Fund Manager Quarterly Review

Reporting Period: Q2 2011

19 July 2011

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Performance to 30 June 2011

	3m	6m	1yr	Since 13th May 2008	Volatility*
Sentinel Defensive Fund	1.05%	2.07%	8.28%	8.34%	2.50%
3 Month GBP LIBOR + 1%	0.46%	0.90%	1.77%	9.04%	0.02%**
FTSE Government All Stocks	2.47%	1.66%	3.13%	21.70%	5.77%
FTSE 100	1.58%	2.70%	24.90%	7.89%	11.53%

Source: Financial Express Analytics. Data to 30th June 2011. Taken on a bid to bid, total return, UK sterling basis. Data taken on 1st July 2011. Past performance is not a guide to future returns.*Annualised ratios taken from monthly returns from 30th June 2010 to 30th June 2011.** 3 Month GBP LIBOR volatility.

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Discrete Performance

Discrete Quarterly Performance	30-Jun-11	31-Mar-11	31-Dec-10	30-Sept-10	30-Jun-10
Sentinel Defensive Fund	1.05%	1.01%	2.48%	3.51%	-2.38%
Benchmark (LIBOR +1%)	0.46%	0.45%	0.44%	0.43%	0.42%

Discrete Annual Calendar Performance	31-Dec-10	31-Dec-09	13-May-08 to 31-Dec-08
Sentinel Defensive Fund	6.72%	18.55%	-16.10%
Benchmark (LIBOR +1%)	1.70%	2.22%	4.08%

Source: Financial Express Analytics. Taken on a bid to bid, total return, UK sterling basis. Data taken on 1st July 2011. Past performance is not a guide to future returns

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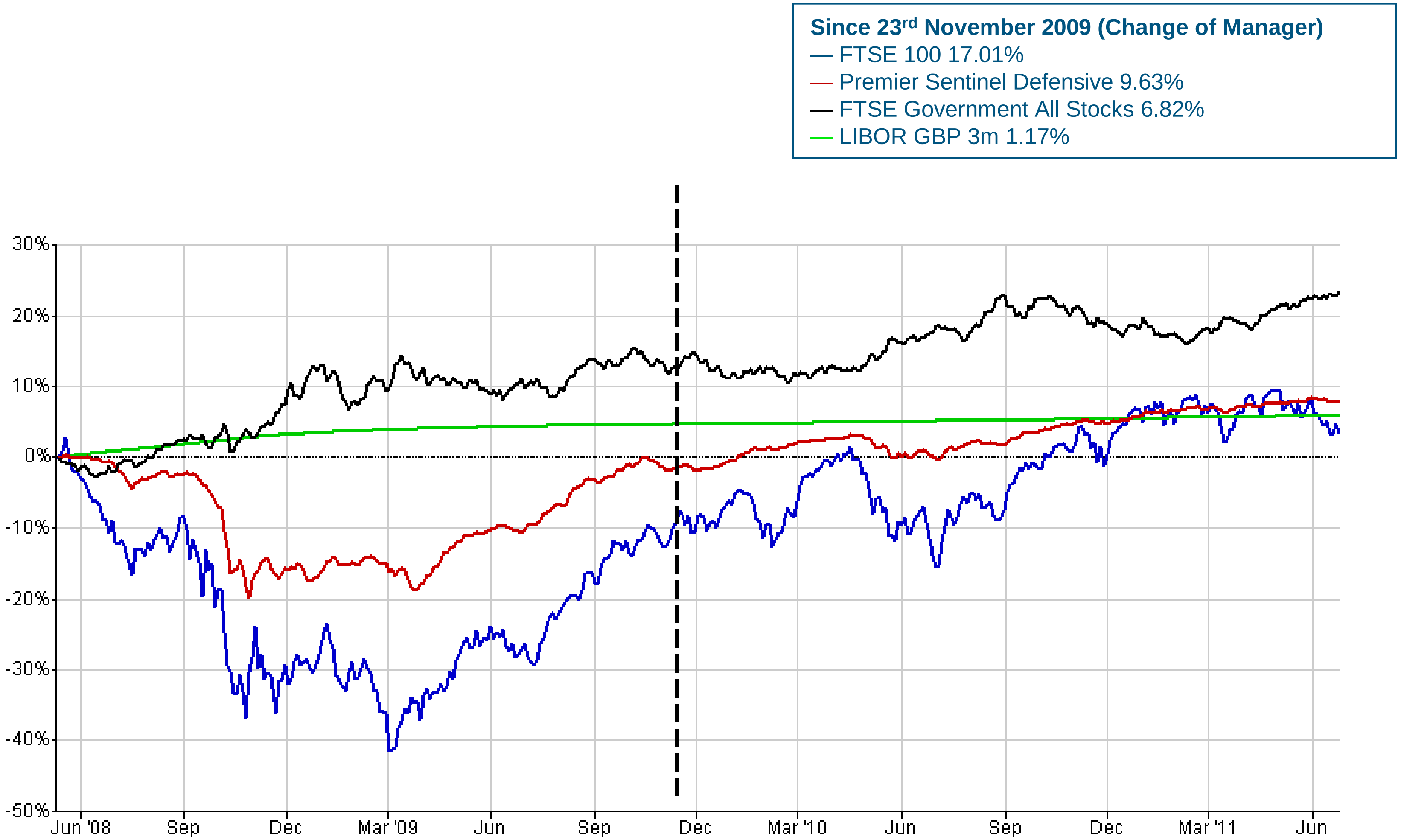
Performance Since Launch



