)		(151)	
		1,002		607
Dilution levy		1		1
Stamp duty reserve tax		(1)		(1)
Change in net assets attributable to shareholders from investment activities		(471)		(53)
Closing net assets attributable to shareholders		7,060		7,684

¹Opening net assets attributable to shareholders for current period differs from the comparative period closing balance as they are not consecutive periods.

BALANCE SHEET

As at 31st August 2011

	31/08/11	28/02/11
	£'000	£'000
ASSETS		
Investment assets	6,600	6,268
Debtors	62	29
Cash and bank balances	669	287
Total other assets	731	316
Total assets	7,331	6,584
LIABILITIES		
Creditors	(231)	(25)
Bank overdrafts	(40)	(30)
Total liabilities	(271)	(55)
Net assets attributable to shareholders	7,060	6,529

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson
Finance Director (of the ACD)



Mark Friend
Managing Director, Operations (of the ACD)

18th October 2011

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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 'Financial Statements of Authorised Funds', issued by the IMA in October 2010, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

DISTRIBUTION TABLE

For the period from 1st March 2011 to 31st August 2011

Expenses exceeded revenue during the period, as a result no distributions were paid (2010: Same).

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	100.64	78.83
2010	110.09	97.94
2011 ²	111.44	100.05
Accumulation Shares		
2007 ¹	101.22	98.42
2008	102.32	81.02
2009	101.32	79.46
2010	110.83	98.60
2011 ²	112.19	100.72

Income/Accumulation Record

Calendar Year	Net Income per Share (p)
Income Shares	
2007 ¹	-
2008	0.5658
2009	0.1008
2010	-
2011 ²	-
Accumulation Shares	
2007 ¹	-
2008	0.5658
2009	0.1028
2010	-
2011 ²	-

Net Asset Value (NAV)

As at	Shares in Issue	NAV per Share (p) ³
Income Shares		
28/02/2010	3,118,736	100.57
28/02/2011	3,154,043	108.80
31/08/2011	3,410,410	102.41
Accumulation Shares		
28/02/2010	14,670,360	101.25
28/02/2011	16,524,262	109.53
31/08/2011	16,804,060	103.10
Total NAV		NAV of Sub-Fund (£)
28/02/2009		11,065,417
28/02/2010		17,990,725
28/02/2011		21,531,209
31/08/2011		20,818,415

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

² To 31st August 2011.

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

TOTAL EXPENSE RATIO (TER)

28/02/11

2.45%

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.

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.

The investment policy of the sub-fund is to invest mainly in units in collective investment schemes. The sub-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 sub-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 sub-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 sub-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

Over the six month period, the Pennine Pathfinder Fund fell by 5.9%.

MARKET REVIEW

The period was characterised by extreme market volatility, levels of which we have not seen since the financial crisis of 2008. Up until August, the healthy state of corporate balance sheets allowed equities to remain resilient in the face of serious macroeconomic headwinds. Company profits continued to beat expectations even in the face of a spike in the oil price, monetary tightening in emerging markets, supply side shocks resulting from the Japanese disaster and fiscal tightening in many developed nations. However, August saw these concerns override underlying company fundamentals. Mounting worries surrounding an imminent slowdown in global growth coincided with intensified fears over a Eurozone sovereign default to send risk assets spiralling downwards. Confidence in the ability of politicians to address these issues all but evaporated following both the highly public clash that preceded the US debt ceiling being raised and also continued disagreement between the stronger nations of the European single currency and those of the periphery. Several equity indices endured double digit losses over the month, whilst credit spreads blew out and government bonds rallied sharply. Gold and the Swiss franc moved aggressively higher as investors piled into safe haven assets.

PORTFOLIO ACTIVITY

Fund selection within Asia was a positive contributor toward performance. Both Schroder Asian Total Return and First State Asia Pacific Leaders managed to deliver positive returns despite the MSCI AC Asia ex Japan Index falling by 3.2%. The funds returned 7.0% and 3.2% respectively. Hedge fund performance was mixed with Cazenove Absolute Equity and BlueCrest AllBlue finishing the period in positive territory, whilst BlackRock Hedge Selector and Artemis Strategic Assets each fell by over 8%. Fixed interest holdings detracted from performance as underlying managers favoured corporate bonds over government debt. Corporate bonds significantly underperformed government debt as fears over the sustainability of the global recovery grew.

PENNINE PATHFINDER FUND

The entire position in John Laing Infrastructure was sold as this price of the listed infrastructure fund moved to a significant premium to its net asset value. Following strong performance, Investec Global Energy was sold during the first half of the period, whilst BlackRock Gold & General was also trimmed. The proceeds were not initially re-invested as we looked to build cash levels on the back of mounting macro headwinds. Henderson UK Absolute was a new addition to the portfolio at the expense of the Salar Convertible Absolute Return fund which had struggled to make progress in difficult market conditions. Towards the end of the period some of the cash position that had been built up was re-invested in the Muzinich Short Duration High Yield fund.

