



## *Sales Brochure*

An Investment Alternative for the Experienced Investor

## *The Problem Facing Investors*

Investors who are holding with-profits bonds, guaranteed equity bonds, high income bonds or other equity related investments could be encountering the following problems:

- Possible capital losses on their original investment if redeemed or at maturity.
- Minimal guarantees of value.
- A switch of underlying investments away from equities and little apparent upside potential.
- Stock market volatility and a low interest rate environment.

## *An Investment Alternative for the Experienced Investor*

- The Premier Portfolio Fund plc (the "Fund") is designed to provide investors with potential capital growth, over the medium to long term, through investment in a diversified range of investment funds.
- Each investor will receive an "ADDITIONAL ALLOCATION" of shares equal to 10 per cent of their initial subscription.
- The Fund has the following investment options:
  - **DIVERSIFIED PROPERTY:** underlying investments in a diversified portfolio of property assets with the objective of achieving long-term growth through the active management of the portfolio.
  - **BALANCED: Alternative Investment**  
A diversified range of lower risk investments, including property and related assets, lower volatility hedge funds and traded with-profits policies issued by major life offices.
  - **BALANCED: Private Client**  
A medium risk investment, actively managed by a leading firm of international stockbrokers; Capital International Ltd. The underlying assets will include Equities, Hedge Funds, Bonds, Property, Cash and Other Assets.
  - **LOW RISK:** underlying investments in primarily endowment policies issued by major life offices with attractive capital guarantees.
  - **OPTIMA:** underlying investments are in guaranteed funds.
- A choice of currencies: Sterling, US Dollars and Euros. Currency hedging arrangements are an intention of each of the underlying Fund investments with a view to minimising any volatility associated with cross currency fluctuations.
- Monthly dealing at a single share price which ensures equal treatment of buyers and sellers (no bid/offer spread).
- Client investments and the assets of the Fund are held by the Custodian, The Royal Bank of Scotland Trust Company (I.O.M.) Limited. Either Bank of Bermuda (Isle of Man) Limited, The Royal Bank of Scotland International Trustee Services (Guernsey) Limited or The Royal Bank of Scotland Trust Company (I.O.M.) Limited provide custody on the funds in the range that form the underlying investments of the Fund.



## *An Investment Alternative to Underperforming With-Profits Bonds*

Until recently with-profits bonds have long been a favoured low risk investment choice of international investors, however, the collapse in equity markets has put strains on the financial strength of life offices leading to a number of responses: cutting bonus rates; applying market value adjustments; weakening guarantees; closing to new business; and switching with-profits fund investments away from equities to bolster solvency and match guarantees.

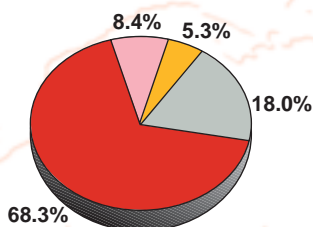
With-profits policies with guaranteed pay outs, on maturity or specified dates (without market value adjustments), can offer attractive future returns, based on the surrender value of the policies available from the life offices.

However, with-profits bonds with the following characteristics do not necessarily represent such a good investment if they are retained:

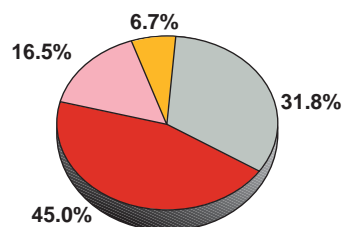
- Where there are no guaranteed encashment dates without market value adjustments.
- When underlying investments of the with-profits funds are largely non-equity based and offer little potential upside.
- With-profits funds closed to new business where:
  - financial solvency is the main priority of the life office.
  - strong investment expertise is not dedicated to the management of the with-profits assets.

