

Fund Manager Quarterly Review



Reporting period: Q2 2010

July 2010

Performance to 30th June 2010

	3m	6m	1yr	Since 13.05.2008	Volatility*
Sentinel Defensive Fund	-2.38%	0.60%	11.69%	0.06%	6.25%
3 Month GBP LIBOR + 1%	0.42%	0.83%	1.68%	7.19%	0.04%**
FD/AIC ZDP Share	-1.45%	2.00%	10.58%	14.89%	6.47%
FTSE Government All Stocks	4.49%	5.68%	6.71%	18.00%	5.46%
FTSE 100	-12.62%	-7.39%	19.84%	-13.62%	17.75%

Source: Financial Express Analytics. Data to 30th June 2010. Taken on a bid to bid, total return, UK sterling basis. Data taken on 5th July 2010. Past performance is not a guide to future returns.*Annualised ratios taken from monthly returns from 30th June 2009 to 30th June 2010.** 3 Month GBP LIBOR Volatility



PREMIER
ASSET MANAGEMENT

Performance Since Launch

— FTSE All Stocks 18.00%
— LIBOR GBP 3m 5.05%
— Sentinel Defensive 0.06%
— FTSE 100 -13.62%



Source: Financial Express Analytics. Data from 13th May 2008 to 30th June 2010. Taken on a bid to bid, total return, UK sterling basis. Data taken on 5th July 2010. Past performance is not a guide to future returns.

Transactions

Settlement Date	BUY/SELL	Holding	Quantity	Price	Currency	Consideration
8-Apr-10	BUY	Edinburgh New Income Trust ZDP	40,000.00	134.750	GBP	53,900.00
21-Apr-10	BUY	Edinburgh New Income Trust ZDP	50,000.00	134.500	GBP	67,250.00
23-Apr-10	BUY	Barclays 5yr FTSE Synthetic Zero 2015	500,000.00	100.000	GBP	500,000.00
26-Apr-10	BUY	ELDeRS 28A - Capital Accumulation 6 Shares	290,000.00	130.000	GBP	377,000.00
30-Apr-10	BUY	Aberforth Geared Income Trust Plc Zero 2017	750,000.00	100.000	GBP	750,000.00
4-May-10	SELL	Alternative Investment Strategies Hedged Ord	300,000.00	106.000	GBP	318,000.00
4-May-10	SELL	MW Tops Ltd USD	50,000.00	9.700	USD	485,000.00
10-May-10	BUY	Barclays 5yr FTSE Synthetic Zero 2015	400,000.00	94.500	GBP	378,000.00
18-Apr-10	BUY	Edinburgh New Income Trust ZDP	78,950.00	133.000	GBP	105,003.50
25-May-10	BUY	JP Morgan Private Equity Limited Zero 2013	109,613.00	61.750	GBP	67,686.03
25-May-10	BUY	JP Morgan Private Equity Limited Zero 2013	245,425.00	61.750	GBP	151,549.94
25-May-10	BUY	Goldman Sachs FTSE Autocall 6yr (GB20)	430,000	117.300	GBP	504,390.00
26-May-10	BUY	Ecofin Water & Power ZDP	100,000	111.750	GBP	111,750.00
21-May-10	BUY	Long Gilt Futures June 10	15	119.790	GBP	1,796,850.00
21-May-10	SELL	Long Gilt Futures Sept 10	15	118.420	GBP	1,776,300.00
28-May-10	BUY	Lloyds FRN 29/04/16	400,000	84.500	GBP	338,000.00
1-Jun-10	BUY	Barclays FTSE Synthetic Zero 2013	400,000	125.730	GBP	502,920.00
4-Jun-10	SELL	Aberforth Geared Income Trust Plc Zero 2017	344,000	104.250	GBP	358,620.00
14-Jun-10	BUY	Edinburgh New Income Trust ZDP	100,000	133.500	GBP	133,500.00
21-Jun-10	BUY	HSBC EPRA Synthetic Zero 2015	400,000	100.000	GBP	400,000.00
21-Jun-10	BUY	Edinburgh New Income Trust ZDP	60,000	133.750	GBP	80,250.00
29-Jun-10	BUY	JZ Capital Partners Zero	30,000	250.000	GBP	75,000.00
5-Jul-10	BUY	RBS 5Y FTSE 100 Autocall 6.75%	800,000	100.000	GBP	800,000.00

Source: Premier Fund Managers Limited

Zero Dividend Preference Shares

- The zero sub sector contributed positively to performance over the quarter, despite equity market weakness
- The emergency budget resulted in a more favourable than expected result for capital gains generating investments
- The main risk for the zero sub sector is the potential rising risk-free rates, we continue to monitor the duration of the Fund
- A secondary risk to the Fund would be a severe adverse equity market movement, we continue to control the equity market exposure of the Fund
- The zero sector continues to draw new issues as companies seek to find cheaper alternatives to bank financing. Aberforth Geared Income Trust launched a new zero at the end of April. Despite the issue being heavily scaled back we were able to obtain a meaningful position and realised a significant gain on half the holding

