

# Sentinel Defensive Fund

Fund Manager Quarterly Review

July 2009

For professional adviser use only

To watch over and guard

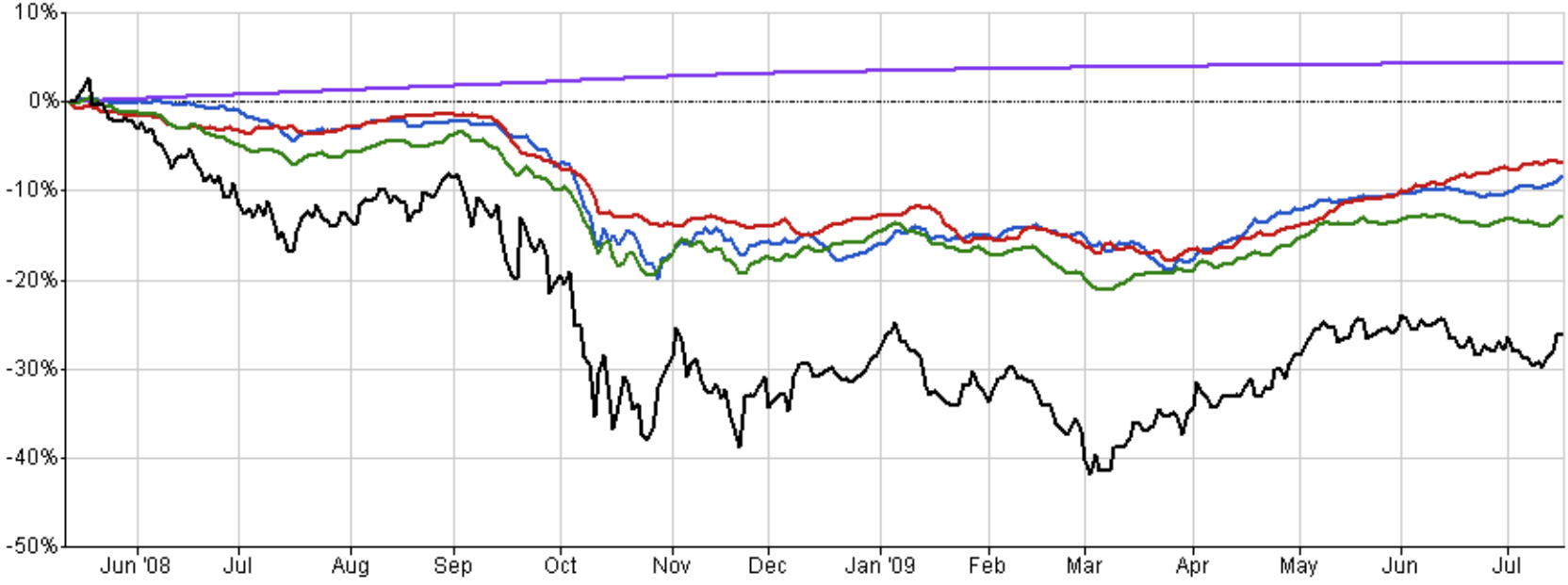


**PREMIER**  
ASSET MANAGEMENT

## Headlines – Sentinel Defensive Fund

- Strong recovery from March lows
- Fund rises 9.3%, low volatility
- FOHF lead the way
- Healthy returns from ZDPs as credit spreads narrow
- Positive returns from structured products

