

Fund Manager Quarterly Review



Reporting period: Q3 2010

October 2010

Performance to 30th September 2010

	3m	6m	1yr	Since 13.05.2008	Volatility*
Sentinel Defensive Fund	3.51%	1.04%	4.73%	3.57%	4.06%
3 Month GBP LIBOR + 1%	0.43%	0.86%	1.66%	7.65%	0.02%**
FTSE Government All Stocks	3.60%	8.25%	7.25%	22.25%	5.94%
FTSE 100	13.76%	-0.60%	11.84%	-1.73%	16.55%

Source: Financial Express Analytics. Data to 30th September 2010. Taken on a bid to bid, total return, UK sterling basis. Data taken on 15th October 2010. Past performance is not a guide to future returns.*Annualised ratios taken from monthly returns from 30th September 2009 to 30th September 2010.** 3 Month GBP LIBOR Volatility

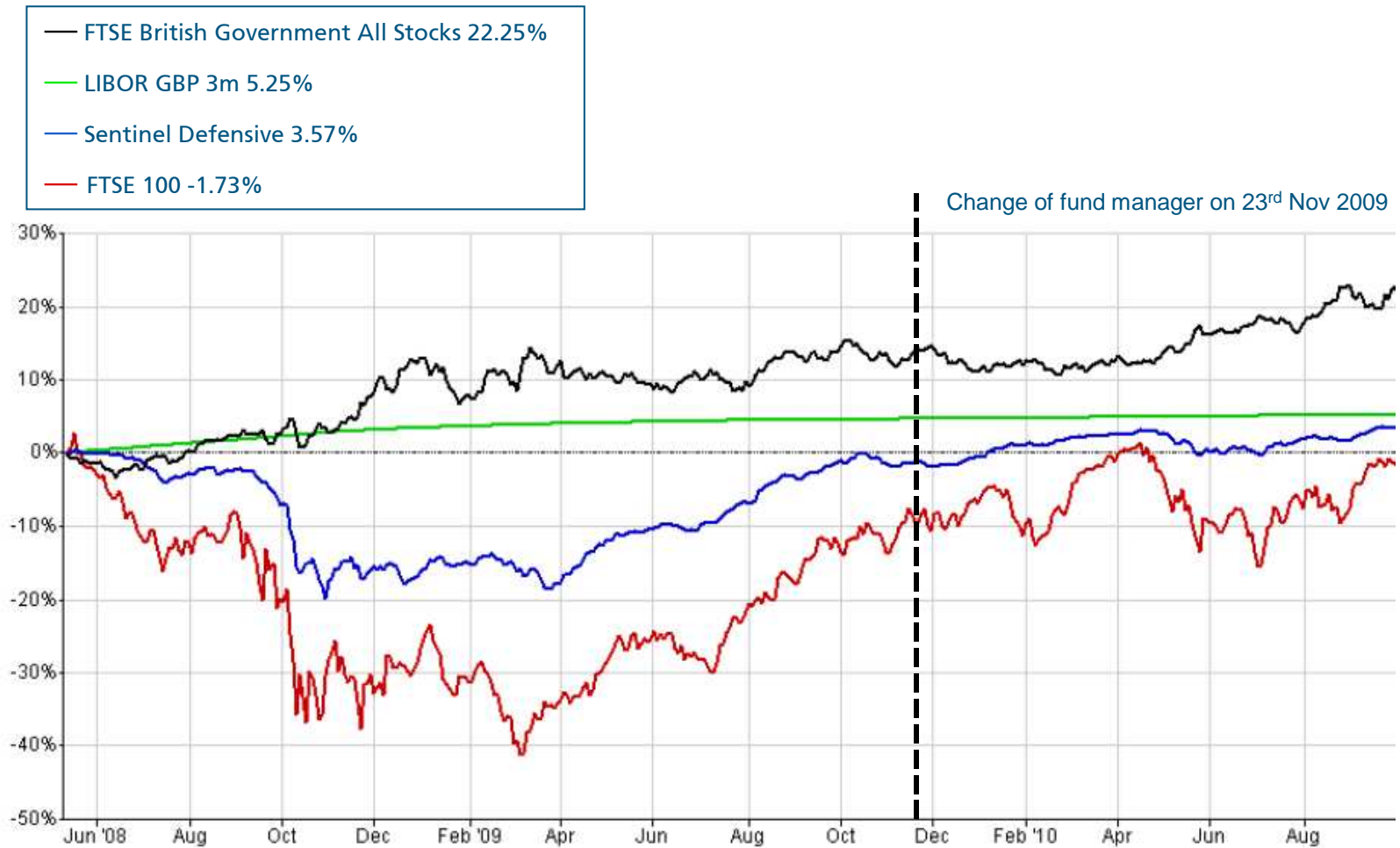


Discrete Performance

Discrete Quarterly Performance	30-Sept-10	30-Jun-10	31-Mar-10	31-Dec-09	30-Sep-09	30-Jun-09
Sentinel Defensive Fund	3.51%	-2.38%	3.06%	0.58%	10.38%	9.28%
Benchmark (LIBOR +1%)	0.43%	0.42%	0.41%	0.40%	0.45%	0.59%
			31-Mar-09	31-Dec-08	30-Sep-08	13-May-08 to 30-Jun-08
			-2.29%	-9.56%	-6.46%	-0.82%
			0.77%	1.42%	1.72%	0.90%
Discrete Annual Calendar Performance	2010 YTD	31-Dec-09	13-May-08 to 31-Dec-08			
Sentinel Defensive Fund	4.13%	18.55%	-16.10%			
Benchmark (LIBOR +1%)	1.26%	2.22%	4.08%			

Source: Financial Express Analytics. Taken on a bid to bid, total return, UK sterling basis. Data taken on 15th October 2010. Past performance is not a guide to future returns

Performance Since Launch



Source: Financial Express Analytics. Data from 13th May 2008 to 30th September 2010. Taken on a bid to bid, total return, UK sterling basis. Data taken on 15th October 2010. Past performance is not a guide to future returns.