The movement away from equity investment in respect of with-profits funds is demonstrated by the comparison below of the average asset mix in 2003 compared to 2000:

**Average Asset Mix of With-Profit Funds in 2000**



**Average Asset Mix of With-Profit Funds in 2003**



*Source: Money Management December 2000 and December 2003  
Average with-profits asset allocations of life offices supplying details to the surveys*

Whilst the charts above represent the average position, a significant number of life offices have considerably less equity and property investments in their asset mix.

As opposed to holding with-profits bond investments with capital losses, the investor and their Financial Advisor should consider the balance between the value of guarantees and prospective returns of their existing investments against switching to a diversified alternative that has:

- A number of assets that offer potential investment returns in both rising and falling equity markets.
- Access to some institutional assets which are unavailable to the private investor.
- Exposure to hedge fund of funds assets with lower volatility than traditional asset classes.
- An opportunity to invest in with-profits assets with valuable guarantees.
- Property investments.
- A limited exposure to equities to take advantage of any upturn in the world's stockmarkets.

## Additional Allocation

The Fund provides an additional allocation in the first year of 10% as long as the investment is held for six years.

## Income Facility

As an additional benefit, investors have the opportunity to receive 5% of their investment each year without penalty. Please note that this penalty free withdrawal does not apply where the "Optima Option" is selected.

## Full Access to the Premier Range of Investment Options

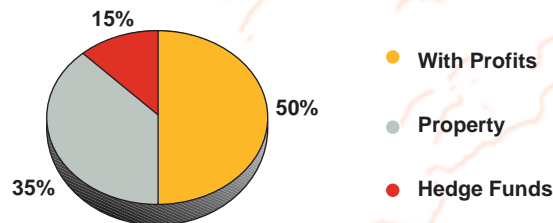
### Balanced Option - The Alternative Investment Sub-Funds

An opportunity to invest in The Alternative Investment Sub-Funds which offer a balanced portfolio for the medium term investor that allows you to achieve returns in both rising and falling equity markets whilst reducing downside risk.

- With-profits - minimum 25% / maximum 50%.
- Property - minimum 25% / maximum 50%.
- Hedge Funds (low volatility) - maximum 25%.

The Premier Balanced Fund plc will be looking to purchase secondhand with-profits policies that offer attractive guarantees.

Possible Spread of Investments by Asset Class



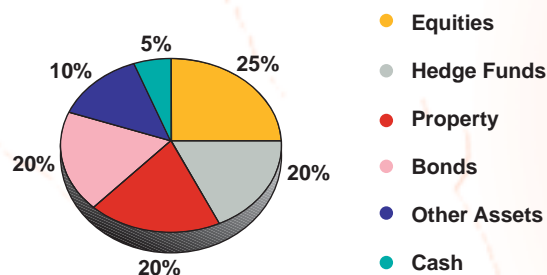
### Balanced Option - The Private Client Sub-Funds

The Private Client Sub-Funds offer a medium risk investment, actively managed by a leading firm of international stockbrokers; Capital International Ltd.

Capital International Ltd, a member of the London Stock Exchange, was established in the Isle of Man in 1996 to provide investment management and stock broking services to institutions and private investors. The Company has an experienced team of investment professionals and is one of the Isle of Man's leading investment management firms, servicing the needs of clients worldwide, and currently manages or administers over \$1 billion of client assets across more than 3,000 portfolios.

The Private Client Sub-Funds operate within flexible pre-set investment parameters and an example of the model portfolio is shown in the diagram below:-

Pre-Set Spread of Investments by Asset Class



However, to fully maximise investment opportunities as and when they arise, it is important to have flexibility and therefore the investment in each asset class may vary at any time by 10 percentage points.



### **Diversified Property Option**

An alternative is to invest in The Premier Diversified Property Fund plc which offers investment in a diversified portfolio of property assets with the objective of achieving long-term growth through the active management of the portfolio. Property assets may include:

- High quality commercial offices with excellent, modern services.
- Attractive retail units situated in major shopping areas.
- Modern warehousing and light industrial property with first-class distributions links.
- Good quality tenants and long term leases.
- Other secure property assets which offer attractive returns.

