

# The Liberation No.VIII Fund, a sub-fund of The Liberation Fund

## Annual Short Report for the period from 1st November 2008 to 31st October 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 Annual Report & Accounts are available free of charge by calling Premier on 01483 306 090, or can be downloaded from the Fund's website, [www.theliberationfund.co.uk](http://www.theliberationfund.co.uk).

### Investment Objective and Policy

The investment objective of the Liberation No. VIII Fund is to provide capital growth from a portfolio of global investments. The Fund will achieve this by investing mainly in units in collective investment schemes and may also invest in equities, fixed interest securities, money market instruments and warrants.

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:** 6th December 2005  
**Ex-dividend dates:** 31st October, 30th April  
**Income dates:** 28th February, 30th June

### Total Expense Ratio (TER)

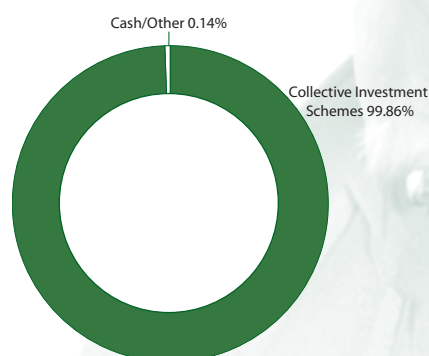
31/10/2009  
2.97%

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)
31/10/2008	Income	79.69
	Accumulation	79.69
31/10/2009	Income	92.53
	Accumulation	92.89

### Asset Allocation as at 31/10/2009



### Top Ten Holdings as at 31/10/2009

UBS US Growth	7.83%
Fidelity Special Situations	7.56%
Schroder UK Alpha Plus	7.49%
Nevsky Global Emerging Markets	7.06%
Artemis UK Special Situations	6.90%
Neptune European Opportunities	6.70%
First State Asia Pacific Leaders	6.42%
GLG Japan Core Alpha	6.16%
Invesco Perpetual Income	5.62%
PSigma Income	4.89%

### Investment Risks

As the Fund has a global portfolio of investments, there is a risk that the income and capital value of the Fund may be affected by currency movements if a significant proportion of the Fund's assets are either denominated in other currencies or are investments in unit trusts or investment funds with substantial currency exposure.

### Performance Record

Year	Share Class	Highest Price (p)	Lowest Price (p)
2005 <sup>1</sup>	Income	102.35	99.88
	Accumulation	102.36	99.88
2006	Income	112.42	99.01
	Accumulation	112.42	99.01
2007	Income	120.41	108.67
	Accumulation	120.41	108.67
2008	Income	114.69	74.10
	Accumulation	114.69	74.10
2009 <sup>2</sup>	Income	98.66	73.36
	Accumulation	99.03	73.36

<sup>1</sup> 6th December 2005 to 31st December 2005. <sup>2</sup> To 31st October 2009.

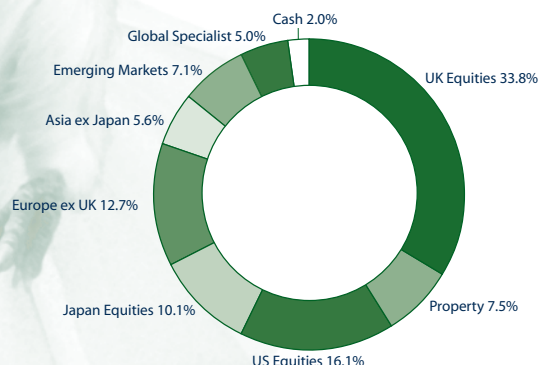
Past performance is not a guide to future returns. The price of units and shares and the return from them may go down as well as up and you may get back less than you invested.

### Dividend Distribution (in pence per share)

XD date	Paid/Payable	Share Class	Distribution per Share (p)
30/04/2009	30/06/2009	Income	0.3140
		Accumulation	0.3112

For the period from 1st May 2009 to 31st October 2009. Expenses exceeded income during the period, as a result no distributions are payable (2008: same).