Transactions

Settlement Date	BUY/SELL	Holding	Quantity	Price	Currency	Consideration	Notes
21-Jul-10	BUY	Barclays FTSE Synthetic Zero 24/10/2011	383,000	130.5000	GBP	499,815.00	Defensive Synthetic Zero. GRY = 4.39%, 2.56 cover (FTSE Barrier = 2020), 1.27yrs to Maturity. Issued by Barclays- A+ Rated (S&P)
27-Jul-10	BUY	Utilico Finance Limited 2012 ZDP	40,000	160.0000	GBP	64,000.00	Senior, Short Dated, Defensive Zero; GRY = 4.36%, Cover = 2.93x
02-Aug-10	BUY	Utilico Finance Limited 2012 ZDP	40,000	160.0000	GBP	64,000.00	Senior, Short Dated, Defensive Zero; GRY = 4.4%, Cover = 2.93x
10-Aug-10	BUY	Barclays FTSE Lock-in Zero 2014	364,963	109.6000	GBP	399,999.45	Synthetic Zero. GRY = 6.02%, 2.15X Cover, (FTSE Barrier = 2494.35), 4.19 yrs to maturity. Lock-in level = 125% of Strike. Issued by Barclays A+ Rated (S&P)
16-Aug-10	BUY	FRM Credit Alpha	250,000	68.7500	GBP	171,875.00	25.8% discount to 23/07 NAV, continuation vote in November
17-Aug-10	BUY	Barclays FTSE Synthetic Zero 24/10/2011	167,000	130.9000	GBP	218,603.00	Defensive Synthetic Zero. GRY = 4.4%, 2.61 cover (FTSE Barrier = 2020), 1.19yrs to Maturity. Issued by Barclays- A+ Rated (S&P)
17-Aug-10	BUY	General Electric 5.5% 01/04/2011	536,000	102.1790	GBP	547,679.44	Yield= 1.913%, +140bps. Short Dated, AA+ S&P Rated, enhanced cash return.
17-Aug-10	BUY	Marks & Spencer 6.375% 07/11/2011	300,000	104.4600	GBP	313,380.00	Yield= 2.598%, +210bps. Short Dated, BBB- S&P Rated, enhanced cash return.
26-Aug-10	BUY	Utilico Finance Limited 2012 ZDP	50,000	161.0000	GBP	80,500.00	Senior, Short Dated, Defensive Zero; GRY = 4.48%, Cover = 2.96x
31-Aug-10	SELL	Utilico Finance Limited 2014 ZDP	50,000	135.0000	GBP	67,500.00	Junior Zero, Spread between the yield of 2012 zeros and 2014 zeros is tight (0.46% using bid prices). 1.88x Cover, GRY 5.32%(ex com), 4.18yrs to Maturity
1-Sep-10	BUY	EcoFin Water & Power 6% 31/05/2016 CULS	275,000	109.3500	GBP	300,712.50	GRY = 4.15%, Premium 50.43%, Parity 72.69% Spread = +209.32bp
09-Sep-10	SELL	Edinburgh New Income Trust ZDP	40,000	139.0000	GBP	55,600.00	Sold on 2% uplift to maturity, Maturity 0.7yrs, Cover 1.51x
14-Sep-10	BUY	Cayenne Trust 3.25% 08/08/2011 Convertible	100,000	100.5500	GBP	100,550.00	GRY= 3.087%
17-Sep-10	BUY	Jupiter Dividend & Growth ZDP	145,016	83.0000	GBP	120,363.28	Assets Estimate c. 86m, Cover 1.04x, Uplift to full entitlement (Nov) 8.4%, Downside to Full Entitlement 4%, Downside to current price 11.5%
21-Sep-10	SELL	Jupiter Second Split Trust Zero	400,000	32.2500	GBP	129,000.00	GRY= 5.69%, 1.27x cover - Management have started to reduce their high cash balance
22-Sep-10	BUY	Ecofin Water & Power ZDP	50,000	119.0000	GBP	59,500.00	GRY = 5.25%pa Cover 3.26x
22-Sep-10	SELL	Utilico Finance Limited 2014 ZDP	35,000	139.2500	GBP	48,737.50	GRY = 4.61%pa Cover 1.87x; 40bp difference between 2014 and the senior 2012 zero (65bp difference between 2/4 yr Gilts)
24-Sep-10	SELL	Utilico Finance Limited 2014 ZDP	50,000	139.7500	GBP	69,875.00	GRY = 4.58%pa Cover 1.87x; 30bp difference between 2014 and the senior 2012 zero
28-Sep-10	BUY	Long Gilt Futures Sept 10	15	125.7900	GBP	1,886,850.00	Rolling Gilt Futures
28-Sep-10	SELL	Long Gilt Futures Dec 10	15	124.4100	GBP	1,866,150.00	Rolling Gilt Futures
1-Oct-10	BUY	SG76 FTSE 100 Societe Generale Zero Coupon Certificate	303	1353.9100	GBP	410,234.73	GRY = 6.51%, 1.86x Cover, -17.9% Hurdle to Full Entitlement
5-Oct-10	BUY	EcoFin Water & Power 6% 31/05/2016 CULS	200,000	109.5000	GBP	219,000.00	GRY = 4.10%, Premium 43.49%, Parity 76.31% Spread = +207.10bp

Source: Premier Fund Managers Limited

Zero Dividend Preference Shares

- The zero sub sector pushed ahead as the yield premium it offers over government bonds continued to be squeezed. We anticipate that this yield premium should continue to drive demand
- In August we started to reduce our exposure to Jupiter Second Split Zeros following the manager's decision to decrease his cash balance
- Over the quarter we increased our exposure to the senior Utilico Finance 2012 zeros and reduced our exposure to the subordinated Utilico Finance 2014 zeros on tight spreads
- We continue to look for opportunities to increase our allocation to the sub sector but only where we deem the risk return suitable

