

PFS PAN DEFENSIVE FUND

Annual Short Report
31 March 2011

Directory

Authorised Corporate Director & Registrar

Phoenix Fund Services (UK) Limited
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(Authorised and regulated by the Financial Services Authority)

Directors of the ACD

R. Elliott (appointed 11 April 2011)
S. A. King
S. D. Mathieson
J. M. Rice (appointed 22 February 2011)

Investment Manager

Evercore Pan Asset Capital Management Limited
Vestry House,
Laurence Pountney Hill,
London, EC4R 0EH
(Authorised and regulated by the Financial Services Authority)

Depositary

BNY Mellon Trust & Depositary (UK) Limited
The Bank of New York Mellon Centre
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Auditor

Shipleys LLP
Chartered Accountants & Registered Auditors
10 Orange Street
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Investment Objective & Policy

The Fund will aim to achieve a combination of capital growth and income by investing primarily in Exchange Traded Funds (ETFs) and similar securities. The exposure to risk assets like equities versus defensive assets like bonds will be adjusted according to the market conditions and diversified by taking a global approach.

The Fund will combine a range of asset classes, predominantly those regarded as lower risk, with the aim of offering a defensive and cautious investment approach.

The Fund will invest primarily in a mixture of index-tracking instruments, including index-tracking Exchange Traded Funds (ETFs) and other collective investment schemes which capture the performance of fixed income, equities and other asset classes. The Investment Manager has developed a dynamic asset allocation process which enables investment across a broad range of asset classes and sub-classes in the EU and worldwide. Cash and equivalent investments (such as cash ETFs, short-dated government bonds and government bond ETFs) will be used from time to time to protect the value of the Fund, especially in times of market uncertainty. The Fund may invest in overseas securities and currency exposure may be hedged from time to time. The Fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, depositary receipts, derivative instruments and forward transactions.

The Fund may invest in derivatives for the purposes of hedging with the aim of reducing the risk profile of the Fund in accordance with the principles of Efficient Portfolio Management. Derivatives can expose the Scheme Property to a higher degree of risk.

Although the Company permits the use of derivatives for investment purposes by the Fund, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund this can affect the risk profile of the Fund.

Investment Manager's Report

for the period 1 September 2010 to 31 March 2011

The pattern of returns in world equity markets up until the end of 2010 reflected the struggle to achieve decent growth in the developed world versus the much faster growth in emerging markets. The West is still living under the shadow of the Credit Crunch and its banks need to rebuild capital and cash and slow their rate of lending while Western consumers and governments need to spend and borrow less to sort out their own balance sheets.

During the year, the Eurozone crisis regularly came to the fore, having an impact on market sentiment on both sides of the Atlantic with banks back in focus as problems spread to peripheral countries.

2011 began with rising commodity prices and expectations of accelerating growth in developed markets. These were set against fears of overheating and tighter economic policy in the emerging regions. Equity markets were then hit by political waves of protest in the Middle East, and by the cruel tsunami in Japan. By the end of March, investors had decided rates were still low in the West, growth would continue, and the riots and revolts did not seem to be undermining Saudi itself in the heart of the oil fields. The markets grew to live with the smouldering nuclear problems of Japan and the UN/Libyan war which broke out.

The majority of the Fund is invested in defensive assets. The largest allocation is to corporate bonds which offer higher yields than government bonds. Most government bonds in the west are offering very low yields and leave little scope for disappointment. During the period we shortened the duration of the bond holdings in anticipation of rising interest rates, once the authorities on both sides of the Atlantic start to normalise money markets after a long period of very low official interest rates and public purchasing of government bonds to keep yields down. The new shorter maturity bond funds which have been introduced should protect capital values better when interest rates go up, but still provide a useful yield. The Asia Pacific Dividend ETF was switched into MSCI World because emerging economies are temporarily being more affected by inflationary pressures and are taking earlier action to slow their economies.

Looking ahead, we expect more difficulties in Euroland, with a Portuguese bail out likely to follow the Irish one. Although Germany has performed well recently, the peripheral Eurozone countries are in trouble. The policy mix of cutting spending, keeping the exchange rate high and raising taxes is not a winning combination. Generally, we recommend no exposure to western sovereign debt, other than very short term near cash investments. Although yields have risen from their lows, they still do not discount the very real problems ahead in state finances in the US and Europe. We expect to see the best of growth and market performance in the second quarter of 2011, with worries about global slowdown increasing later in the year as the US and the EU turn to a tighter monetary policy.