### Asset Allocation as at 31/10/2008



Source: North Investment Partners Ltd

### Top Ten Holdings as at 31/10/2008

BlackRock UK Dynamic	6.60%
JPMorgan UK Dynamic	5.83%
First State Asia Pacific Leaders	5.54%
UOB Kinetics Paradigm	5.54%
Artemis UK Special Situations	5.19%
Societe Generale Equities US Relative Value	5.01%
Schroder Tokyo	4.80%
Zenith European Capital Growth	4.68%
Societe Generale Japan Core Alpha	4.64%
Schroder UK Alpha	4.48%

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## Annual Short Report for the period from 1st November 2008 to 31st October 2009

### Investment Review

#### Performance

The Liberation VIII Fund produced a total return of 16.40% over the 12 month period. Underlying fund performance was reasonable overall, with half of the funds held outperforming their respective peer groups. The funds that lagged tended to be those funds with more of a defensive, quality bias. Most markets over the past six months have been driven by low quality cyclicals and financial stocks, which many of our managers would have had an underweight exposure to. The situation was slightly different in Japan as a series of bad economic news and announcements on the banking sector pushed the market lower (in local currency terms). It is reassuring to note, however, that following the market falls in October, the defensively managed funds, particularly the UK equity income funds, showed a marked improvement in relative performance.

Longer term fund performance was very strong, with virtually all the funds held throughout the entire period outperforming their peer groups. In addition, some of the newer additions to the portfolio produced extremely strong returns, particularly Fidelity South East Asia and JPM Natural Resources.

#### Portfolio Activity

Over the past six months, the defensive bias of the portfolio was reduced (we sold Invesco Perpetual High Income and Schroder Tokyo) and we emphasised the more aggressive or growth orientated managers by adding to existing holdings, such as Fidelity Special Situations and Nevsky Global Emerging Markets, and through the addition of new fund, Neptune European Opportunities. We also increased exposure to areas where the growth prospects appear stronger and we bought Henderson Global Technology and topped up JPM Natural Resources.

#### Outlook

The last few weeks have seen equity markets maintain their upward trend, but at a much slower pace than before. The strong rise in equities was mainly the result of the improvement in the economic environment since March but investors are now more focused on earnings which will probably be one of the main drivers of markets going forward. As long as earnings move progressively towards their long term trend and monetary policies remain accommodative, we remain in a sweet spot for equity markets. We all know that those conditions will not last forever, but this "ideal world" could last for a few more months as companies are in pretty good shape and would benefit from even a modest economic recovery.

Equities should continue to benefit from the recovery in earnings and the improving macro environment. We do not see changes in monetary policies as an immediate major risk for equity markets as we are still at very accommodative levels.

The situation is very different in bond markets, where interest rates are at historically low levels and monetary policies remain very accommodative. Low interest rates are mainly as a result of large purchases by Central Banks and commercial banks. As the recovery of the global economy progresses, Central Banks will have to adjust their policies in order to withdraw the massive liquidity they provided to different markets. The process by which this happens will probably start with a withdrawal of liquidity, followed by rising interest rates. This poses a bit more of a risk for government bonds where we see very limited potential upside in an environment that could become problematic as we progress into this mild recovery.

Source: FundQuest UK Limited, November 2009. Performance data taken from Financial Express Analytics, quoted on a total return, bid to bid, UK sterling basis. Past performance is not a guide to future returns.

The full Investment Review is available in the Long-form Annual Report & Accounts, which is available on request, or from the Fund's website, [www.theliberationfund.co.uk](http://www.theliberationfund.co.uk).

### Other Information

*Authorised Corporate Director (ACD) & Registered Office:*

**Premier Portfolio Managers Limited,**  
Eastgate Court, High Street, Guildford,  
Surrey, GU1 3DE

*Auditor:*

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30 Finsbury Square, London, EC2P 2YU

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Trustee and Depositary Services,  
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Edinburgh, EH12 9UZ

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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. 0203106183