Fund Manager Quarterly Review

Reporting period: Q3 2011

30 September 2011

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Performance to 30 September 2011

	3m	6m	1yr	Since 13th May 2008	Volatility*
Sentinel Defensive Fund	-3.59%	-2.57%	0.85%	4.45%	3.50%
3 Month GBP LIBOR + 1%	0.47%	0.92%	1.81%	9.52%	0.02%**
FTSE Government All Stocks	8.26%	10.93%	7.76%	31.74%	5.76%
FTSE 100	-12.93%	-11.56%	-4.41%	-6.07%	12.58%

Source: FE Analytics. Data to 30 September 2011. Taken on a bid to bid, total return, UK sterling basis. Data taken on 3 October 2011. *Annualised ratios taken from monthly returns from 30 September 2010 to 30 September 2011. ** 3 Month GBP LIBOR volatility. Past performance is not a guide to future returns.

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Discrete Performance

Discrete Quarterly Performance	30 Sept 11	30 Jun 11	31 Mar 11	31 Dec 10	30 Sept 10
Sentinel Defensive Fund	-3.59%	1.05%	1.01%	2.48%	3.51%
3 Month GBP LIBOR + 1%	0.47%	0.46%	0.45%	0.44%	0.43%

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%
3 Month GBP 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 3 October 2011. Past performance is not a guide to future returns

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Performance Since Launch

Since 23rd November 2009 (Change of Manager)
— FTSE Government All Stocks 15.64%
— Premier Sentinel Defensive 5.70%
— FTSE 100 1.88%
— LIBOR GBP 3m 1.39%

Source: FE Analytics. Data from 13 May 2008 to 30 September 2011. Taken on a bid to bid, total return, UK sterling basis. Data taken on 3 October 2011. Since change of management performance taken on 3 October 2011, data taken from 23 November 2009 to 30 September 2011. Past performance is not a guide to future returns.

