

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

Short Report for the period from 5th October 2007 (launch date) to 28th February 2009

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 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 Pathfinder Fund is to provide medium to long term growth from a portfolio of global investments.

The Fund invests 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). The Fund may invest in derivatives and forward transactions for investment purposes as well as for the purposes of efficient portfolio management (including hedging).

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)

28/02/2009

2.28%

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.

Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
28/02/2009	Income	80.72
	Accumulation	81.26

Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2007 ¹	Income	101.22	98.41
	Accumulation	101.22	98.42
2008	Income	102.34	80.59
	Accumulation	102.32	81.02
2009 ²	Income	85.64	81.01
	Accumulation	86.09	81.43

¹ From 5th October 2007 to 31st December 2007

² To 28th February 2009

Past performance is not an indication of future returns

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 nor 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.

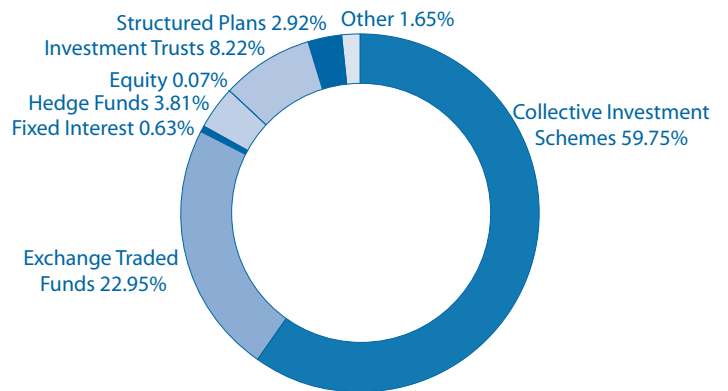
The Fund may have significant holdings in collective investment vehicles and these collective investment vehicles may also be subject to the other risks listed on this page.

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.

Dividend Distribution (in pence per share)

XD date	Pay Date	Share Class	Distribution
31/08/2008	31/10/2008	Income	0.5658
		Accumulation	0.5658
28/02/2009	31/07/2009	Income	0.0401
		Accumulation	0.0416

Asset Allocation as at 28/02/2009



Top Ten Holdings as at 28/02/2009

Goldman Sachs Sterling Liquid Reserves Institutional	12.99%
Insight Liquidity Class 5	11.61%
M&G Optimal Income	11.18%
iShares FTSE 100	10.40%
Invesco Perpetual Corporate Bond No Trail	10.33%
iShares S&P 500	6.34%
Barclays Simple '543' 0% NTS 27/06/2013	2.93%
Quorum Oil & Gas Technology	2.22%
Gold Bullion 0% Undated Notes	2.02%
FRM Credit Alpha	1.99%

No prior year figures are available as this is the 1st Annual Short Report.

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Investment Review

Performance

The financial system faced almost a collapse in 2008. This one factor lies behind the negative portfolio returns over the period under review. We, like many others, did not anticipate nor predict the credit crisis which followed the bankruptcy of Lehman Brothers. The decision by the authorities to allow this failure caused credit quality to be immediately reassessed and all risk assets to plunge in the final quarter of last year. Against this backdrop, the Pennine Pathfinder Fund fell by 18.29% over the accounting period.

Portfolio Activity

The portfolio is diversified with the aim to offset equity exposure through investing in other asset classes such as cash, commodities, property, private equity and absolute return strategies. We raised cash from equities pre the Lehman Bankruptcy in early September and felt that the rest of the portfolio would be protected by the diversification in the portfolio. However in this perfect storm, all asset classes plunged as investors deleveraged their portfolios at any price. We were not amongst those investors who were forced to sell quality assets at deeply discounted prices, but certainly suffered as a result. Much of the recent activity has been restructuring the portfolio to adjust for a recession and a period of falling inflation. In the absence of private capital, Governments have stepped in to significantly increase money supply. This action, known as the reflation trade, supports bond prices and we have increased our corporate bond weighting through buying Invesco Perpetual Corporate Bond and M&G Optimal Income. We have also been rebuilding our exposure to risk assets, equities in particular. There is no haste here as we increase exposure via Exchange Traded Funds, iShares FTSE 100 being the investment vehicle of choice.

Outlook

The economic and corporate news continues to be bleak both here in the UK and around the world. Governments and central banks have been throwing liquidity at the financial markets in order to reflate the economy. Investors fear a depression rather than a severe recession and are desperate to see evidence of the stimulus beginning to work. However, it is well known that economic data is a lagging indicator and there is a tendency for equities to recover before such evidence is reported. Deleveraging has slowed and the credit markets are slowly beginning to function once more. It takes time to restore investor confidence but we believe that the portfolio is well positioned to capture a recovery in the financial markets.

Source: North Investment Partners, March 2009. 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 Report & Accounts, which is available on request, or from the Pennine Fund website at www.thepenninefund.co.uk

Noteable Changes

On 14th August 2008, shareholders approved an amendment to the Investment Policy to allow the use of derivatives for investment purposes.

Other Information

Authorised Corporate Director (ACD) & Registered Office: **Premier Portfolio Managers Limited,**
Eastgate Court, High Street,
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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. 2906095742