Source: Financial Express Analytics. Data from 13th May 2008 to 30th June 2011. Taken on a bid to bid, total return, UK sterling basis. Data taken on 1st July 2011. Past performance is not a guide to future returns. Since change of management performance taken on 1st July 2011, data taken from 23rd November 2009 to 30th June 2011.

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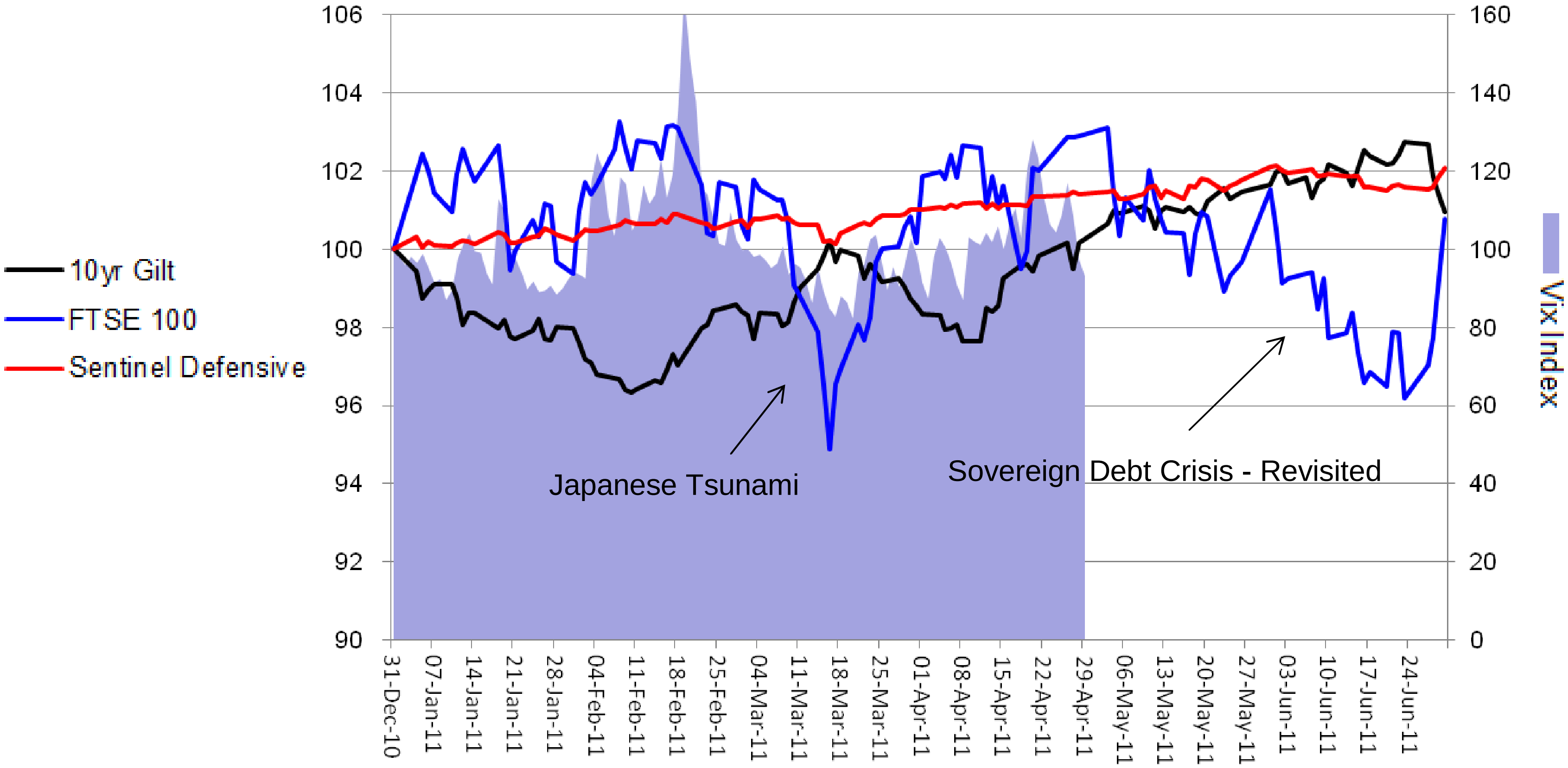
Uncertain Times