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Transactions

Settlement Date	BUY/ SELL	Holding	Quantity	Price	Currency	Consideration	Notes
5-Jul-11	SELL	Call FTSE 100 16/09/2011, 6000 strike	30	149.0000	GBP	44,700.00	Reducing position following market rally
8-Jul-11	BUY	Alternative Investment Strategies Hedged Ord	200,000	111.75	GBP	223,500.00	Topped up on a 13.2% discount to 24th June NAV (128.79). Buying cheaper than when we sold in Feb at 112p. NAV appreciation expected following market rally so we anticipate we are actually buying on a larger discount. Company have demonstrated a willingness to maintain a buyback programme which should aid discount control.
8-Jul-11	BUY	Brevan Howard Global GBP Ord	30,000	1114.0000	GBP	334,200.00	Bought at a 8.7% discount to 24th June NAV (1220p). 41% Invested in the BH Master Fund (trading on a 4% discount), 13.2% BH Credit Catalyst (trading on a 4% premium); 12.3% BH Emerging Markets Strategy, 9.7% BH Asia, 8.8% BH Strategic Opps; 6.0% BH Systematic Trading; 5% BH Equity Strategies; 1.8% BH Commodities Strategies; Rest is cash. Cheap access to steady Funds, several of which trade on small discounts or premiums.
11-Jul-11	BUY	Brevan Howard Global GBP Ord	15,000	1105.0000	GBP	165,750.00	Bought at a 8.6% discount to 30th June NAV (1209p).
13-Jul-11	BUY	Utilico Finance Limited 2012 ZDP	160,000	167.7500	GBP	268,400.00	Senior, Short Dated, Defensive Zero; GRY = 4.38%, Cover = 3.51x
13-Jul-11	BUY	JZ Capital Partners Zero	31,000	288.5000	GBP	89,435.00	GRY= 5.10%, Cover 5.24x.
29-Jul-11	BUY	Morgan Stanley FTSE Synthetic Zero (Accrual) 2014	250,000	103.7800	GBP	259,450.00	GRY= 4.91%, 1.95x Cover, 2.69yrs to maturity. Capital protected over 3000, Growth Accrues between 3000 and 8000.
20-Jul-11	BUY	SG76 FTSE 100 Societe Generale Zero Coupon Certificate	150	1492.0000	GBP	223,800.00	GRY= 4.39%, 1.95x Cover, 2.34yrs to maturity
05-Aug-11	BUY	Nomura FTSE Synthetic Zero 2014 (6654)	250,000	100.80	GBP	252,000.00	GRY= 5.50%, 1.96x Cover, 2.86yrs to maturity.Taking advantage of widening in credit spreads and fall in equity markets
25-Jul-11	SELL	Dexion Equity Alternative	200,000	1.1188	GBP	223,750.00	Concern over potential changes in investment policy, increased concentration, equity responsive and lack of address towards discount to NAV
28-Jul-11	BUY	Cayenne Trust 3.25% CULS 31/07/2016	100,000	104.5000	GBP	104,500.00	Dirty Priced. 2.30% YTM; 4.80x Cover; Parity 88.40; Premium 18.22%
28-Jul-11	BUY	Utilico Finance Limited 2012 ZDP	125,000	167.8750	GBP	209,843.75	Senior, Short Dated, Defensive Zero; GRY = 4.36%, Cover = 3.51x
29-Jul-11	BUY	Jupiter Second Split Trust Zero	500,000	34.200	GBP	171,000.00	GRY = 5.10% after all costs. Still 65% cash although significant currency positions (Short JPY etc)
29-Jul-11	BUY	Jupiter Second Split Trust Zero	500,000	34.125	GBP	170,625.00	GRY = 5.17% after all costs. Still 65% cash although significant currency positions (Short JPY etc)
10-Aug-11	SELL	M&G High Income Trust Zeros	80,000	78.75	GBP	63,000.00	GRY=8.29%, 1.04x (0.97x live estimate) Cover; 5.61Yrs. Price has been relatively stable despite recent markets falls - potential for price correction
10-Aug-11	SELL	JP Morgan Private Equity 2015 Zero	75,000	68.25	GBP	51,187.50	GRY = 5.81% GRY, 1.85x Cover. Longer dated, junior ranking P/E holding, reducing risk
10-Aug-11	BUY	Aberforth Geared Income Trust Plc Zero 2017	2,220,000	114.000	GBP	2,530,800.00	5.89% GRY, 1.65x Cover, 5.89yrs to Maturity. Participating in the placing at 114p, quote 116 - 118
10-Aug-11	SELL	Premier Energy & Water Trust Zero	140,476	180.00	GBP	252,856.80	GRY 4.91% pa, Cover 1.33x - reducing exposure
11-Aug-11	SELL	UBS FRN 28/09/12	700,000	100.24	GBP	701,680.00	Raising cash for investments in higher return investments now yields are higher.
12-Aug-11	SELL	JP Morgan Private Equity 2015 Zero	114,294	67.25	GBP	76,862.72	Reducing exposure to subordinated zero. 6.13% GRY, 1.85x Cover (pre equity market fall).
15-Aug-11	SELL	M&G High Income Trust Zeros	100,000	77.50	GBP	77,500.00	GRY=8.62%, 0.94x Cover; 5.59Yrs.
17-Aug-11	SELL	Aberforth Geared Income Trust Plc Zero 2017	30,000	114.360	GBP	34,308.00	5.88% GRY, 1.65x Cover
19-Aug-11	BUY	Morgan Stanley 6Y FTSE 100 5.75% Autocall	250,000	97.24	GBP	243,100.00	85% Trigger Level in Year 1. Trigger drops 5% per year to 60% in Year 6. European Barrier at 60%. Coupon increases 5.75% per year if not called. 8.75% Uplift to next call (12th March 2012 if FTSE is above 4954), 15.2% GRY to call. -5.67% Hedroom to next call, -33.41% barrier to maturity. 5.63yrs to maturity.
19-Aug-11	SELL	Aberforth Geared Income Trust Plc Zero 2017	500,000	113.750	GBP	568,750.00	6% GRY, 1.45x Cover, 5.86yrs. The holding has fallen 0.25 pence from the recent placing price (114p). The FTSE 100 has fallen 7% since the publication of the prospectus and our commitment to the placing.

