

# Sentinel Defensive Fund

Fund Manager Quarterly Review

October 2009

For professional adviser use only

To watch over and guard



**PREMIER**  
ASSET MANAGEMENT

# Headlines – Sentinel Defensive Fund

- Market recovery continued
- The FTSE 100 enjoyed its strongest quarter since records began
- Fund rose 10% over the last quarter
- FOHFS and structured products led the way

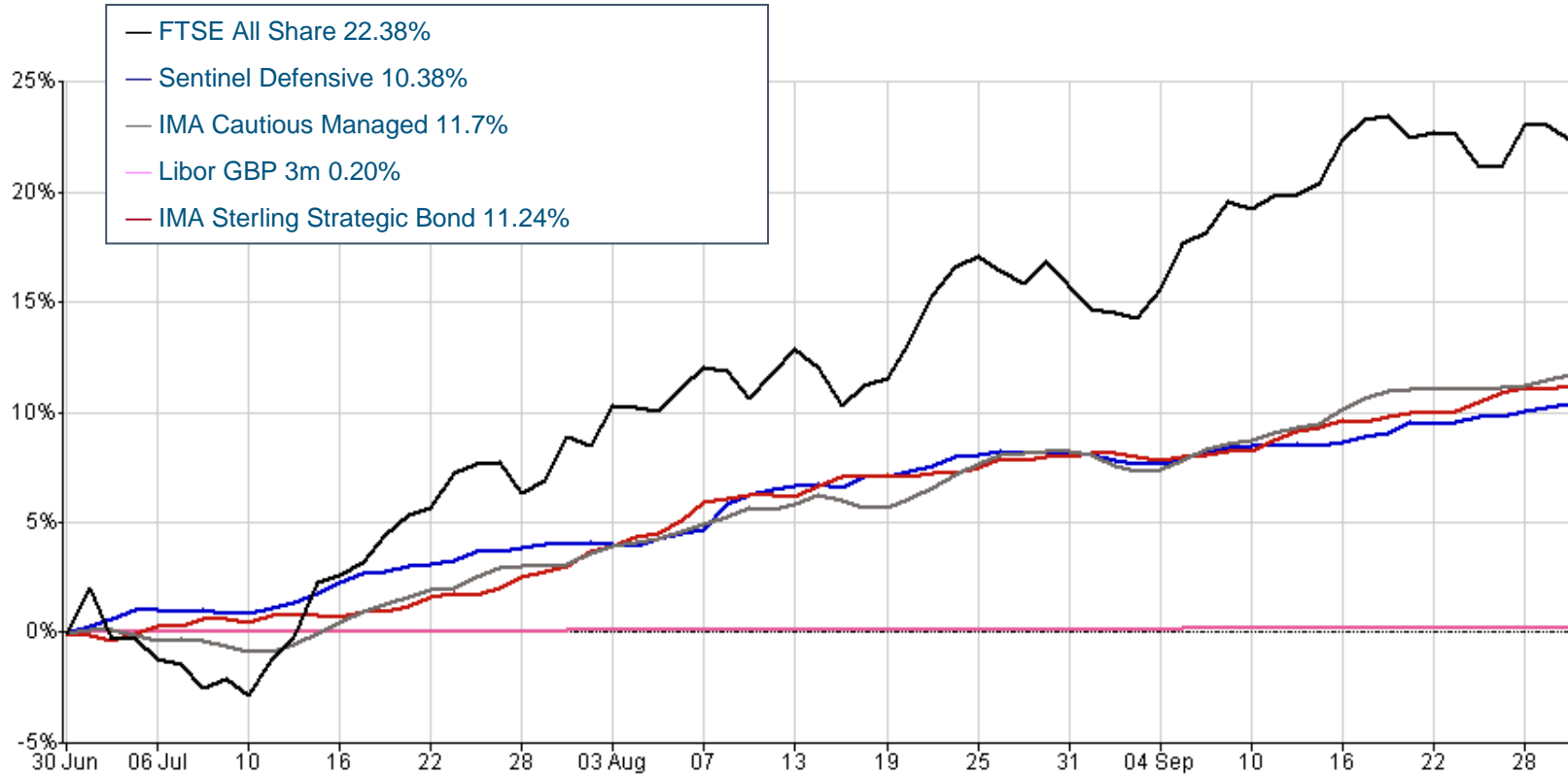
Source: Financial Express Analytics, taken on a bid to bid, total return, UK sterling basis. Data from 30<sup>th</sup> June 2009 to 30<sup>th</sup> September 2009. Past performance is not a guide to future returns