Source: Bloomberg. Data taken on 12th April 2011. Indices rebased at 100 on 31st December 2010

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Transactions

Settlement Date	BUY/ SELL	Holding	Quantity	Price	Currency	Consideration	Notes
14-Apr-11	BUY	HSBC FRN 10/09/2012	250,000	100.74	GBP	251,857.50	Spread for Life +17.3bp; Discount Margin 18.04bp. Quarterly LIBOR +70bp
14-Apr-11	BUY	JP Morgan Private Equity Limited Zero 2013	200,000	65.25	GBP	130,500.00	GRY = 5.22%pa, Cover 2.49x. Senior Zero, 2.21yrs to Maturity
15-Apr-11	BUY	Utilico Finance Limited 2012 ZDP	35,000	165.75	GBP	58,012.50	Senior, Short Dated, Defensive Zero; GRY = 4.40%, Cover = 3.61x
18-Apr-11	BUY	JP Morgan Private Equity Limited Zero 2013	250,000	65.25	GBP	163,125.00	GRY = 5.23%pa, Cover 2.49x. Senior Zero, 2.20yrs to Maturity
21-Apr-11	BUY	M&G High Income Trust Zeros	400,000	76.75	GBP	307,000.00	GRY=8.16%, 1.01x Cover; 5.90Yrs. 9.5% Accrual Rate, -7.7% Hurdle to current price. Equity market responsive although price protected by the high accrual.
21-Apr-11	BUY	F&C Private Equity Zeros	400,000	122.75	GBP	491,000.00	GRY= 5.85%, 2.45x Cover, 3.65yrs to Maturity
26-Apr-11	BUY	Electra Private Equity CULS 5% 29/12/2017	175	1107.50	GBP	193,812.50	Yield= 3.02%; 2.39x Cover; Parity 834; Premium 32.77%
27-Apr-11	BUY	SocGen FTSE Synthetic Zero 2013 (SZ16)	8,178	61.25	GBP	500,902.50	GRY = 5.71%, Cover 1.58x, 2.7 yrs remaining
27-Apr-11	BUY	UBS FRN 28/09/12	700,000	100.51	GBP	703,584.00	Spread for Life = +29.25bps, Discount Margin = + 29.95bps
21-Apr-11	BUY	Call FTSE 100 16/09/2011, 6000 strike	40	230.00	GBP	92,000.00	Buying to hedge against volatility spikes. Bought with UBS FRN to create a structured product return profile.
28-Apr-11	BUY	Electra Private Equity ZDP Shares	75,000	117.00	GBP	87,750.00	GRY = 5.38%, Cover 3.31x
26-Apr-11	SELL	Short Gilt Future June 11	30	108.24	GBP	3,247,200.00	Increasing Gilt Hedge. (10yr Gilt 3.51%; 2Yr Gilt 1.105%)
28-Apr-11	BUY	HSBC EPRA Synthetic Zero 2015	110,000	112.40	GBP	123,640.00	GRY= 4.64%, 2.54x Cover, 4.61yrs
4-May-11	BUY	EcoFin Water & Power 6% 31/05/2016 CULS	200,000	105.00	GBP	210,000.00	GRY = 4.87%, 2.34x Cover. Premium 38.34%, Parity 74.14% Spread = +230.5bp
4-May-11	BUY	M&G High Income Trust Zeros	200,000	76.75	GBP	153,500.00	GRY=8.2%, 1.03x, 5.88yrs. Equity market responsive although price protected by the high accrual.
6-May-11	BUY	Morgan Stanley FTSE Synthetic Zero (Accrual) 2014	450,000	102.81	GBP	462,645.00	4.87% GRY, 2.01x Cover, 2.91yrs Life. Capital at risk if FTSE 100 drops below 3000 at maturity. Growth accrues providing FTSE 100 is between 3000-8000, growth stops temporarily if FTSE trades outside of this range
09-May-11	SELL	EIB 2.65% 16/04/2020 Index Linked	300,000	159.80	GBP	479,412.00	Spread = + 38bps, 12.0% total return since March 2010 (10.2%pa)
11-May-11	BUY	Electra Private Equity CULS 5% 29/12/2017	200	1105.00	GBP	221,000.00	3.34% YTM. 2.39x capital cover. Conversion Price is 2,050. Parity 845.85; Premium 28.48%. Dirty Priced
19-May-11	BUY	Utilico Finance Limited 2012 ZDP	75,000	166.50	GBP	124,875.00	Senior, Short Dated, Defensive Zero; GRY = 4.37%, Cover = 3.58x
20-May-11	BUY	EcoFin Water & Power 6% 31/05/2016 CULS	400,000	104.25	GBP	417,000.00	GRY = 4.50%, 2.34x Cover. Premium 50.53%, Parity 70.08% Spread = +267.82bp
31-May-11	BUY	HSBC FTSE Synthetic Zero 2014	1,000,000	100.00	GBP	1,000,000.00	4.69% GRY; 2x Cover; 3yrs Life. If barrier is breached at maturity (50% of initial) final return equals index return. HSBC (AA Rated)
2-Jun-11	BUY	Long Gilt Future June 11	5	122.01	GBP	610,050.00	Rolling Gilt Futures - Spread= 1.28
2-Jun-11	SELL	Long Gilt Future Sept 11	5	120.73	GBP	603,650.00	Rolling Gilt Futures - Spread= 1.28