Structured Products

- The structured product sub sector contributed negatively to performance over the quarter as equity markets fell and volatility surged
- All structured products have significant downside protection to their barrier levels and as such should be less responsive to equity market movements
- 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:

- RBS 5 year FTSE Autocall

A 5 year autocall with a strike level on the FTSE 100 of 5299 (21st June 2010). In the first year the autocall level is 80% of the strike and, providing the index is above this level on the autocall date, the security will be called. The return in the first year would be 106.75%. If not called the autocall level will drop 5% and the return will increase by 6.75%. The next autocall date is 21st June 2011

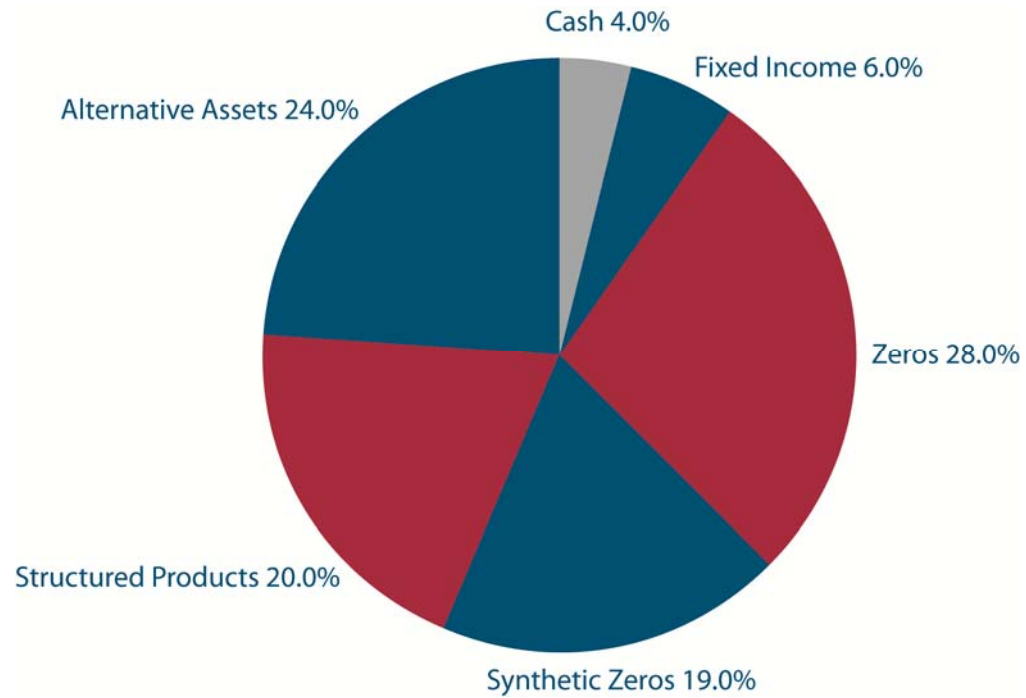
- HSBC EPRA Synthetic Zero 07/12/2015 (EPRA - European Public Real Estate Association)

A 5 year synthetic zero based on the EPRA index. The EPRA index represents a proxy for the performance of commercial property. Returns 138.5% (purchased on a yield of 6.7% pa) providing the EPRA index never closes below 50% of its strike level

Alternatives

- The alternatives sub sector contributed negatively to performance over the quarter
- Net Asset value (NAV) performance was defensive. Share price discounts to NAV have widened over the quarter as discounts continue to exhibit a positive correlation to equity market movements. More recently, buybacks and corporate actions have been utilised to prevent a further widening of these discounts
- The alternatives sub sector has already been reduced, however, some attractive profiles remain in light of recent and proposed corporate actions
- Not all of the companies within the listed Fund of Hedge Fund sector will survive, however, a less crowded environment for those that do should allow them to prosper

Asset Allocation



Source: Premier Fund Managers Limited. Data as at 30th June 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
- Diversify Underlying holdings
- 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.
- Disclaimer
 - Whilst every effort has been made to ensure the accuracy of the information contained within this presentation, we regret that we cannot accept responsibility for any omissions or errors. This presentation is directed only at authorised financial advisers and professional investors. The information given and opinions expressed are subject to change and should not be interpreted as investment advice.
- Issued by Premier Portfolio Managers Ltd. Premier Portfolio Managers Ltd is an ISA manager and markets a number of funds. Premier Fund Mangers Ltd manages these and other funds and provides discretionary portfolio management services. Both companies are authorised and regulated by the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS and are members of the Premier Asset Management Marketing Group. 1007594CK