

PALLMALL High Yield Europe Plus Fund – (class A-shares)

Current NAV per share as at 28 November 2008:
€45.23

Initial NAV:
€100 (class A-shares)

Fund Structure:
Open ended investment company with variable capital (ICVC)

Investment Philosophy:
The investment objective is to achieve primarily a high level of income and in addition capital appreciation through investment in a broad range of securities listed on eligible markets. The investment policy is to invest primarily in European high yield securities. The investments will predominantly be a wide range of fixed income securities which will also include for example lower quality corporate and sovereign debt securities and convertible debt.

ISIN:
GB0007368888 (class A-shares)
Bloomberg:
PMHYEPI LN
Launch Date:
23 June 1999

Custodian, Administrator, Depository:
Brown Brothers Harriman
Auditors:
Baker Tilly
Paying and Information Agent:
WestLB, Düsseldorf

Fund Size:
EUR 87 million

Valuation:
Weekly every Wednesday, 17.00pm (London time)
Subscription and Redemption:
Before 12.00pm (London time) every Wednesday
Pall Mall Investment Management Ltd
Tel: 0044 20 7590 1344
Fax: 0044 20 7590 1348

Investment Management Team:
Curt Schibli, Jonathan Goble, Chris Brils, Oliver Chamberlain, Jason Late, Emilio Orecchia, James Hartigan, Alvaro Mata Emma Marshall

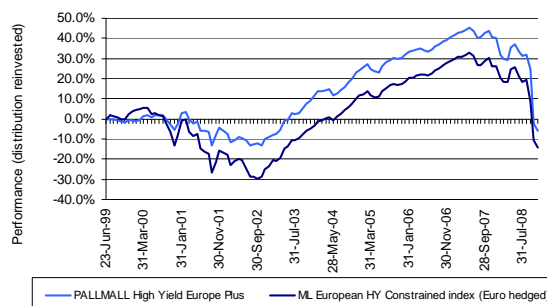
Awards
S&P: AA-Rating
Morningstar 5 Star Ranking
Lipper Leaders award for consistency and total return

Top 5 holdings as of 28 November 2008

FTI Consulting
Intergen NV
Corral Finans
Global Crossing
TVN Finance

Fund Data	
Yield (incl. Cash)	17.34%
Yield (excl. Cash)	19.13%
Duration	3.06 yrs
Av. Coupon Fund	7.76%
Av. Coupon Bonds	8.57%

PALLMALL High Yield Europe Plus
28 November 2008 since inception 23 June 1999



Cumulative Return since inception

	PALLMALL High Yield Europe Plus
9 years	-4.97%
8 years	-0.36%
7 years	-1.86%
6 years	4.50%
5 years	-13.80%
4 years	-23.49%
3 years	-27.88%
2 years	-32.45%
1 year	-32.99%
November 08 (1 month)	-3.93%

28 November 2008	Euribor	ML Europ	ML Europ	MSCI	
3 years Risk Table	Pall Mall 1 Month	HY Con.	Govts	World	
Annualised Return (3 years)	-10.33%	3.86%	-10.01%	2.70%	-12.35%
Return Std Dev (3 years)	4.01%	0.07%	3.75%	1.07%	4.75%
Annualised Risk Free Return (3 years)	3.86%	3.86%	3.86%	3.86%	3.86%
Sharpe Ratio	-3.54	0.00	-3.70	-1.09	-3.41
Maximum Drawdown (one month)	-21.34%	0.18%	-17.79%	-1.72%	-10.32%

28 November 2008	Euribor	ML Europ	ML Europ	MSCI	
5 years Risk Table	Pall Mall 1 Month	HY Con.	Govts	World	
Annualised Return (5 years)	-2.91%	3.17%	-2.15%	4.05%	-2.88%
Return Std Dev (5 years)	3.31%	0.09%	3.10%	1.00%	3.99%
Annualised Risk Free Return (5 years)	3.17%	3.17%	3.17%	3.17%	3.17%
Sharpe Ratio	-1.84	0.00	-1.72	0.89	-1.52
Maximum Drawdown (one month)	-21.34%	0.16%	-17.79%	-1.72%	-10.32%

28 November 2008	Euribor	ML Europ	ML Europ	MSCI	
Risk Table	Pall Mall 1 Month	HY Con.	Govts	World	
Annualised Return (since inception)	-0.64 %	3.38%	-1.63%	4.57%	-5.40%
Return Std Dev (since inception)	2.94%	0.09%	3.54%	0.97%	4.83%
Annualised Risk Free Return (since inception)	3.38%	3.38%	3.38%	3.38%	3.38%
Sharpe Ratio	-1.37	0.00	-1.42	1.24	-1.82
Maximum Drawdown (one month)	-21.34%	0.05%	-17.79%	-1.72%	-11.80%