Source: Premier Fund Managers Limited

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Transactions Continued

Settlement Date	BUY/ SELL	Holding	Quantity	Price	Currency	Consideration	Notes
2-Jun-11	BUY	Short Gilt Future June 11	80	108.77	GBP	8,701,600.00	Rolling Gilt Futures - Spread= 1.44
2-Jun-11	SELL	Short Gilt Future Sept 11	100	107.33	GBP	10,733,000.00	Rolling Gilt Futures - Spread= 1.44, Increased duration hedge. 10yr Gilt 3.25%
6-Jun-11	BUY	EcoFin Water & Power 6% 31/05/2016 CULS	200,000	103.90	GBP	207,800.00	Dirty Priced. 5.14% YTM; 2.13x Cover; Parity 72.11; Premium 43.99%
6-Jun-11	SELL	Rabobank 4.625% 31/05/2012	250,000	103.15	GBP	257,882.50	Yield = 1.375%, 1.48% Money Market Return since purchase at the end of October.
6-Jun-11	BUY	Barclays FTSE 100 10% Defensive Autocall	400,000	113.89	GBP	455,560.00	5.06% GRY to next call (25th June 2012), 15.48% Headroom to next call. 57.7% Headroom above barrier. Callable 2012 Trigger 100%, 2014 Trigger 85%; 2016 Trigger 50%
8-Jun-11	BUY	Utilico Finance Limited 2014 ZDP	100,000	142.75	GBP	142,750.00	GRY = 4.77%pa Cover 2.25x; 3.4yrs to maturity
8-Jun-11	BUY	Electra Private Equity CULS 5% 29/12/2017	50	1115.00	GBP	55,750.00	3.40% YTM. 2.39x capital cover. Conversion Price is 2,050. Parity 845; Premium 29.24%. Dirty Priced
10-Jun-11	BUY	Nomura FTSE Synthetic Zero 2014	800,000	100.00	GBP	800,000.00	5.52% GRY; 2x Cover; 3yrs Life. If barrier is breached at maturity (50% of initial) final return equals index return. Issued by Nomura Bank International Plc, senior unsecured (A- Rated, S&P)
10-Jun-11	BUY	HSBC FTSE Synthetic Zero 2014	500,000	100.50	GBP	502,500.00	4.56% GRY; 2x Cover; 3yrs Life. If barrier is breached at maturity (50% of initial) final return equals index return. HSBC (AA Rated)
13-Jun-11	BUY	GE 6.125% 17/05/12	500,000	103.93	GBP	519,660.00	Yield = 1.80%, Spread = + 124 bps
13-Jun-11	BUY	Edinburgh Dragon 3.5% 31/01/2018 CULS	150,000	103.75	GBP	155,625.00	Dirty Priced. 2.88% YTM; 9.56x Cover; Parity 77.86; Premium 34.53% - Far East exposure (except Australia and Japan)
15-Jun-11	BUY	Santander 3yr HPI Linked Note	200,000	100.00	GBP	200,000.00	Hedge against falls in house prices. . Max return 52.5% (required index fall 17.5%), Wipe-out in event of a 33.33% gain in the index. Isssuer: Santander (AA Rated by S&P)
17-Jun-11	SELL	Marks & Spencer 6.375% 07/11/2011	300,000	101.77	GBP	305,310.00	Yield= 1.76%, +112bps. 2.88% Money market return
17-Jun-11	BUY	ELDeRS 16A Shares First Rollover	129,800	163.75	GBP	212,547.50	0.52% uplift to next call (23rd June - next week), -10.9% headroom, -46.5% barrier headroom.
20-Jun-11	BUY	F&C Private Equity Zeros	40,000	127.75	GBP	51,100.00	4.92% GRY, 2.74x Cover, 3.49yrs to matuity
22-Jun-11	BUY	Utilico Finance Limited 2012 ZDP	60,000	167.50	GBP	100,500.00	Senior, Short Dated, Defensive Zero; GRY = 4.19%, Cover = 3.51x
22-Jun-11	BUY	Utilico Finance Limited 2012 ZDP	50,000	167.50	GBP	83,750.00	Senior, Short Dated, Defensive Zero; GRY = 4.19%, Cover = 3.51x
