

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

Short Report for the period from 1st March 2010 to 31st August 2010

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 Dynamic Fund is to provide long-term capital growth from a portfolio of global investments.

The Fund invests 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).

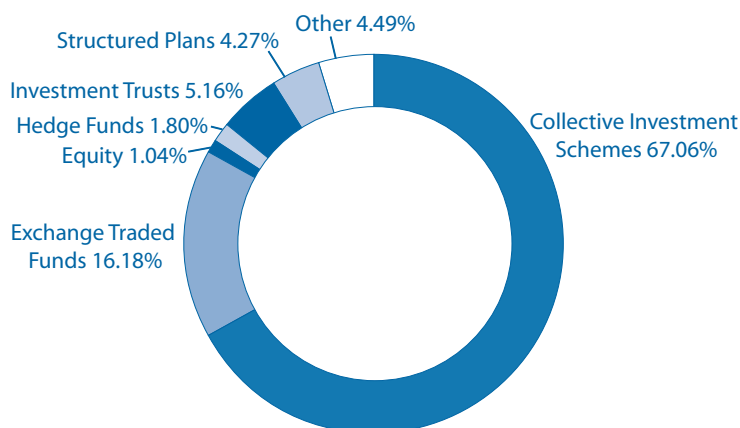
Fund Facts

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

Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
28/02/2009	Accumulation	72.63
28/02/2010	Accumulation	91.55
31/08/2010	Accumulation	91.10

Asset Allocation as at 31/08/2010



Top Ten Holdings as at 31/08/2010

First State Asia Pacific Leaders 'B'	7.43%
iShares FTSE 100	5.92%
AXA Framlington UK Select Opportunities	4.96%
iShares FTSE 250	4.24%
Martin Currie Japan Alpha H	4.11%
BlackRock Gold & General	4.08%
Artemic Income 'I'	4.07%
Legal & General Growth Trust	3.85%
iShares MSCI Emerging Markets	3.60%
Legal & General Dynamic Bond 'I'	3.28%

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.

Portfolio Turnover Rate (PTR)

28/02/2010

121.70%

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

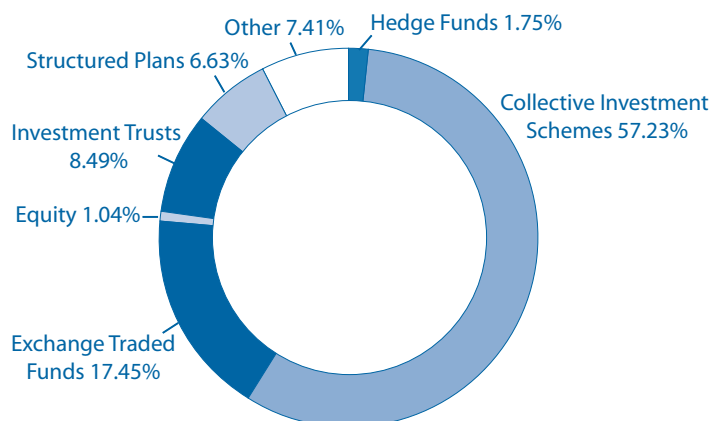
Total Expense Ratio (TER)

28/02/2010

2.55%

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.

Asset Allocation as at 28/02/2010



Top Ten Holdings as at 28/02/2009

First State Asia Pacific Leaders 'B'	7.42%
iShares FTSE 100	5.68%
Artemis Income 'I'	4.39%
iShares MSCI Emerging Markets	3.81%
Neptune European Opportunities 'B'	3.62%
Legal & General Dynamic Bond 'I'	3.37%
AXA Framlington UK Select Opportunities	3.34%
Schroder Income Maximiser 'A'	3.10%
JPMorgan Income Opportunity	2.99%
Goldman Sachs Emerging Markets 25/06/12	2.97%

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Investment Review

Performance

In the period under review, the Pennine Dynamic Fund returned -1.28%.

Portfolio Activity

In our opinion, market volatility is set to continue for the short to medium term. Our current approach is therefore to maintain an even spread between risk assets and defensive assets, any changes have been marginal. In early April, we switched physical commodities for their equities, those beneficiaries of rising commodity prices. As a result the Exchange Traded Funds (ETFs) were sold and proceeds switched into Investec Global Energy and BlackRock Gold & General. Absolute Return funds are an important ingredient in portfolio construction – they are funds which can profit in both falling and rising markets. We sold Cazenove ARF UK Dynamic after the fund manager's departure, but added BlueCrest AllBlue, Artemis Strategic Assets and Gartmore UK ARF.

Whilst the news on the global recovery remains mixed, we will continue to increase our equity on weakness. With the markets in a pessimistic mood in July, we added to UK and US equities. Axa Framlington UK Select Opportunities, managed by Nigel Thomas, is one of our favoured UK equity funds. This was funded from cash and partial sales of European equities. At the end of the period, we bought into JPMorgan Consumer Trends, a global fund managed by Peter Kirkman, which looks to profit from the changing appetite of the consumer in both the West and the Emerging Markets.

Outlook

Following the reflation of the global economy, financial markets are now at a tipping point. The expansion of global governments' quantitative easing programmes have now ended, marked by the April peak in equity markets. Investors are trying to gauge whether the momentum is sufficient to carry vulnerable economies out of recession in a low growth environment, or whether they will slip back into a double dip recession. The global macro environment continues to be fraught with dangers but interest rates remain low, there is little sign of inflation, growth forecasts remain reasonable and many companies have strong balance sheets and continue to surprise on the upside.

Source: North Investment Partners, September 2010. 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.

Dividend Distribution (in pence per share)

Expenses exceeded revenue during the period, as a result no distributions were paid.

Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2007 ¹	Accumulation	102.01	96.33
2008	Accumulation	101.18	72.56
2009	Accumulation	91.81	70.90
2010 ²	Accumulation	97.30	88.82

¹ From 5 October 2007 to 31 December 2007

² To 31 August 2010

Past performance is not an indication of future returns

Other Information

Authorised Corporate Director (ACD) & Registered Office: **Premier Portfolio Managers Limited**, Eastgate Court, High Street, Guildford, Surrey GU1 3DE

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

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

Administrators & Registrar: **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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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. 2510106650