Source: Premier Fund Managers Limited

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Transactions Continued

Settlement Date	BUY/ SELL	Holding	Quantity	Price	Currency	Consideration	Notes
22-Aug-11	BUY	RBS FTSE Synthetic Zero 2014	10,500	100.00	GBP	1,050,000.00	Underlying FTSE 100; 2x Cover at issuance, 3yrs Maturity. European Barrier. RBS Credit Exposure (AA- Rated by Fitch; A Rated S&P; A1 Rated Moodys). Taking advantage of increased volatility, lower equity markets, wider credit spreads. 19.15% growth is returned even if FTSE falls 100%.
23-Aug-11	BUY	Utilico Finance Limited 2012 ZDP	98,188	169.000	GBP	165,937.72	4.09% GRY, 3.39x Cover, 1.2yrs
24-Aug-11	SELL	Electra Private Equity CULS 5% 29/12/2017	75	1075.0000	GBP	80,625.00	Traded dirty, Premium = 54.%, Parity = 693.17
24-Aug-11	BUY	Long Gilt Future Sept 11	5	128.59	GBP	642,950.00	Rolling Gilt Futures - Spread= 1.30
24-Aug-11	SELL	Long Gilt Future Dec 11	5	127.29	GBP	636,450.00	Rolling Gilt Futures - Spread= 1.30
26-Aug-11	BUY	RBS FTSE Synthetic Zero 2014	3,000	98.10	GBP	294,300.00	GRY= 6.74% 1.82x Cover, 2.98 Yrs to Maturity
1-Sep-11	SELL	HSBC FRN 10/09/2012	250,000	100.38	GBP	250,950.00	Discount Margin 33.46bp (1.217%), spread for life 33.15bps
1-Sep-11	SELL	GE 6.125% 17/05/12	500,000	102.65	GBP	513,250.00	Raising cash for investments in structured products given credit weakness
1-Sep-11	SELL	Electra Private Equity CULS 5% 29/12/2017	25	1075.0000	GBP	26,875.00	Traded dirty, Premium = 51.77%, 6.32yrs life, 3.81% Yield, 2.81 cover. It has held up well during the downturn, selling to reinvest into more attractive return profiles
02-Sep-11	SELL	FRM Credit Alpha Part Pref GBP	15,000	71.050	GBP	10,657.50	traded at discount of 16.41% to NAV of (19/08/11)
05-Sep-11	SELL	FRM Credit Alpha Part Pref GBP	5,000	71.000	GBP	3,550.00	traded at discount of 16.47% to NAV of (19/08/11)
05-Sep-11	BUY	JP Morgan Private Equity 2013 Zeros	100,000	68.000	GBP	68,000.00	3.87% GRY, 2.54x Cover, 1.82yrs life
5-Sep-11	BUY	Short Gilt Future Sept 11	100	108.0372660	GBP	10,803,726.60	Rolling Gilt Futures
5-Sep-11	SELL	Short Gilt Future Dec 11	100	105.1581330	GBP	10,515,813.30	Rolling Gilt Futures
06-Sep-11	SELL	FRM Credit Alpha Part Pref GBP	25,000	71.000	GBP	17,750.00	traded at discount of 16.47% to NAV of (19/08/11)
07-Sep-11	BUY	JZ Capital Partners Zero	75,000	290.000	GBP	217,500.00	5.2% GRY, 5.24x Cover, 4.8yrs life
08-Sep-11	BUY	Symphony FTSE Synthetic Zero 2013	200,000	128.800	GBP	257,600.00	7.91% GRY, 1.3x Cover, 2yrs life
08-Sep-11	SELL	FRM Credit Alpha Part Pref GBP	5,000	66.000	GBP	3,300.00	traded at discount of 22.35% to NAV of (19/08/11)
9-Sep-11	BUY	Rabobank FTSE Synthetic Zero 2017	9	100.00	GBP	450,000.00	GRY 4.75%, 1.67x cover; 6 year life. European Barrier. If barrier is breached return is final entitlement minus the index return. Rabobank credit rating Moody's Aaa; Fitch AA+; S&P AAA
12-Sep-11	BUY	Put FTSE 100 16/12/2011, 5000 strike	60	301.8000	GBP	181,080.00	Reducing Beta of the Fund
13-Sep-11	SELL	Electra Private Equity CULS 5% 29/12/2017	15	1075.0000	GBP	16,125.00	Dirty Priced. 3.83% YTM, 6.3yrs life. 2.82x Cover, 667.8 Parity, 59.46% Premium
20-Sep-11	BUY	JZ Capital Partners Zero	115,000	290.625	GBP	334,218.75	5.19% GRY, 5.25x Cover, 4.76yrs
26-Sep-11	BUY	Morgan Stanley FTSE Synthetic Zero (Accrual) 2014	250,000	95.6200	GBP	239,050.00	Topping Up Holding. Still Comfortably within 3000-8000 range. GRY=8.69%, Cover = 1.7x
30-Sep-11	BUY	UBS 6Y FTSE 100 8.7% Autocall	500,000	100.000	GBP	500,000.00	8.7% Snowballing Return; Barriers at 100%,100%,90%,80%,70%,60%. UBS Rated A+ (S&P/Fitch), Aa3 (Moody's)
30-Sep-11	BUY	UBS FTSE Synthetic Zero 2016	250,000	100.000	GBP	250,000.00	6.6% GRY, 1.67% Cover, 5yr Life. UBS Rated A+ (S&P/Fitch), Aa3 (Moody's). 60% European Barrier (F/I if breached).
27-Sep-11	SELL	ELDeRS 28A - Capital Accumulation 6 Shares	290,000	122.250	GBP	354,525.00	Selling our only Bank of America/Merrill Lynch exposure following their short term ratings downgrade by Moody's. Reducing our structured product counterparty credit risk
26-Sep-11	BUY	City Natural Resources High Yield CULS 3.5% 2018	150,023	100.0000	GBP	150,023.00	Coupon = 3.5%, Conversion Price = 377.1848, 10% premium to the unaudited NAV per Ord (including income) of 342.8953 at COB 20/09/11. 7.02yrs life.