27-Jun-11	SELL	HSBC EPRA Synthetic Zero 2015	685,000	116.00	GBP	794,600.00	GRY= 4.06%, 2.54x Cover. 27.16% growth in EPRA Index since launch. Cover improved from 2x at launch. 4.45yrs remaining and therefore not an attractive return vs a HSBC bond given the additional risk taken.
23-Jun-11	BUY	Call FTSE 100 16/09/2011, 6000 strike	40	52.50	GBP	21,000.00	Maintaining market exposure following the redemption of two autocalls. Cash from autocalls expected to be returned in two weeks.

Source: Premier Fund Managers Limited

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Zero Dividend Preference Shares

- Zeros steadily pushed ahead over the quarter despite heightened volatility in both credit and equity markets.
- Asset cover on zeros remains healthy and they are therefore less responsive to small market movements.
- Demand for zeros remains strong as the zero universe shrinks.
- Edinburgh New Income zeros redeemed at their full final entitlement at the end of May. We have continued to add to our largest exposures, JP Morgan Private Equity 2013 zeros and Utilico 2012 zeros. Both are short dated and have significant cover and should generate steady capital returns.
- We are increasingly confident in F&C Private Equity zeros. In particular we are more confident that the company has liquid and fairly valued assets.

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Structured Products and Synthetic Zeros

- Our selection of structured products and synthetic zeros provided a positive return over the quarter despite equity market volatility.
- Synthetic zeros continue to offer a defensive profile with equity markets needing to fall significantly for their final entitlements to be ‘at risk’.
- Autocalls continue to offer a similarly defensive profile to their full entitlement at maturity, however, also offer the possibility of early redemption.
- Our defensive structures insulated the Fund from sharp equity market movements during the quarter, however, with credit spreads widening on the back of sovereign debt concerns, our holdings were, at points, adversely affected.
- We continue to monitor the credit metrics of the issuing banks, we have no direct exposure to peripheral European countries.
- Over the quarter, three autocalls redeemed providing attractive uplifts to the Fund.
- We reinvested these proceeds predominately into synthetic zeros as these offered attractive returns following the widening in credit spreads.

Alternatives

- The alternative sub sector held its ground over the quarter, however, stock specific performances were varied.

- Over the quarter we were disappointed by the continuation resolutions of Dexion Equity Alternative. Particularly disappointing was the lack of urgency in addressing the substantial discount on which it trades, particularly due to the liquidity of the underlying holdings. A change in investment objective and policy has provided one more year in which to address its discount.

