

Sentinel Defensive Fund

March 2010

For professional adviser use only

To watch over and guard



PREMIER
ASSET MANAGEMENT

Performance to 31st March 2010

| | 3m | 6m | 1yr | Since 13.05.2008 | Volatility* |
|----------------------------|-------|--------|--------|---------------------|-------------|
| Sentinel Defensive Fund | 3.06% | 3.65% | 25.03% | 2.50% | 7.85% |
| 3 Month GBP LIBOR + 1% | 0.41% | 0.81% | 1.86% | 6.76% | 0.10%** |
| FD/AIC ZDP Share | 3.49% | 2.62% | 28.07% | 16.57% | 7.85% |
| FTSE Government All Stocks | 1.14% | -0.92% | 0.77% | 12.93% | 5.39% |
| FTSE 100 | 5.99% | 12.51% | 50.42% | -1.14% | 15.10% |

Source: Financial Express Analytics. Data to 31st March 2010. Taken on a bid to bid, total return, UK sterling basis. Past performance is not a guide to future returns.*Annualised ratios taken from monthly returns from 31st March 2009 to 31st March 2010.** 3 Month GBP LIBOR Volatility



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Performance Since Launch



- A - FTSE British Government All Stocks TR in GB [12.93%]
- B - LIBOR GBP 3m TR in GB [4.87%]
- C - Premier - Sentinel Defensive TR in GB [2.50%]
- D - FTSE 100 TR in GB [-1.14%]

13/05/2008 - 31/03/2010 © Data provided by Financial Express 2010

Transactions

| Settlement | BUY/ SELL | Holding | Quantity | Price | Currency | Consideration |
|------------|-----------|---|--------------|-----------|----------|---------------|
| 8-Jan-09 | SELL | Electra Private Equity ZDP Shares | 50,000.00 | 104.000 | GBP | 52,000.00 |
| 13-Jan-10 | SELL | Electra Private Equity ZDP Shares | 225,000.00 | 104.139 | GBP | 234,312.53 |
| 20-Jan-10 | SELL | Electra Private Equity ZDP Shares | 150,000.00 | 104.350 | GBP | 156,525.00 |
| 22-Jan-10 | SELL | Electra Private Equity ZDP Shares | 150,000.00 | 105.500 | GBP | 158,250.00 |
| 25-Jan-10 | BUY | Bank of America FRN 11/06/12 | 500,000.00 | 96.550 | GBP | 482,750.00 |
| 25-Jan-10 | SELL | Jupiter Second Split Trust Zero | 250,000.00 | 30.125 | GBP | 75,312.50 |
| 27-Jan-10 | BUY | General Electric Cap Corp FRN 11/05/2011 | 800,000.00 | 98.713 | GBP | 789,707.20 |
| 27-Jan-10 | BUY | Edinburgh New Income Trust ZDP | 50,000.00 | 134.000 | GBP | 67,000.00 |
| 29-Jan-10 | SELL | Utilico Finance Limited 2014 ZDP | 75,000.00 | 130.000 | GBP | 97,500.00 |