# Performance Since Launch



Source: Financial Express Analytics, quoted on a bid to bid, total return, UK sterling basis.  
 Data from 09<sup>th</sup> May 2008 to 30<sup>th</sup> September 2009. Data taken on 16<sup>th</sup> October 2009.  
 Past performance is not an indication of future returns. IMA Cautious Managed and IMA Sterling Strategic shown for internal reference only

# Quarter Performance



Source: Financial Express Analytics, quoted on a bid to bid, total return, UK sterling basis.  
 Data from 30<sup>th</sup> June 2009 to 30<sup>th</sup> September 2009. Data taken on 16<sup>th</sup> October 2009.  
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# Performance Review - Zeros

- New issues go to healthy premiums
- Real Estate Opps up another 36%
- Other zeros lag the rise
- Jupiter 2<sup>nd</sup> Enhanced and Defined Capital Return to roll over

# Performance Review – Structured Products

- Defensive autocalls recover strongly
- Goldman Sachs Dividend Product now up 25%
- First defensives set to call in November
- Further calls expected January-April 2010

# Performance Review – Structured Products

| Structured Product                               | Fund Holding | Maturity Date | Current Price | Key Features   |
|--|--------------|---------------|---------------|--|
| ML Capital Acc II (ELDeRS 16A)                   | 7.15%        | Jun-12        | 141           | On 21st June 2010, if the FTSE is at or above 4255.36, the return is 150.60p<br>On 21st June 2011, if the FTSE is at or above 3457.48, the return is 162.40p<br>On 21st June 2012, if the FTSE is at or above 2659.60, the return is 174.30p<br>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                 | 4.01%        | Jan-12        | 114.4         | Year 1, trigger level is 5288.22 111 pence<br>Year 2, trigger level is 4700.64 122 pence<br>Year 3, trigger level is 4113.06 133 pence<br>Year 4, trigger level is 3525.48 144 pence<br>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               | 2.97%        | Apr-14        | 108.81        | Strike Level at 3898.85 of FTSE 100. Auto-Call barriers are:<br>Year 1 - 90% (3508.97) - Returns 110.5p per share<br>Year 2 - 80% (3119.08) - Returns 121.0p per share<br>Year 3 - 70% (2729.20) - Returns 131.5p per share<br>Year 4 - 60% (2339.31) - Returns 142.0p per share<br>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)        | 1.96%        | Apr-12        | 111.75        | Capital protected down to FTSE 100 level of 3045.7. Auto-call barriers are:<br>On 27th April 2009, if the FTSE 100 is at or above 5482.26, the return is 110.50p<br>On 26th April 2010, if the FTSE 100 is at or above 4873.12, the return is 121.00p<br>On 26th April 2011, if the FTSE 100 is at or above 4263.98, the return is 131.50p<br>On 25th April 2012, if the FTSE 100 is at or above 3654.84, the return is 142.00p<br>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             | 1.11%        | Nov-14        | 113.862       | Capital protection down to 2031.5 of FTSE 100. Auto-call barriers are:<br>Year 1 - 80% (3250.41) - Returns 115p per share<br>Year 2 - 80% (3250.41) - Returns 130p per share<br>Year 3 - 80% (3250.41) - Returns 145p per share<br>Year 4 - 80% (3250.41) - Returns 160p per share<br>Year 5 - 80% (3250.41) - Returns 175p per share<br>Year 6 - 80% (3250.41) - Returns 190p per share<br>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        | 114.9         | Capital protection down to 2971.45 of FTSE 100. Auto-call barriers are:<br>Year 1 - 80% (4754.32) - Returns 112.5p per share<br>Year 2 - 80% (4754.32) - Returns 125p per share<br>Year 3 - 80% (4754.32) - Returns 137.5p per share<br>Year 4 - 80% (4754.32) - Returns 150p per share<br>Year 5 - 80% (4754.32) - Returns 162.5p per share<br>Year 6 - 80% (4754.32) - Returns 175p per share<br>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%) | 0.68%        | Feb-14        | 116.572       | Capital protection down to 2939.9 of FTSE 100. Auto-call barriers are:<br>Year 1 - 80% (4703.84) - Returns 112.5p per share<br>Year 2 - 80% (4703.84) - Returns 125p per share<br>Year 3 - 80% (4703.84) - Returns 137.5p per share<br>Year 4 - 80% (4703.84) - Returns 150p per share<br>Year 5 - 80% (4703.84) - Returns 162.5p per share<br>Year 6 - 80% (4703.84) - Returns 175p per share<br>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. Current prices as at 30<sup>th</sup> September 2009