OUTLOOK

Although the odds of the global economy slipping back into recession have mounted in recent months, we do not subscribe to the double-dip scenario. Whilst growth in the developed world is likely to be anaemic, growth in the emerging nations is set to remain robust especially as inflation slows and governments can begin to loosen policy after a period of tightening. We also expect policy makers in the developed world to remain accommodative and believe there is a good chance we will see further quantitative easing in both the UK and US.

The recent slowdown in global manufacturing has undoubtedly been influenced by supply side issues arising from the tragic events in Japan, a sharp spike in the oil price and also political instability. A sharp fall back in commodities witnessed in recent weeks combined with Japanese production coming back on-line should help support growth in the second half of the year. With yields on the perceived 'safe-havens' of gilts and treasuries near record lows and offering negative real returns, we continue to see good quality equities and parts of the corporate bond market as offering far more attractive risk/reward characteristics than sovereign debt.

Source: North Investment Partners, September 2011. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

The total purchases and total sales during the period were as follows:

Purchases	Costs	Sales	Proceeds
	£'000		£'000
Muzinich Short Duration High Yield Hedged Fund	824	Investec Global Energy 'A'	865
Thames River Global High Yield 'A'	823	Thames River Credit Select	823
Henderson UK Absolute Return Fund	672	Salar Convertible Absolute Return 'B'	574
Melchior Select Europe	220	John Laing Infrastructure	483
JPMorgan Income Opportunity	21	BlackRock Gold & General 'A'	425
		Goldman Sachs Sterling Liquid Reserves	109
		MedicX	54
		FRM Credit Alpha	48
		Atlantis China Fortune	15
		CQS RIG Finance	8
Total purchases during the period were	2,560	Total sales during the period were	3,404

PENNINE PATHFINDER FUND

PORTFOLIO OF INVESTMENTS

As at 31st August 2011

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %	Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
COLLECTIVE INVESTMENT SCHEMES 58.57% (65.38%)				North America 0.32% (0.34%)			
China 3.13% (3.04%)				9,000	iShares S&P 500	67	0.32
166,670	First State China Pacific 'B'	651	3.13	<hr/>			
651 3.13				67 0.32			
Europe 9.71% (8.90%)				United Kingdom 7.55% (8.21%)			
7,814	JPMorgan Income Opportunity	805	3.87	206,918	iShares FTSE 100	1,099	5.28
1,975	Melchior Select Europe	226	1.09	46,520	iShares FTSE 250	473	2.27
100,896	Neptune European Opportunities 'B'	305	1.47	<hr/>			
1,636,113	Premier Pan European Property Share Fund	682	3.28	1,572 7.55			
2,018 9.71				HEDGE FUNDS 9.37% (5.54%)			
Far East 6.52% (6.19%)				Global 9.37% (5.54%)			
193,752	First State Asia Pacific Leaders 'B'	692	3.32	296,000	BlackRock Hedge Selector UK Emerging Companies	363	1.74
3,697	Schroder International Select Asian Total Return	666	3.20	8,420	Muzinich Short Duration High Yield Hedged Fund	826	3.97
1,358 6.52				81,699	Thames River Global High Yield 'A'	761	3.66
Global 5.67% (11.94%)				<hr/>			
208,700	Allianz RCM BRIC Stars 'C'	333	1.60	1,950 9.37			
29,443	BlackRock Gold & General 'A'	489	2.35	INVESTMENT TRUSTS 8.00% (8.22%)			
581,015	Legal & General Dynamic Bond Trust 'I'	359	1.72	Asia 0.89% (0.85%)			
1,181 5.67				79,000	Invesco Asia Trust	118	0.57
Japan 3.44% (3.98%)				15,800	Invesco Asia Trust (Sub Rights)	4	0.02
736,912	Martin Currie Japan Alpha 'H'	717	3.44	30,000	Schroder Asia Pacific	62	0.30
717 3.44				6,000	Schroder Asia Pacific Subscription	-	-
North America 1.72% (1.76%)				<hr/>			
158,231	AXA Framlington American Growth	359	1.72	184 0.89			
359 1.72				Global 6.16% (6.16%)			
United Kingdom 28.38% (29.57%)				40,800	BlackRock World Mining	286	1.37
639,729	Artemis Income 'I'	1,006	4.83	368,697	BlueCrest Allblue	623	2.99
1,064,185	Artemis Strategic Assets 'I'	639	3.07	167,806	Cazenove Absolute Equity	196	0.94
60,000	AXA Framlington UK Select Opportunities	670	3.22	173,533	PSource Structured Debt	48	0.23
410,000	F&C UK Property Fund	400	1.92	33,167	Quorum Oil and Gas	131	0.63
26,136	FRM Credit Alpha	19	0.09	<hr/>			
574,000	Henderson UK Absolute Return Fund	649	3.12	1,284 6.16			
329,537	Investec Enhanced Natural Resources	429	2.06	Property 0.95% (1.21%)			
594,677	JOHambro UK Equity Income 'I'	723	3.47	181,304	Harewood Enhanced Property Recovery	130	0.62
691,194	JPMorgan Global Consumer Trends	687	3.30	104,000	Terra Catalyst*	69	0.33
640,583	Legal & General Growth Trust 'I'	311	1.49	<hr/>			
141,032	M&G Optimal Income 'I'	170	0.82	199 0.95			
553,296	Schroders Income Maximiser 'A'	205	0.99	STRUCTURED PLANS 4.56% (5.28%)			
5,908 28.38				United Kingdom 4.56% (5.28%)			
EQUITY 1.92% (4.03%)				409,000	Goldman Sachs Emerging Markets 25/06/2012	433	2.08
United Kingdom 1.92% (4.03%)				12,600,000	Goldman Sachs GBP 10 Year Swap Rate Certificates due 12/06/2012	13	0.06
190,000	Better Capital Ltd	225	1.08	699,000	Goldman Sachs GBP 10 Year Swap Rate Certificates due 20/11/2014	503	2.42
151,391	HICL Infrastructure	175	0.84	69	Goldman Sachs Sterling Liquid Reserves	-	-
400 1.92				<hr/>			
EXCHANGE TRADED FUNDS 9.55% (10.31%)				949 4.56			
Emerging Markets 1.68% (1.76%)				Total Value of Investments 19,147 91.97			
14,222	iShares MSCI Emerging Markets	350	1.68	Net Other Assets 1,672 8.03			
350 1.68				<hr/>			
				Total Net Assets 20,819 100.00			