### **Low Risk Option**

An opportunity to invest in The Premier Low Risk Fund plc which is designed to generate long term capital growth through a managed portfolio of assets that are principally endowment policies with capital guarantees that are usually greater than the purchase price. Endowment policies have in-built guarantees in the form of the sum assured plus accumulated reversionary bonuses. These capital guarantees cannot be reduced or taken away provided premiums are maintained.

### **Optima Option**

Provides investors with the opportunity to invest in The Optima Fund plc, or subsequent similar funds, which are designed for the long term investor. The Optima Fund and similar funds provides access to a diversified portfolio of assets with guarantees provided by major institutions.

Each series of guaranteed funds is available for a limited period and the underlying investment strategy of each series may differ to take advantage of prevailing market conditions. The underlying funds may include asset classes such as hedge funds, bond funds, commodities and equity related investments offered by some of the world's leading investment managers.

It should be noted that only the "Managed Guaranteed Option" of the guaranteed fund is available through The Premier Portfolio Fund.



## *How to Invest in The Premier Portfolio Fund plc*

### Dealing in Shares

An initial application for shares in the Fund must be for a minimum of US\$15,000, £10,000 or €15,000. Additional investments may be for US\$7,500, £5,000 or €7,500 and above. Where investing through a life assurance single premium bond, the life company may be able to make an initial investment for a minimum of US\$7,500, £5,000 or €7,500 and above – you should consult your Financial Advisor for details.

Applications for shares and cleared funds must be received by the Manager by 5pm on each Valuation Day, which is the last business day of each month. Shares will be issued on the next dealing day following the Valuation Day. The Dealing Days, which are usually the first working day of each month, are the only days on which the purchase and sale of shares may take place.

On selling shares, notice has to be given of not less than 21 days prior to each Dealing Day. For full details regarding early redemption please refer to the Scheme Particulars which are available from the Manager.

### Payment for Shares

Payment for shares should be made as set out on the application form which must be completed and sent to the Manager as above.

### Contract Notes

Investments will be acknowledged by the issue of a contract note to the applicant's agent or, if one has not been appointed, direct to the applicant.

### Charges

Full details of charges are set out in the Scheme Particulars and include the following:

Initial charge	Nil	
Redemption charge	<b>Time Participating Shares Held</b>	<b>Redemption Penalty</b> (reducing by 0.375% per quarter)
	Up to 1 year (if permitted)	7.5 to 6.0 per cent
	From 1 year to 2 years	6.0 to 4.5 per cent
	From 2 years to 3 years	4.5 to 3.0 per cent
	From 3 years to 4 years	3.0 to 1.5 per cent
	From 4 years to 5 years	1.5 to 0 per cent
	From 6 years onwards	0 per cent
	An additional redemption charge of 2% reducing by 0.1% per quarter over 5 years is taken in respect of the Diversified Property Option to reflect the additional costs of property acquisition.	
Additional allocation	An additional allocation of 10% is given. On early redemption in the first 6 years, the cost of the additional allocation is reclaimed (clawed back) by the Fund on a pro-rata basis.	
Annual management charge	1.25% per annum.	

**Any acquisition costs and the additional allocation will be amortised over 5 years and 6 years respectively and together with the investments in the mutual funds form the initial investments of the Fund. The Scheme Particulars must be read by all prospective investors and their Financial Advisors and Agents. This brochure is for information purposes and should be read in conjunction with the Scheme Particulars of this Fund and the Scheme Particulars of the underlying fund investments in The Premier Diversified Property Fund plc, The Premier Balanced Fund plc, The Premier Low Risk Fund plc and The Optima Fund plc or subsequent similar funds, according to the investment option you choose. A copy of any of these Scheme Particulars can be obtained from the Manager. Investment returns are not guaranteed and the past performance of investments is not necessarily a guide to future returns. If you are in any doubt as to the suitability of an investment you should consult your Financial Advisor.**