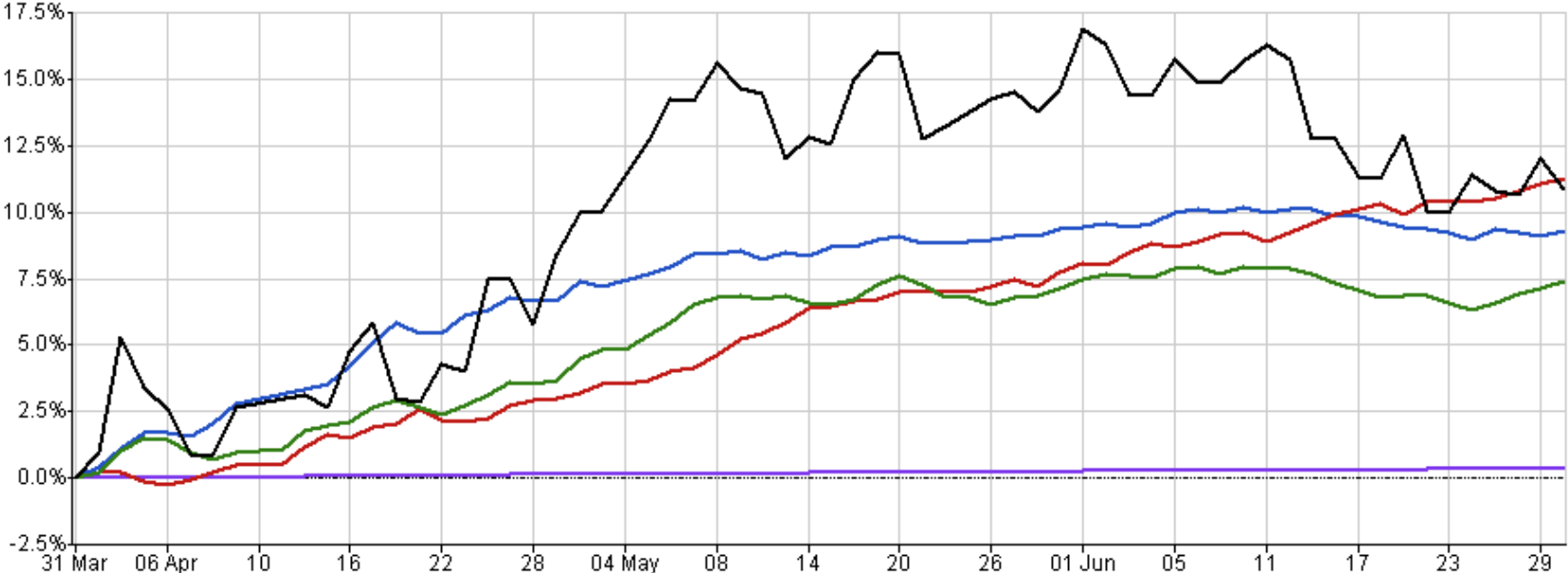
# Performance Since Launch



- Premier Sentinel Defensive Fund TR (-8.36%)
- IMA Sterling Strategic Bond TR (-6.80%)
- IMA Cautious Managed TR (-12.84%)
- LIBOR GBP 3m TR (4.39%)
- FTSE All Share TR (-25.95%)

Source: Financial Express Analytics, quoted on a bid to bid, total return, local currency basis.  
 Data from 13<sup>th</sup> May 2008 to 16<sup>th</sup> July 2009. Data taken on 17<sup>th</sup> July.  
 Past performance is not an indication of future returns

# Quarter Performance



- Premier Sentinel Defensive Fund TR (9.28%)
- IMA Sterling Strategic Bond TR (11.24%)
- IMA Cautious Managed TR (7.39%)
- LIBOR GBP 3m TR (0.34%)
- FTSE All Share TR (10.88%)

Source: Financial Express Analytics, quoted on a bid to bid, total return, local currency basis.  
 Data from 31<sup>st</sup> March 2009 to 30<sup>th</sup> June 2009. Data taken on 17<sup>th</sup> July 2009.  
 Past performance is not an indication of future returns.

# Performance Review - Zeros

- JZ Equity pays out in full
- Real Estate Opps Zeros more than treble
- Strong returns from all holdings
- Agreed to purchase holding in new Ecofin ZDP

# Performance Review – Structured Products

- Merrill Lynch FTSE Stepped Growth redeemed in full
- Purchase of new 'Platinum' structure backed by Deutsche Bank
- Positive returns but lag market bounce