# Performance Review – Structured Products

| Structured Product                   | Fund Holding | Maturity Date | Current Price | Key Features  |
|--------------------------------------|--------------|---------------|---------------|---|
| Symphony FTSE 100 Synthetic 2013 ZDP | 3.80%        | Aug-13        | 108.311       | 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 | 2.99%        | Oct-13        | 118.06        | 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. Current prices as at 30<sup>th</sup> September 2009

# Performance Review – Alternatives

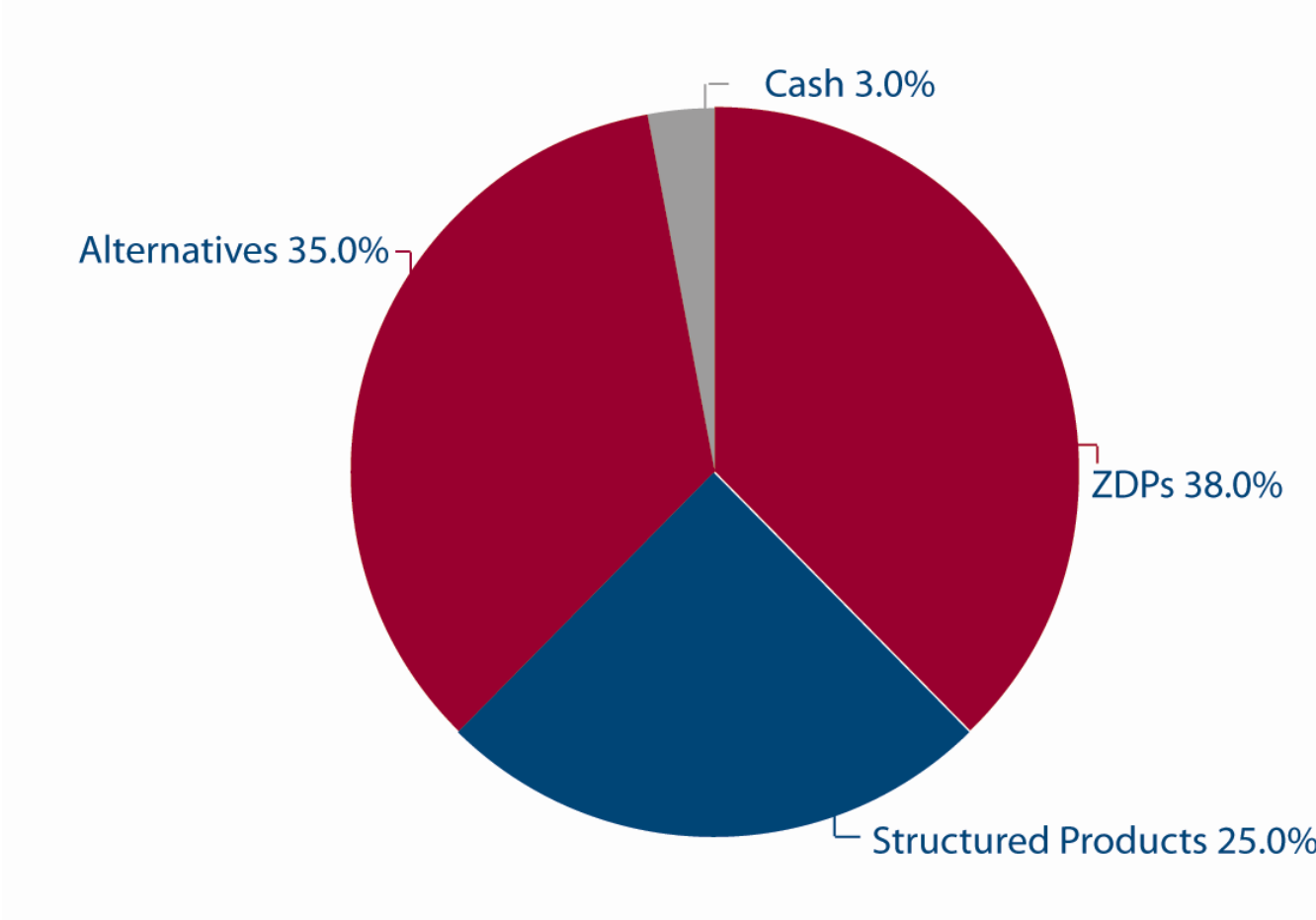
- Dexion Absolute \$ class redeems at NAV
- FRM Diversified pays back 64% at NAV
- Dexion Equity redeems more than 20% at NAV
- Goldman Sachs Dyn Opps to follow soon
- Acencia Debt Strat, Cayenne Trust & MW Tops all up 16%+

