The Pennine Dynamic Fund - a sub-fund of the Pennine Fund

Short Report for the Interim period from 5th October 2007 (launch date) to 31st August 2008

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 Interim Report & Accounts are available free of charge by calling Premier on 01483 306 090, or can be downloaded from the Pennine Fund website at www.thepenninefund.co.uk

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).

Fund Facts

Launch date:	5th October 2007
Ex-dividend dates:	28th February and 31st August
Income dates:	30th June and 31st October

Total Expense Ratio (TER)

Estimated
1.99%

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.

Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
31/08/2008	Accumulation	93.70

Investment Risks

There is a market risk. This is the risk that the value of investments and any income from them, can fall as well as rise. Neither capital or income is guaranteed.

This Fund may invest in derivatives for investment purposes. Although this may mean that the value of the Fund could be subject to volatility from time to time, investing in derivatives is not expected to alter the risk profile of the Fund.

The Fund may have significant holdings in collective investment vehicles and these collective investment vehicles may also be subject to the other risks listed on this page.

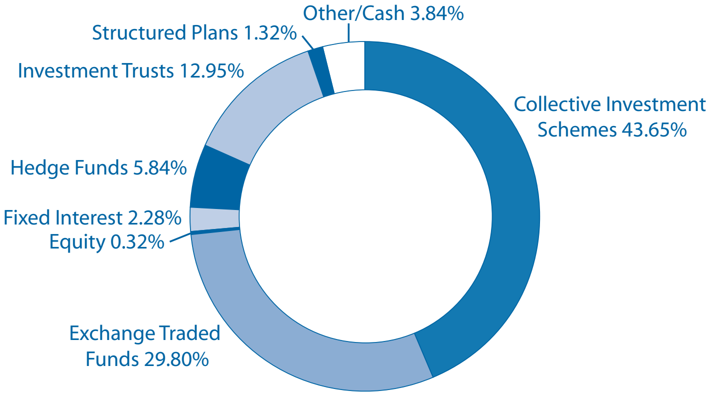
Since this Fund has been launched recently, or is small in size, there is a risk that the charges and expenses allocated to the Fund may be higher than expected if the fund does not grow as much as planned. This would have an effect on the Fund's performance.

Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2007[1]	Accumulation	102.01	96.33
2008[2]	Accumulation	101.18	90.82

[1] From 5th October 2007 to 31st December 2007
[2] To 31st August 2008
Past performance is not an indication of future returns

Asset Allocation as at 31/08/2008



Top Ten Holdings as at 31/08/2008

iShares FTSE 100	16.80%
Goldman Sachs Sterling Liquid Reserves Institutional	16.29%
iShares S&P 500	9.51%
PSource Structured Debt	3.41%
FRM Credit alpha	2.90%
BlackRock Absolute Return Strategies	2.80%
JPMorgan Europe Dynamic ex UK 'B'	2.53%
iShares MSCI Latin America	2.28%
Merrill Lynch World Mining	2.07%
Martin Currie Japan Alpha 'B'	1.85%

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Investment Review

Performance

The Pennine Dynamic Fund was launched on 5 October 2007 with the aim of achieving returns in excess of cash over a three year period. The Fund has, over its short life, experienced some of the most difficult market conditions we have seen for some time. It has posted a fall of 5.9% over the stated reporting period. The MSCI World Index, not the Fund's benchmark but an accepted representation of world equity markets and a strong indicator of the prevailing market conditions in which the Fund has operated over the past twelve months, fell by 7.6%. These are early days for the Fund and although it is disappointing to report a fall, the prevailing environment has offered plenty of opportunities, and these short term returns are a direct consequence of adopting a longer term strategy of buying into market weakness.

Portfolio Activity

The Fund has enjoyed strong inflows from launch and we have looked to invest strategically, building the portfolio gradually and taking advantage of opportunities as and when they arrive. In this volatile time we are finding plenty of long term value in equity markets and this is proving attractive. Equities are cheap. We have used Exchange Traded Funds (ETFs) to provide cheap and flexible access to stock markets whilst we build a portfolio of active funds and fund managers. Our objective is to build a diverse portfolio capable of accessing the long term growth potential offered by equities whilst reducing the impact of this asset class implicit short term volatility. We can do this through diversification across other asset classes including natural resources, structured products, absolute return strategies, property, bonds and cash.

Over the period the portfolio has been protected to an extent from the short term difficulties currently evident in equity markets by a large tactical cash position. We currently have 20% in cash, which we prefer to bonds in the current environment, and have invested in the Goldman Sachs Sterling Liquid Return Fund which is offering around 5% at the moment. We are cautious but interested with regards to equities and, being careful not to get drawn into the market too soon, we will look to reduce our cash position in favour of equities, when the time is right.

Outlook

Equity markets enjoyed a rally on the back of the falling oil price. These are volatile times though, and we are clearly in a transition phase. Markets are extremely wary at the moment and any news, good or bad, is likely to tip the fine balance. However, the tone of the market commentators is starting to change and there is plenty of scope for optimism.

Stockmarkets are currently oversold on almost any valuation metric used by fund managers or global strategists. Put bluntly, equity markets are cheap; cheap historically and cheap versus other asset classes. Long term value is there to be found in these markets and it is a question of when, rather than if, that value will be realised.

Source: North Investment Partners, September 2008.
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 Interim Report & Accounts, which is available on request, or from the Pennine Fund website at www.thepenninefund.co.uk

Other Information

Authorised Corporate Director (ACD) & Registered Office:	**Premier Portfolio Managers Limited,** Eastgate Court, High Street, Guildford, Surrey GU1 3DE
Auditors:	**Grant Thornton UK LLP ,** 30 Finsbury Square, London EC2P 2YU.
Depositary:	**The Royal Bank of Scotland plc,** Trustee & Depositary Services, The Broadstone, 50 South Gyle Crescent, Edinburgh EH12 9UZ
Administrators & Registrar:	**Northern Trust International Fund Administration Services (UK) Limited & Northern Trust Global Services Limited,** PO Box 55736, 50 Bank Street, Canary Wharf, London E14 1BT

Issued by:
Premier Portfolio Managers Limited, Eastgate Court, High Street, Guildford, Surrey GU1 3DE.
Tel: 01483 306 090 Fax: 01483 300 845 Email: premier@premierfunds.co.uk www.premierassetmanagement.co.uk

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