Source: Premier Fund Managers Limited

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Zero Dividend Preference Shares

- We continue to maintain a majority weighting in zeros with significant asset cover to provide a degree of protection when equity markets fall.

- Consequently over the reporting period, zeros have provided a defensive return insulating the Fund from equity market falls and volatility.

- Demand for zeros continues to remain strong. Despite a placing by Aberforth Geared Income Trust, issuing more 2017 zeros, and JP Morgan Private Equity, issuing another subordinate zero, the zero universe remains relatively small.

- EPIC Securities zeros redeemed at their full final entitlement at the end of July. We have continued to add to our largest short dated exposures Utilico 2012 zeros and JP Morgan Private Equity 2013 zeros. These zeros have significant cover and should generate steady capital returns.

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Structured Products and Synthetic Zeros

- With sovereign debt concerns persisting and growth slowing, financials were the hardest hit over the reporting period pushing credit spreads wider, a negative for structured products. Combined with equity markets falling and volatility reaching recent highs, this led to a cheapening in synthetic zeros and structured products.

- The majority of synthetic zeros that we hold have significant headroom to their barriers and as such, equity markets need to fall significantly for their final entitlements to be at risk; it was the credit concerns that threatened the final entitlements.

- Taking advantage of the cheaper prices, we purchased a number of synthetic zeros, adding a new RBS and Rabobank Synthetic Zero as well as a UBS Synthetic zero and an autocall (post rogue trade). We continue to seek defensive products with sizeable downside protection.

- For example, although Bank of America credit spread widened dramatically (CDS from 150 bps to over 400 bps during the quarter), our defensive autocall was called at its first call date due to initial downside protection, returning 4.70% over the quarter.

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Alternatives

- The Net Asset Value (NAV) performance of the alternative subsector suffered and the share price discount to NAV widened over the reporting period. Companies continue to remain under pressure to control their discounts, and we have seen share buybacks occur, which is beneficial to the share price and a positive sign for liquidity and management capabilities.

- Despite the falling markets, our Brevan Howard exposures provided a positive asset performance, and also the discount tightened over the period.

- The Fund’s exposure to alternatives has been significantly reduced over the last two years where we deemed it appropriate with the remaining holdings providing diversification benefits for the Fund.

- Towards the middle of September, we bought a FTSE 100 PUT option. This increased the defensive nature of the Fund, as overall risk had increased (high beta.)

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Fixed Income

- Convertible Unsecured Loan Stock (CULS) provide a high degree of capital protection with attractive return profiles; CULS held up very well during the recent sell off.
- We reduced our holding of the Electra 5% CULS, which held up well during the downturn and reinvested into City Natural Resources High Yield CULS which opened at a premium despite falling commodity prices.
- The majority of traditional fixed income holdings have been sold pre the recent spread widening. Our remaining Lloyds floating rate note performed poorly along with general financials.
- Asset diversification provided liquidity for the Fund despite bond markets being closed more than they were open during the period. This is highlighted by the higher levels of portfolio activity occurring this period when compared to previous periods.