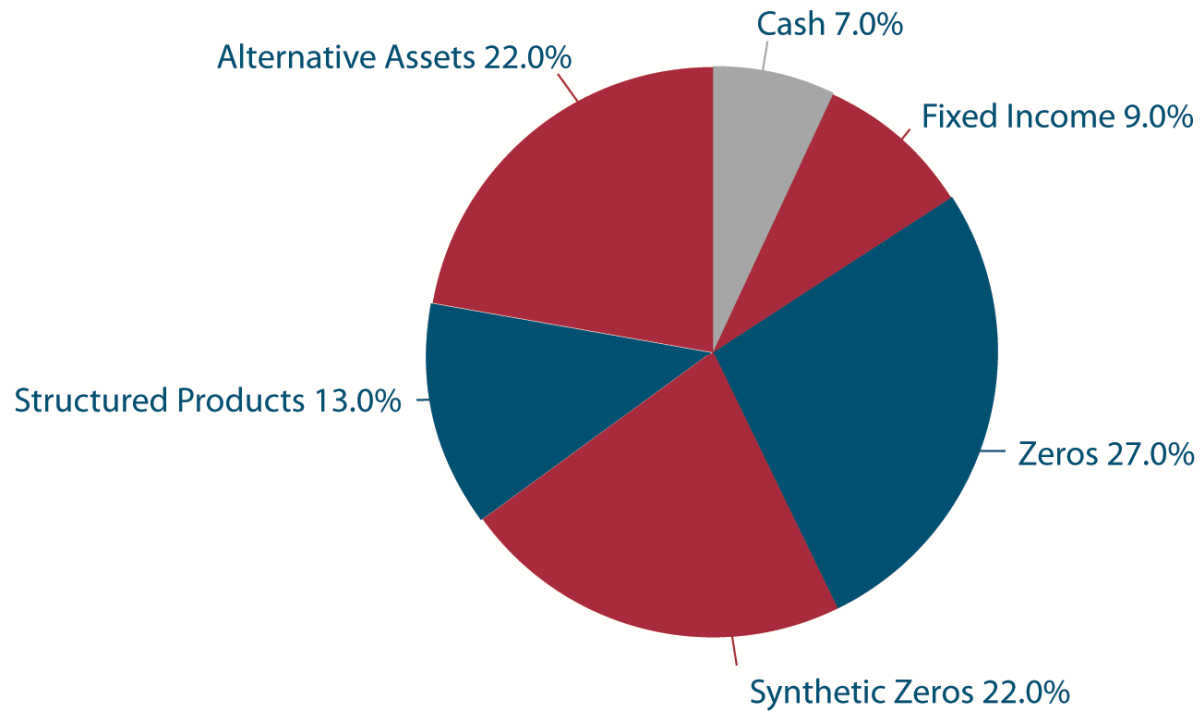
Structured Products

- The structured products sub sector provided positive returns as equity markets rallied. Our current selection of structured products is exhibiting lower price volatility than before, a targeted characteristic
- Early redemption of two structured products (autocalls) reduced exposure to this sub-sector
- In July we purchased a new short dated defensive Barclays Synthetic Zero. At the time of increasing our exposure, the holding would return a yield of 4.4% providing the FTSE 100 does not fall over 60%, We increased the position on a similar yield and on a higher cover in August
- In August we purchased a new defensive Barclays FTSE Lock-in Zero. At purchase, this holding would return a yield of c.6% per annum provided the FTSE 100 does not fall over 53%
- Most recently in September we added to our holding of the Societe Generale Synthetic Zero 2013 on a yield of 6.5%. At purchase this product would redeem at its full entitlement provided the FTSE 100 doesn't fall 46% by maturity

Alternatives

- With equity and bond markets rallying over the quarter Net Asset Value (NAV) performance across the listed fund of hedge fund sector has been positive
- Discounts typically remained stable over the quarter, with particular investments assisted by continued corporate activity in the form of buybacks
- Shareholders of MW Tops Limited, one of our largest alternative exposures, voted to reconstruct and wind up the company following the EGM on 30th June 2010. We elected to exit the investment at Net Asset Value
- With another round of continuation votes on the horizon, some attractive profiles remain, offering a potential catalyst for discounts to tighten

Asset Allocation



Source: Premier Fund Managers Limited. Data as at 30th September 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 risk-free rates
- Utilise fixed income investments to enhance cash returns
- Look to protect NAV performance against spikes in volatility
- Diversify underlying holdings

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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