# Performance Review – Structured Products

Structured Product	Fund Holding	Maturity Date	Current Price	Key Features
ML Capital Acc II (ELDeRS 16A)	7.92%	Jun-12	128.75	On 21st June 2010, if the FTSE is at or above 4255.36, the return is 150.60p On 21st June 2011, if the FTSE is at or above 3457.48, the return is 162.40p On 21st June 2012, if the FTSE is at or above 2659.60, the return is 174.30p Capital protection down to 2659. If the autocalls are not exercised and the index does not close under 2659 at redemption, the final redemption amount is 127p
ML FTSE 100 Autocallable Warrant	3.78%	Jan-12	96.81	Year 1, trigger level is 5288.22 111 pence Year 2, trigger level is 4700.64 122 pence Year 3, trigger level is 4113.06 133 pence Year 4, trigger level is 3525.48 144 pence Downside risk only applies if the FTSE 100 closes below 2937.90 (the barrier). In this event then if the FTSE 100 finishes below 5875.80 capital is reduced on a 1 for 1 basis from 5875.80. If the FTSE 100 at expiry finishes below 5875.80 and the barrier has never been breached then 100 pence will be returned.
Platinum FTSE Defensive Autocall 1	3.46%	Apr-14	102.94	Strike Level at 3898.85 of FTSE 100. Auto-Call barriers are: Year 1 - 90% (3508.97) - Returns 110.5p per share Year 2 - 80% (3119.08) - Returns 121.0p per share Year 3 - 70% (2729.20) - Returns 131.5p per share Year 4 - 60% (2339.31) - Returns 142.0p per share 100% capital protection down to 1949.43 of FTSE 100. If Index is lower at maturity, the shares will pay original capital minus 1% of every 1% the FTSE 100 has fallen.
ML Capital Accumulation VIII (ELDeRS 29A)	1.95%	Apr-12	91.75	Capital protected down to FTSE 100 level of 3045.7. Auto-call barriers are: On 27th April 2009, if the FTSE 100 is at or above 5482.26, the return is 110.50p On 26th April 2010, if the FTSE 100 is at or above 4873.12, the return is 121.00p On 26th April 2011, if the FTSE 100 is at or above 4263.98, the return is 131.50p On 25th April 2012, if the FTSE 100 is at or above 3654.84, the return is 142.00p If the index closes below 3045.7, redemption amount will be 100p less 1p for every % below the start level (6091.4)
Symphony 15% FTSE Defensive Autocall	1.32%	Nov-14	107.7	Capital protection down to 2031.5 of FTSE 100. Auto-call barriers are: Year 1 - 80% (3250.41) - Returns 115p per share Year 2 - 80% (3250.41) - Returns 130p per share Year 3 - 80% (3250.41) - Returns 145p per share Year 4 - 80% (3250.41) - Returns 160p per share Year 5 - 80% (3250.41) - Returns 175p per share Year 6 - 80% (3250.41) - Returns 190p per share If the FTSE 100 is lower than 2031.5 at maturity, the shares will pay original capital minus 1% of every 1% the FTSE 100 has fallen.
Symphony Defensive FTSE Auto-Call 2 (12.5%/-20%)	0.90%	Feb-14	90.9	Capital protection down to 2971.45 of FTSE 100. Auto-call barriers are: Year 1 - 80% (4754.32) - Returns 112.5p per share Year 2 - 80% (4754.32) - Returns 125p per share Year 3 - 80% (4754.32) - Returns 137.5p per share Year 4 - 80% (4754.32) - Returns 150p per share Year 5 - 80% (4754.32) - Returns 162.5p per share Year 6 - 80% (4754.32) - Returns 175p per share If the FTSE 100 is lower than 2971.45 at maturity, the shares will pay original capital minus 1% of every 1% the FTSE 100 has fallen.
Symphony Defensive FTSE Auto-Call 4 (12.5%/-20%)	0.69%	Feb-14	94.4	Capital protection down to 2939.9 of FTSE 100. Auto-call barriers are: Year 1 - 80% (4703.84) - Returns 112.5p per share Year 2 - 80% (4703.84) - Returns 125p per share Year 3 - 80% (4703.84) - Returns 137.5p per share Year 4 - 80% (4703.84) - Returns 150p per share Year 5 - 80% (4703.84) - Returns 162.5p per share Year 6 - 80% (4703.84) - Returns 175p per share If the FTSE 100 is lower than 2939.9 at maturity, the shares will pay original capital minus 1% of every 1% the FTSE 100 has fallen.

Source: Premier Fund Managers Limited. Data as at 30<sup>th</sup> June 2009

# Performance Review – Structured Products

Structured Product	Fund Holding	Maturity Date	Current Price	Key Features
Symphony FTSE 100 Synthetic 2013 ZDP	4.11%	Aug-13	93.8	Capital protected down to FTSE Level of 4091. If above barrier, pays 150p per share. If below barrier, 1p is lost for every 1% below 5454.8. If barrier is breached, investor will receive 50p + the index performance on the final valuation date.
Barclays 5yr GDP FTSE Synthetic Zero	3.34%	Oct-13	102.36	Capital protected down to FTSE Level of 2912.52. If matures above barrier, pays 154.25p per share. If below barrier, 1p is lost for every 1% below the initial level (3883.36). Minimum return is 54.25p