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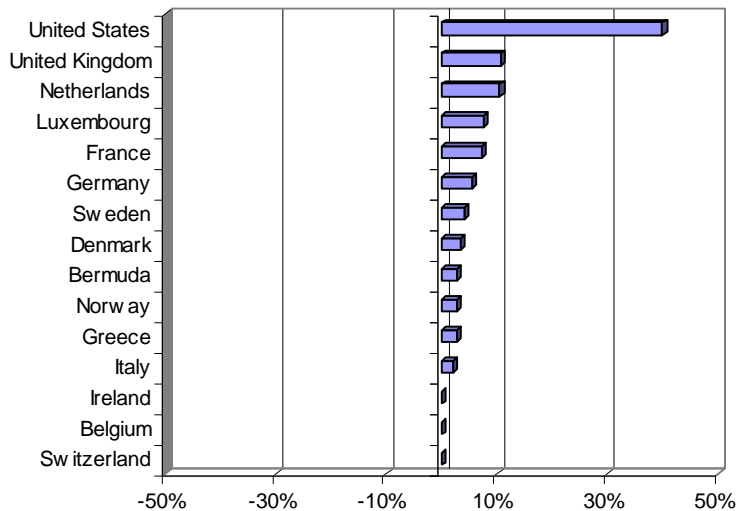
Dividend History in Euro per share

2000	4.387
2001	8.437
2002	8.153
2003	5.8997
2004	6.6006
2005	6.3323
2006	6.0141
2007	5.2952
2008	5.5887

Correlation Matrix	
PMHY Plus	1
Euribor 1M	-0.31
ML Europ HY	0.89
ML Europ Gov	-0.08
MSCI World	0.44

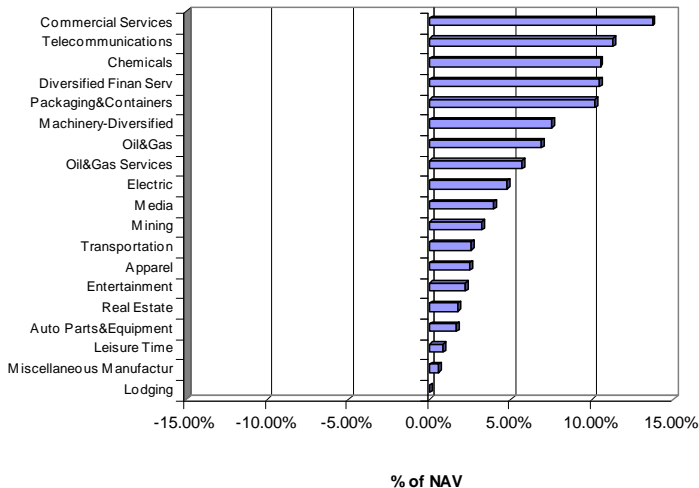
Allocation by Country 28 November 2008

Country Exposure - % of NAV



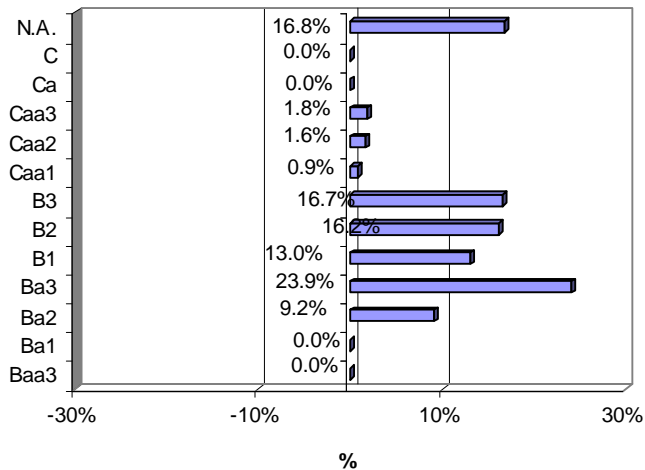
Allocation by Industry

Industry Sector - Market Value (% of NAV)



Allocation by Rating

Moody's Rating (% NAV)



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About the Investment Manager

Pall Mall Investment Management Ltd. is an independent specialist high yield fund management company that was founded in 1998 as Pall Mall Partners Limited. The high yield team, headed by Curt H. Schibli Jr. has established a strong track record and is one of the highest ranked European fund managers in the peer group. Curt has over 18 years experience in leveraged finance and fixed income fund management, having worked with key institutions in the market such as Manufacturers Hanover Trust Co, Citibank, Bankers Trust and Schrodgers before joining to found Pall Mall's high yield business.

Derivatives

Short sales are generally not permitted, whilst forward currency transactions are only permissible for hedging purposes.

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Manager's Report November 2008

Performance

The PALLMALL ICVC – Pall Mall High Yield Europe Plus Fund net asset value per share declined 3.93% to Euro 45.23 in November.

Outlook – November 2008

Cash spreads remain at historic wides. Current spreads price in defaults well over 20% over a multi year period, which we feel is not realistic and a reflection of the high liquidity premium on high yield bonds. Hence there is excellent relative value in the market today. Real money investors are slowly and cautiously returning to the market. On the other end there are still some bouts of forced selling to be expected, albeit not as severe as seen in the recent past. There is evidence of improvement in credit conditions for issuers, especially in the investment grade universe. Many high yield issuers are successful in renegotiation terms with banks.

We remain confident that spreads are topping out over the next period, but also that volatility will remain at elevated levels for some time. Therefore a staged approach toward a high yield investment is advised, through a diversified portfolio with a higher quality focus. Default rates are expected to rise above 10% one year out and double B paper has been disproportionately affected by the sell-off and has the lowest default probabilities.

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