| 2-Feb-10 | BUY | ML Capital Acc II (ELDeRS 16A) | 54,000.00 | 145.250 | GBP | 78,435.00 |
| 19-Feb-10 | BUY | Rabobank FTSE Synthetic Zero 2012 | 1,200,000.00 | 100.000 | GBP | 1,200,000.00 |
| 4-Feb-10 | SELL | Utilico Finance Limited 2014 ZDP | 50,000.00 | 129.750 | GBP | 64,875.00 |
| 4-Feb-10 | SELL | Utilico Finance Limited 2014 ZDP | 100,000.00 | 129.750 | GBP | 129,750.00 |
| 4-Feb-10 | BUY | Utilico Finance Limited 2012 ZDP | 125,000.00 | 155.000 | GBP | 193,750.00 |
| 9-Feb-10 | BUY | FTSE 100 Societe Generale Zero Coupon Cert | 697.00 | 1,290.000 | GBP | 899,130.00 |
| 10-Feb-10 | BUY | FRM Diversified Alpha | 150,000.00 | 68.250 | GBP | 102,375.00 |
| 8-Feb-10 | SELL | Long Gilt Futures March 10 | 15.00 | 115.580 | GBP | 1,733,700.00 |
| 12-Feb-10 | BUY | Dexion Absolute Limited | 250,000.00 | 143.300 | GBP | 358,250.00 |
| 22-Feb-10 | BUY | Goldman Sachs FTSE Autocall 6yr (GB20) | 420,000.00 | 119.000 | GBP | 499,800.00 |
| 22-Feb-10 | BUY | Barclays 6Y FTSE 100 / S&P 500 Autocall 10% | 600,000.00 | 101.490 | GBP | 608,940.00 |
| 25-Feb-10 | BUY | Long Gilt Futures March 10 | 15.00 | 115.368 | GBP | 1,730,526.59 |
| 25-Feb-10 | SELL | Long Gilt Futures June 10 | 15.00 | 113.918 | GBP | 1,708,776.59 |
| 2-Mar-10 | BUY | Dexion Absolute Limited Ord GBP | 100,000.00 | 144.500 | GBP | 144,500.00 |
| 3-Mar-10 | BUY | JP Morgan Private Equity Limited Zero 2013 | 500,000.00 | 61.125 | GBP | 305,625.00 |
| 3-Mar-10 | BUY | Dexion Absolute Limited Ord GBP | 50,000.00 | 144.000 | GBP | 72,000.00 |
| 5-Mar-10 | BUY | Dexion Absolute Limited Ord GBP | 100,000.00 | 143.900 | GBP | 143,900.00 |
| 8-Mar-10 | BUY | EIB 2.65% 16/04/2020 Index Linked | 300,000.00 | 146.228 | GBP | 438,684.00 |
| 12-Mar-10 | SELL | Electra Private Equity ZDP Shares | 100,000.00 | 107.500 | GBP | 107,500.00 |
| 12-Mar-10 | SELL | JP Morgan Private Equity Limited Zero 2015 | 50,000.00 | 60.500 | GBP | 30,250.00 |
| 12-Mar-10 | BUY | JZ Capital Partners Zero | 70,000.00 | 250.000 | GBP | 175,000.00 |
| 22-Mar-10 | BUY | JZ Capital Partners Zero | 40,000.00 | 250.000 | GBP | 100,000.00 |
| 22-Mar-10 | BUY | Edinburgh New Income Trust ZDP | 27,000.00 | 135.500 | GBP | 36,585.00 |
| 30-Mar-10 | BUY | Jupiter Second Split Trust Zero | 755,000.00 | 30.000 | GBP | 226,500.00 |