- Following the failure of FRM Credit Alpha's continuation vote last year, where we and other shareholders voted against the proposal, just over half of our exposure has now been repaid at net asset value. The remainder of our exposure is being liquidated and will be distributed at a later date. This holding was trading on a 24% discount to net asset value this time last year.

- Of particular note, Burford Capital continues to benefit from the success of its shorter dated litigation suits and favourable media coverage. Similarly, Brevan Howard Macro Limited has provided steady positive returns, benefitting from the recent market turmoil.

Fixed Income

- Over the quarter we added to our holdings of Electra Private Equity CULS and EcoFin Water & Power CULS, whilst we also bought a new holding in Edinburgh Dragon CULS.
- All offer a high degree of capital protection and attractive return profiles, particularly if the underlying equity performs.
- We continue to maintain exposure to more traditional fixed income exposure as a risk control measure. Through trading, we have been able to continue to produce above benchmark returns with significantly less risk.
- We sold our EIB index linked bond on a 12.0% total return since March 2010.
- We bought a Rabobank bond in October on a yield of 1.375% and sold in June making a return of 1.48%.
- We bought a Marks & Spencer bond in August 2010 on a yield of 2.6% and sold it in June generating a return of 2.88%.

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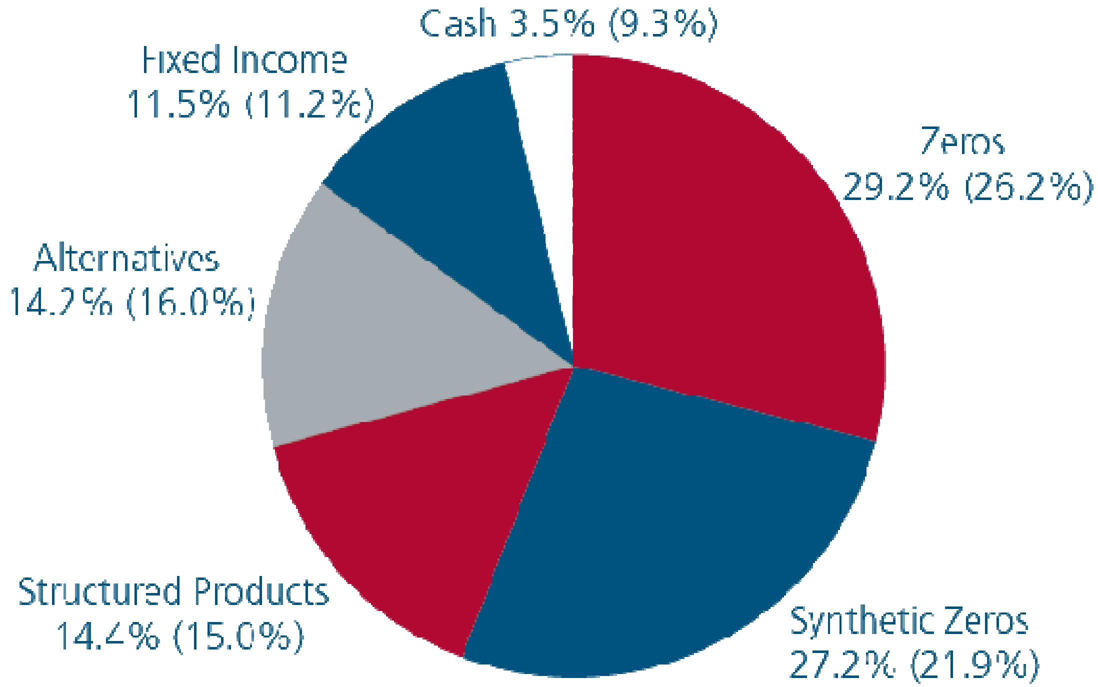
Asset Allocation



Source: Premier Fund Managers Limited. Data as at 30th June 2011 and 31st March 2011 in brackets.

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Outlook and Anticipated Changes

- Maintain exposure to holdings with built in capital growth
- Control the duration of the Fund and protect against rising risk-free rates
- Look to protect NAV performance against spikes in volatility
- Continue to utilise fixed income investments to enhance cash returns
- Despite the potential headwinds of rising interest rates, particularly in this low rate environment, we have looked to position the Fund to achieve steady capital growth

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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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