Figures in brackets represent sector distribution at 28th February 2011.

* Securities held in the Alternative Investment Market (AIM).

PENNINE PATHFINDER FUND

STATEMENT OF TOTAL RETURN

For the period ended 31st August 2011

	31/08/11		31/08/10	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(1,282)		(136)
Revenue	193		160	
Expenses	<u>(204)</u>		<u>(178)</u>	
Net expense before taxation	(11)		(18)	
Taxation	<u>-</u>		<u>(4)</u>	
Net expense after taxation		<u>(11)</u>		<u>(22)</u>
Total return before distributions		(1,293)		(158)
Finance Costs: Distributions		-		-
Change in net assets attributable to shareholders from investment activities		<u><u>(1,293)</u></u>		<u><u>(158)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31st August 2011

	31/08/11 ¹		31/08/10	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		21,531		17,991
Amounts receivable on issue of shares	2,833		3,916	
Amounts payable on cancellation of shares	<u>(2,244)</u>		<u>(977)</u>	
		589		2,939
Dilution levy		1		-
Stamp duty reserve tax		(9)		(3)
Change in net assets attributable to shareholders from investment activities		(1,293)		(158)
Closing net assets attributable to shareholders		<u><u>20,819</u></u>		<u><u>20,769</u></u>

¹Opening net assets attributable to shareholders for current period differs from the comparative period closing balance as they are not consecutive periods.

BALANCE SHEET

As at 31st August 2011

	31/08/11	28/02/11
	£'000	£'000
ASSETS		
Investment assets	<u>19,147</u>	<u>21,263</u>
Debtors	119	66
Cash and bank balances	<u>2,557</u>	<u>456</u>
Total other assets	<u>2,676</u>	<u>522</u>
Total assets	<u>21,823</u>	<u>21,785</u>
LIABILITIES		
Creditors	(935)	(166)
Bank overdrafts	<u>(69)</u>	<u>(88)</u>
Total liabilities	<u>(1,004)</u>	<u>(254)</u>
Net assets attributable to shareholders	<u><u>20,819</u></u>	<u><u>21,531</u></u>

On behalf of Premier Portfolio Managers Limited.



Neil Macpherson
Finance Director (of the ACD)
18th October 2011



Mark Friend
Managing Director, Operations (of the ACD)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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 'Financial Statements of Authorised Funds', issued by the IMA in October 2010, the FSA's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

DISTRIBUTION TABLE

For the period from 1st March 2011 to 31st August 2011

Expenses exceeded revenue during the period, as a result no distributions were paid (2010: Same).

The Pennine Fund

Administration Queries

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London E14 1BT
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This document is issued by:

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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