Zero Dividend Preference Shares

- The zero sub sector contributed positively to performance as zeros continued to accrue towards their final entitlements. Covers and credit spreads improved across the sector.
- We reduced the exposure of the Fund to private equity backed zeros due to the inherent risk of the underlying asset class
- Zeros are still yielding more than gilts with less cover concerns given higher equity markets
- The balance of risks for zeros has shifted from concerns over covers to potential rising risk-free rates
- Given the adjustment in risks we closely monitor the duration of the Fund
- In February we introduced a partial hedge against rising risk-free rates and UK Government Bond (Gilt) weakness through selling Gilt Futures.
- Further protection against rising risk free rates and inflation was added through the purchase of several short dated floating rate notes and a long dated European Investment Bank index linked bond.
- The zero sector continues to draw new issues as companies seek to find cheaper alternatives to bank financing, and the tax advantages sustain demand.

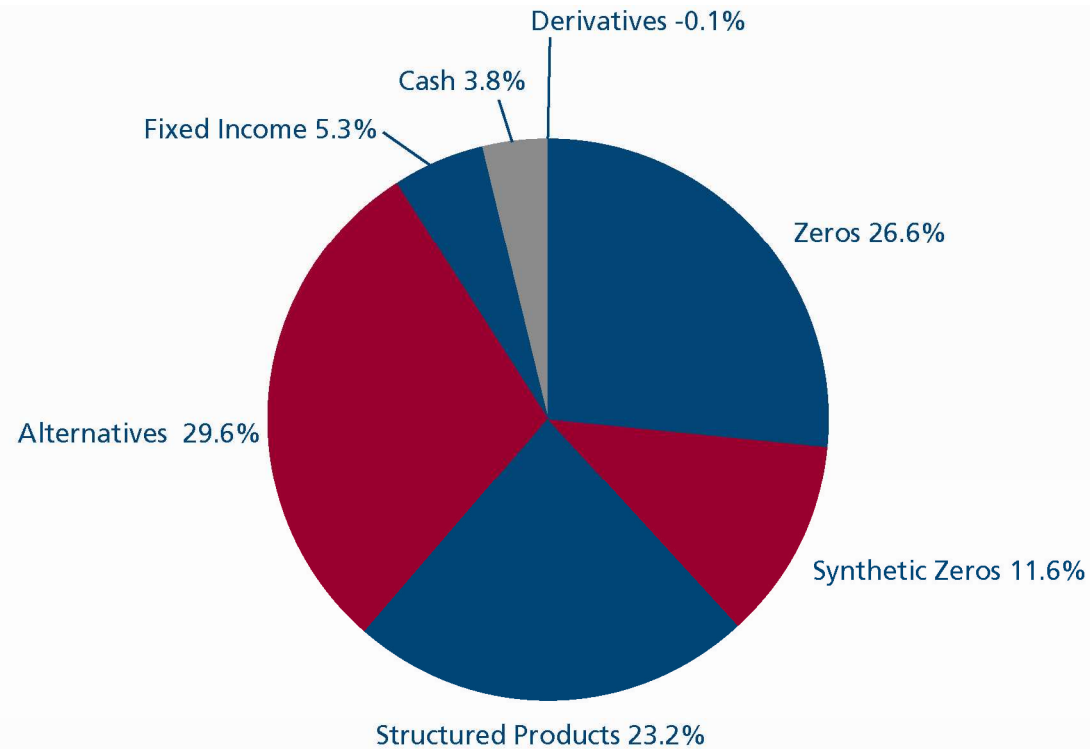
Structured Products

- Another strong quarter for equity markets coupled with the reduction in volatility has seen our structured products sub portfolio provide attractive returns.
- We continue to control the equity market risk on the portfolio typically investing in new structured products with more of a defined return such as the synthetic zeros and defensive autocalls below:
- Rabobank FTSE Synthetic Zero 20/02/2010
 - A 2 year synthetic zero. Strike 5060 (FTSE level 05th February 2010). Returns 108.5% (purchased on a yield of 4.16% pa) providing the FTSE 100 doesn't fall over 25% (3795) by maturity.
- Societe Generale FTSE Synthetic Zero 20/11/2013
 - A 5 year synthetic zero. Strike 4272 (FTSE level 06th November 2008). Returns 165% (purchased on a yield of 6.72% pa) providing the FTSE 100 doesn't fall over 30% (2991) by maturity.
- Goldman Sachs 6 year FTSE Autocall
 - A 6 year autocall with a strike level on the FTSE 100 of 5426 (2nd July 2008) . The autocall level is 80% of the strike and providing the index is above this level on the autocall date the security is called. The return is 111% in the first year increasing 11% per year if the security is not called until maturity (2nd July 2014). Purchased on an annualised yield of 7.2% to the next autocall date (2nd July 2010)
- Barclays 6 year FTSE 100 / S&P 500 Defensive Autocall
 - A 6 year autocall with dual strikes on the FTSE 100 (5355.5) and S&P 500 (1106.24) (23rd November 2009). The autocall level drops 5% per year, with the first autocall level at 95% of the strike levels, and providing both indices are above this level the security is called. The return is 110% in the first year increasing 10% per year if the security is not called until maturity (30th November 2015). Purchased on an annualised yield of 11.3% to the next autocall date (23rd November 2010).

Alternatives

- Discounts on the alternatives sub portfolio continue to fluctuate however have generally tightened over the quarter. Net asset value performance generally continues to be positive. Resultantly the alternatives sub portfolio contributed positively to the Fund's performance over the quarter.
- Following a corporate action at the end of January our entire holding of Dexion Absolute Limited was redeemed at a discount to net asset value of 3%. Subsequently we have been able to buy back a smaller weighting 4% cheaper than the price at which we tendered.
- Shareholders approval for the continuation of several companies within the listed Fund of Hedge Fund Sector provided positive news for the sector.
- The alternatives sub sector will be naturally reduced however some attractive profiles remain in light of forthcoming continuation votes, tenders and windups.

Asset Allocation



Source: Premier Fund Managers Limited. Data as at 31st March 2010

Outlook and Anticipated changes

- Maintain exposure to 'Anchor stocks' with built in capital growth
- Control the duration of the Fund and protect against rising interest rates
- Reduce funds risk profile

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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