

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

Short Report for the Interim period from 1 March 2011 to 31 August 2011

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). 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).

Total Expense Ratio (TER)

28/02/2011

2.45%

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.

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.

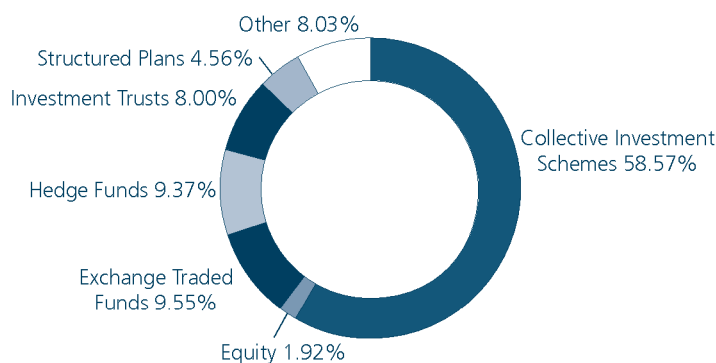
Fund Facts

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

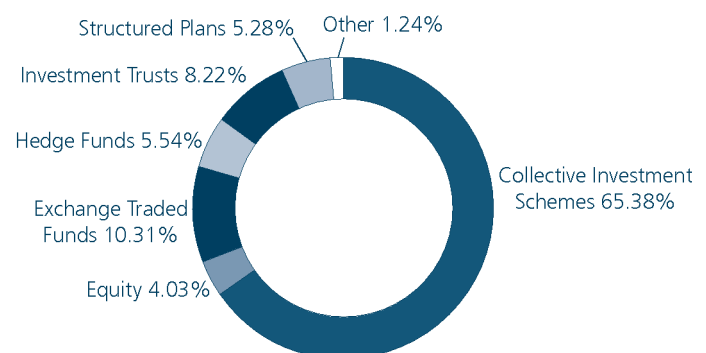
Net Asset Values

As at	Share Class	Net Asset Value Per Share (p)
28/02/2010	Income	100.57
	Accumulation	101.25
28/02/2011	Income	108.80
	Accumulation	109.53
31/08/2011	Income	102.41
	Accumulation	103.10

Asset Allocation as at 31/08/2011



Asset Allocation as at 28/02/2011



Top Ten Holdings as at 31/08/2011

iShares FTSE 100	.528%
Artemis Income 'I'	.483%
Muzinich Short Duration High Yield Hedged Fund	.397%
JPMorgan Income Opportunity	.387%
Thames River Global High Yield 'A'	.366%
JOHambro UK Equity Income 'I'	.347%
Martin Currie Japan Alpha 'H'	.344%
First State Asia Pacific Leaders 'B'	.332%
JPMorgan Global Consumer Trends	.330%
Premier Pan European Property Share Fund	.328%

Top Ten Holdings as at 28/02/2011

iiShares FTSE 100	5.74%
Artemis Income 'I'	5.11%
BlackRock Gold & General 'A'	4.22%
Investec Global Energy 'A'	4.17%
Martin Currie Japan Alpha 'H'	3.98%
JOHambro UK Equity Income 'I'	3.83%
JPMorgan Income Opportunity	3.81%
Thames River Credit Select	3.79%
JPMorgan Global Consumer Trends	3.55%
Premier Pan European Property Share Fund	3.45%

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Investment Review

Performance

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

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.

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 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	Income	101.22	98.41
	Accumulation	101.22	98.42
2008	Income	102.34	80.59
	Accumulation	102.32	81.02
2009	Income	100.64	78.83
	Accumulation	101.32	79.46
2010	Income	110.09	97.94
	Accumulation	110.83	98.60
2011 ²	Income	111.44	100.05
	Accumulation	112.19	100.72

¹ From 5 October 2007 to 31 December 2007

² To 31 August 2011

Past performance is not an indication of future returns

Important Information

The Royal Bank of Scotland Group plc transferred its Trustee and Depositary Services to National Westminster Bank plc and consequently National Westminster Bank plc was appointed as Depositary of the Fund on 30 September 2011.

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

Other Information

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

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

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

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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.