Fund Facts

Accounting and Distribution Dates

	Accounting	Distribution
Final	31 March	31 May
Interim	30 September	30 November

Net Asset Values

As at 31 March	Net Asset Value (£'000)	No. of shares in issue	Net Asset Value (pence per share)
Class A Accumulation 2011	667	728,306	91.63
Class B Accumulation 2011	2,837	3,029,273	93.61

Price and Revenue History

The table below shows the highest buying and lowest selling prices and the revenue distributions on a calendar year basis in pence per share since launch.

Past performance is not necessarily a guide to the future performance.

Year	Highest (pence)	Lowest (pence)	Net revenue per share (pence)
Class A Accumulation ^			
2010	100.20	95.32	–
2011 ^^	96.08	93.33	0.4991
Class B Accumulation ^			
2010	98.92	93.89	–
2011 ^^	94.74	92.17	0.7381

^ Launch dates: Class A Accumulation 7 October 2010, Class B Accumulation 7 September 2010

^^ To 31 March 2011.

Fund Facts

continued

Total Expense Ratio

The Fund invests in Exchange Traded Funds and other investment schemes, the expenses incurred by these investments in relation to the Fund (synthetic TER) are disclosed in the below table together with direct expenses of the Fund.

Expense Type	31 March 2011 %
Class A Accumulation ^	
Investment Manager's charge	1.12
Other expenses ^^	0.20
Synthetic TER	0.24
Total expense ratio	1.56
Class B Accumulation ^	
Investment Manager's charge	0.44
Other expenses ^^	0.20
Synthetic TER	0.24
Total expense ratio	0.88

^ The Total Expense Ratio is annualised based on the expenses incurred during the period.

^^ Where the total expenses of the Fund, excluding the investment Manager's charge and the synthetic TER, exceed 0.2% of the Net Value (NAV) of the Fund, the Investment Manager rebates the total of said expenses to 0.2% of the NAV. The Investment Manager will review the percentage rebate on expenses each year

Risk Warning

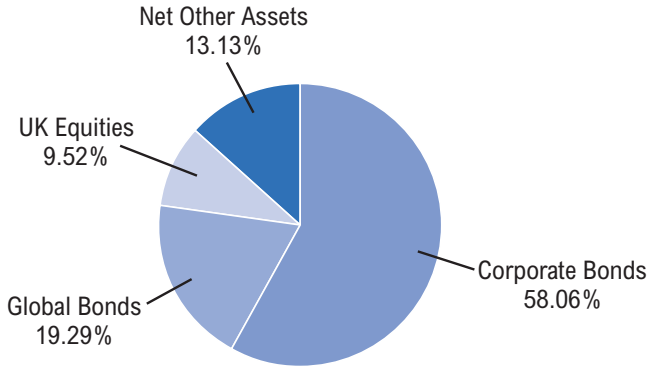
An investment in an investment company with variable capital should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

As a Fund is not a legal entity, if the assets of one Fund are insufficient to meet the liabilities attributable to it, the ACD may re-allocate such liabilities between the Funds then in existence in a manner which is fair to shareholders generally. This re-allocation will normally be performed on the basis of the respective net asset values of the Funds.

Fund Facts

continued

Spread of Investment Companies at 31 March 2011



Major Holdings

All holdings at the end of the period are shown below.

Holding	% of Fund as at 31.03.11
AXA Sterling Credit Short Duration Bond Fund - INC	18.61
iShares Markit iBoxx £ Corporate Bond Fund 1-5 years	18.61
Vanguard UK Investment Grade Bond Index	12.33
iShares Barclays Capital Global Inflation Linked Bond	9.87
iShares FTSE UK Dividend Plus Fund	9.52
iShares MSCI World Monthly £ Hedged Fund	9.42
iShares iBoxx £ Corporate Bond ex-Financials ETF	4.37
iShares Markit iBoxx £ Corporate Bond ETF	4.14

General Information

Buying and Selling of Shares

The dealing office of the Manager is open from 8.30 a.m. until 4.30 p.m. on each Dealing Day to receive requests for the purchase or redemption of shares. Shares can be bought either by sending a completed application form to the Manager at PO Box 10728, Chelmsford, Essex CM1 9PT, or by telephoning the Manager on 0845 308 1456 Fax 0845 280 1815.

Requests to redeem shares may be in writing to the Manager at PO Box 10728, Chelmsford, Essex CM1 9PT, or by telephone on 0845 308 1456 Fax 0845 280 1815. Shares will be issued or redeemed at a price calculated by reference to the next Valuation Point following receipt of the application.

A contract note giving details of the number and price of shares bought or redeemed will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Report and Accounts

This document is a short report of the PFS PanDEFENSIVE Fund for the period ended 31 March 2011. The full Report and Accounts for the Fund is available free of charge upon written request to Phoenix Fund Services (UK) Limited, PO Box 10728, Chelmsford, Essex, CM1 9PT.

Other Information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.



Phoenix Fund Services (UK) Ltd.

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