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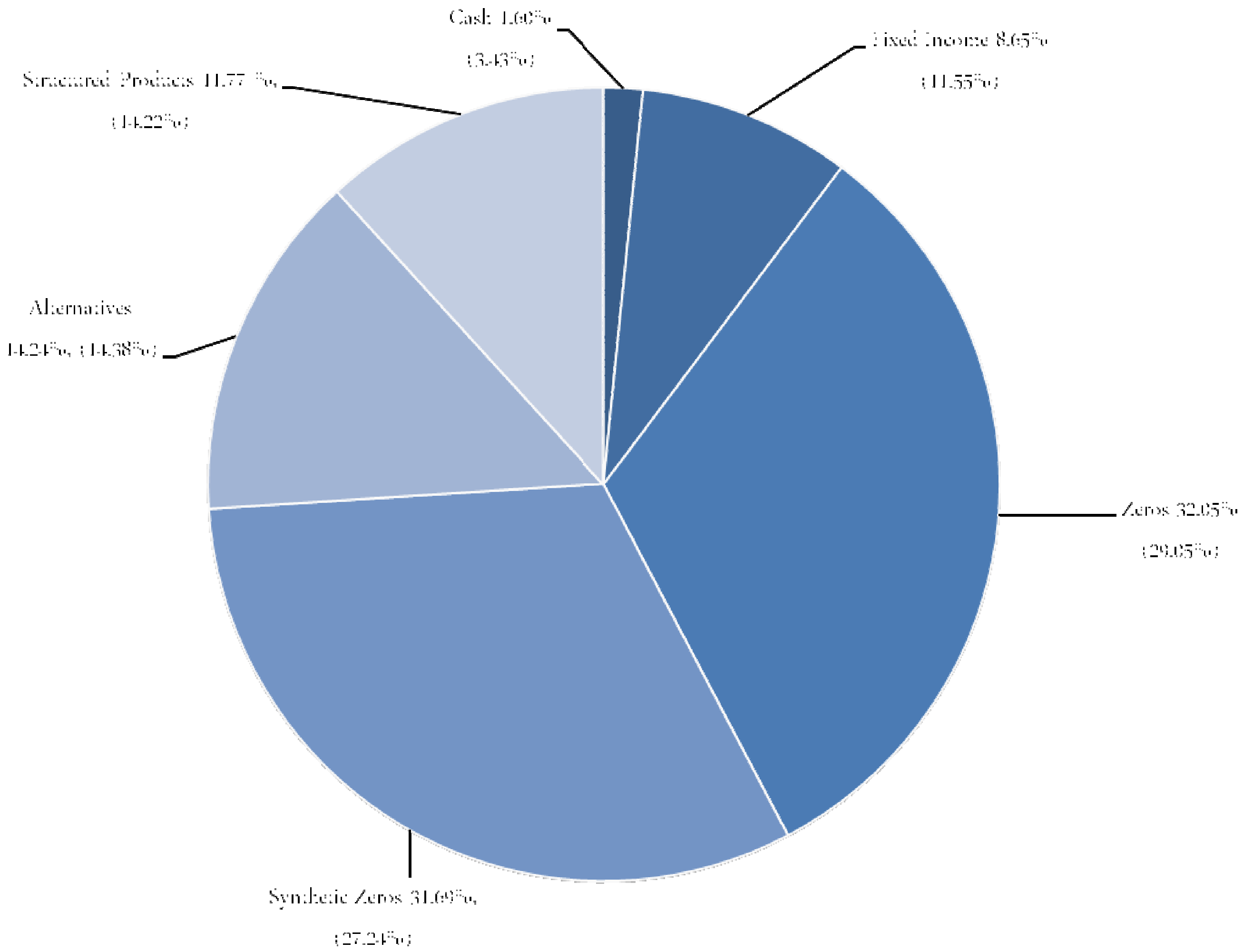
Asset Allocation



Source: Premier Fund Managers Limited. Data as at 30 September 2011.

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Outlook and Anticipated Changes

- Maintain a large weighting in investments with defensive qualities and built in capital growth.
- Continue to monitor duration effects on the Fund on a continual basis with the view to protect against rising risk-free rates.
- Invest in a wide range of asset classes, providing liquidity, diversification and enhanced cash returns.
- As a result the Fund will continue to be positioned with the aim of achieving steady capital growth with minimised levels of volatility.
- Despite the fall in the Fund this quarter, no impairments were incurred and the Fund’s return profile has accordingly increased as the majority of holdings have fixed entitlements and fixed lives.

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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.

Disclaimer

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