Source: Premier Fund Managers Limited. Data as at 30<sup>th</sup> June 2009

# Performance Review – Alternatives

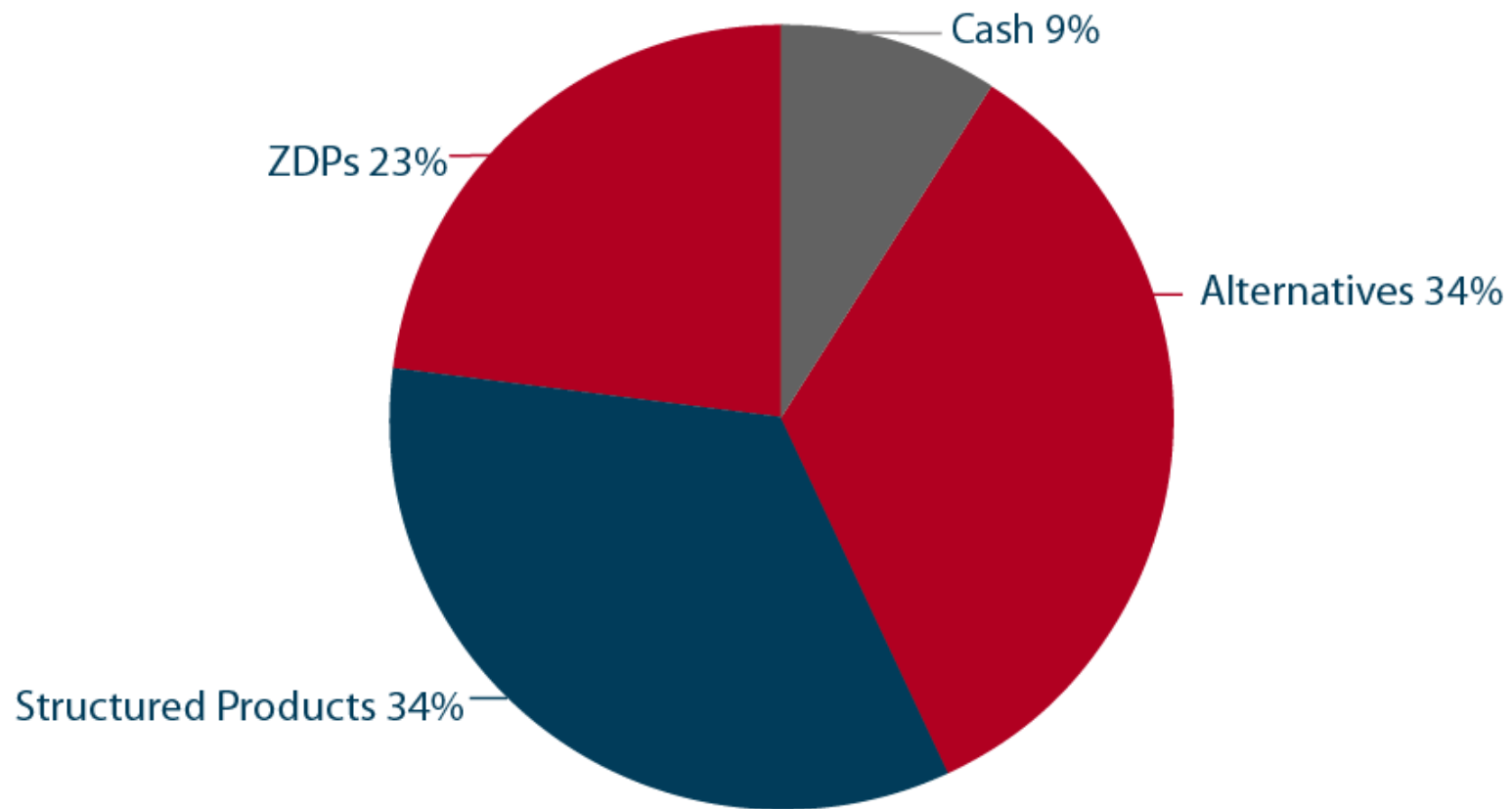
- Very strong performance from all holdings
- Dexion Absolute, Goldman Sachs Dynamic and FRM Diversified Alpha to wind up share classes
- New holding purchased in Juridica
- Discounts narrow slightly, NAVs picking up

# Purchases 31<sup>st</sup> Mar 09 – 30<sup>th</sup> June 09

	Total Cost	Weighted Average Cost	Bid Price at 30 June 09	% Price Change	Date Purchased	Category
Juridica Ord	£342,000	114	122	7.0%	01-Apr-09	A
Platinum FTSE Defensive Autocall 1	£705,250	100.75	104.4	3.6%	07-Apr-09	SP
Utilico 2012 Zero	£285,000	142.5	151	6.0%	22-Apr-09	Z
ML Capital Acc. II (16A)	£508,000	127	128.75	1.4%	06-May-09	SP
FRM Diversified Alpha	£302,411	67.2	66.7	-0.7%	14-May-09/ 19-May-09/ 22-May-09	A
Alternative Investment Strat.	£94,206	94.2	94.5	0.3%	15-May-09	A

Source: Premier Fund Managers Limited. Data to 30<sup>th</sup> June 2009.

# Current Position



Source: Premier Fund Managers Limited. Data as at 30<sup>th</sup> June 2009

# Outlook

- Good gains anticipated from Alternatives
- Further ZDP issuance – an opportunity
- Structured products – maintain defensive position

# Important Information

- Risk of investments
  - Past performance is not a guide to the future. The price of shares and income from them may go down as well as up and you may get back less than you invested. Movements in exchange rates may also affect the value of the investment. Please remember that these investments are intended as long term investments. Details of the nature of the investment and the commitment required are described in the Simplified Prospectus document which is available on request. Reference to any particular stock does not constitute a recommendation to buy or sell the stock.
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