# Purchases: 30<sup>th</sup> June 09 – 30<sup>th</sup> Sept 09

|                                  | Total Cost | Weighted<br>Average Cost<br>(p) | Bid Price at<br>30 Sept 09 | % Price<br>Change | Date Purchased                           | Category |
|----------------------------------|------------|---------------------------------|----------------------------|-------------------|--|----------|
| Ecofin ZDP                       | £732,000   | 100                             | 112                        | 12.0%             | 09-Jul-09                                | Z        |
| DB Platinum Callable Growth      | £348,600   | 99.6                            | 105.5                      | 5.9%              | 13-Jul-09                                | SP       |
| The Cayenne Trust                | £176,750   | 101                             | 109.5                      | 8.4%              | 22-Jul-09                                | A        |
| Investec Capital Accumulator     | £234,669   | 78.5                            | 84.5                       | 7.6%              | 30-Jul-09                                | A        |
| Defined Capital Return           | £324,209   | 124.5                           | 133                        | 6.8%              | 30-Jul-09                                | A        |
| Electra ZDP                      | £1,900,000 | 100                             | 106.8                      | 6.8%              | 31-Jul-09                                | Z        |
| GS FTSE Dividend Cert            | £175,050   | 116.7                           | 127.5                      | 9.3%              | 17-Aug-09                                | SP       |
| Dexion Absolute £                | £906,661   | 125.9                           | 131.8                      | 4.6%              | 10-Sept-09/<br>16-Sept-09/<br>22-Sept-09 | A        |
| FRM Credit Alpha                 | £1,154,091 | 76.9                            | 76.0                       | -1.2%             | 11-Sept-09                               | A        |
| ML FTSE 100 Autocallable Warrant | £114,520   | 114.5                           | 114.4                      | -0.1%             | 16-Sept-09                               | SP       |

Source: Premier Fund Managers Limited. Data to 30<sup>th</sup> September 2009.  
Past performance is not a guide to future returns

# Current Position



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

# Outlook

- Alternatives to continue to give good returns
- Structured Products to pay out over next six months
- Having recovered lost ground, Fund likely to prove defensive in the year ahead.

# 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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