## *Corporate Structure*

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### **Manager**

Abacus Financial Services Limited  
Sixty Circular Road  
Douglas  
Isle of Man IM1 1SA  
British Isles

### **Legal Advisers**

Cains  
Old Bank Chambers  
15-19 Athol Street  
Douglas  
Isle of Man IM1 1LB  
British Isles

### **Auditors**

PricewaterhouseCoopers  
Sixty Circular Road  
Douglas  
Isle of Man IM1 1SA  
British Isles

### **Custodian**

The Royal Bank of Scotland Trust  
Company (IOM) Limited  
Royal Bank House  
2 Victoria Street  
Douglas  
Isle of Man IM99 1NJ  
British Isles

### **Promoter**

Premier Balanced Distribution Inc.  
Akara Building  
24 De Castro Street  
Wickhams Cay 1  
Road Town  
Tortola  
British Virgin Islands



## *Constitution & Incorporation*

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The Premier Portfolio Fund plc (the "Fund") is an Isle of Man incorporated open-ended investment company, which is designed to provide investors with potential capital growth, over the medium to long term, through investment in a range of investment funds, with an additional initial allocation.

The Fund has been established as an Experienced Investor Fund under the Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999 (the "Order") and as such, is available only to "Experienced Investors". Experienced Investors are defined in the Order as "persons who, in relation to any Experienced Investor Fund, are sufficiently experienced to understand the risks associated with an investment in that fund".

The Fund is not subject to any form of regulation or approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of the Fund's failure. The Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

## *Taxation*

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Under the system of taxation presently in force in the Isle of Man, no Isle of Man taxes will be chargeable on any income, profits or capital gains of the Fund or on any dividends payable by the Fund.

The Directors intend that the Fund be managed and controlled in such a way that it should not be resident in the United Kingdom for taxation purposes.

The Fund does not warrant in any way the tax position outlined above, which is subject to changes in the relevant legislation and in interpretation and application.

## *General Notices*

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The Premier Portfolio Fund plc, its Manager; Custodian; and Promoter do not give investment advice to investors in relation to the Fund.

Prospective investors should consult their Professional Advisors on the possible tax consequences of buying, selling, holding or redeeming Shares under the laws of the countries of their incorporation, citizenship, residence or domicile.

The Scheme Particulars should be read by all prospective investors; their appointed Financial Advisors and Agents.



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**For further information please contact your Financial Advisor.**

**General Queries** – for queries relating to applications, contract notes or settlement please contact:

Abacus Financial Services Limited on telephone no +44 1624 689600 or fax no +44 1624 689602 or by email at – [afsl@abacusiom.com](mailto:afsl@abacusiom.com)

**Sales Queries** – for sales related queries please contact us on:

Telephone no +44 1624 838110 or fax no +44 1624 836785 or by email at – [info@premierportfoliofund.com](mailto:info@premierportfoliofund.com)

Up to date share prices and additional information may be obtained by visiting our website – [www.premierportfoliofund.com](http://www.premierportfoliofund.com)

For further copies of the Scheme particulars, latest Report & Accounts or to inspect constitutional documents please contact the Manager for The Premier Portfolio Fund plc, The Premier Balanced Fund plc, The Premier Low Risk Fund plc, The Premier Diversified Property Fund plc and The Optima Fund plc or subsequent similar funds.

Abacus Financial Services Limited, Sixty Circular Road, Douglas, Isle of Man, IM1 1SA, British Isles



**For further information please contact your Financial Adviser.**

For general enquires please contact us at the address or telephone/facsimile numbers shown or by e-mail: [info@premierportfoliofund.com](mailto:info@premierportfoliofund.com)

You may also visit our website at [www.premierportfoliofund.com](http://www.premierportfoliofund.com) on which share prices and other information is displayed.