



To watch over and guard

| Fund Strategy |

To invest principally in a combination of zero dividend preference shares of quoted investment companies and securities which, in the Investment Adviser's opinion, are lower risk securities. The Fund may also invest in equities, units in collective investment schemes, fixed interest securities, money market instruments, structured products and other derivative instruments, deposits, warrants, cash and near cash. Investments may be made in immovable property typically through units in collective investment schemes and/or shares of property companies. The Fund may also invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective and policy of the Fund). Derivatives may be used by the Fund for both investment purposes and for the purposes of efficient portfolio management (including hedging).

| Fund Objectives |

To provide medium term capital growth from a portfolio of investments.

Performance Record



■ Sentinel Defensive TR [5.7]

09/05/2008 - 30/12/2011 Powered by data from FE

Discrete Annual Performance (%)

Share Type	2012(YTD)	2011	2010	2009	2008
Accumulation	-	-0.4	6.7	18.5	-

Discrete Annual Performance to Quarter End 31 December 2011 (%)

Share Type	31/12/2010 31/12/2011	31/12/2009 31/12/2010	31/12/2008 31/12/2009	31/12/2007 31/12/2008	31/12/2006 31/12/2007
Accumulation	-0.4	6.7	18.5	-	-

Cumulative Performance to 31 December 2011 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Accumulation	1.2	-2.4	-0.4	26.0	-

Quoted on a bid to bid, total return, UK Sterling basis. Past performance is not a guide to the future. The price of units and shares and the income from them may go down as well as up and you may get back less than you invested.

Source: Financial Express. 11/01/2012

| Key Fund Facts |

Fund Size:	£50.5m
Launch Date:	13 May 2008
Sector:	IMA Unclassified
Min. Investment:	£3,000 / £100pm

| Top 10 Holdings |

	%
FUT MAR 12 LIF SHORT GILT	20.88
UTILICO FIN.LTD RED ZDP SHS 31/10/2	6.88
JP MORGAN PRIV EQU RED PART PRF SHS	5.48
ABERFORTH GEARED I ZERO DIV PRF SHS	3.99
ACORN INCOME FUND ZERO DIV PRF SHS	3.97
SGA SOC GEN ACCEPT CERT 07/11/13(F1	3.95
F&C PRIVATE EQTY Z ZERO DIV PRF SHS	3.46
THE CAYENNE TRUST ORD GBP0.25	3.17
MORGAN STANLEY 0% IDX/LKD 27/03/201	3.15
HSBC BK CALL EUROPEAN WTS 16/05/14	2.96
TOTAL	57.89

| Asset Allocation |

	%
Zero Dividend Preference Shares	36.18
Synthetic Zeros	33.48
Alternative Assets	12.72
Structured Products	8.50
Fixed Income	8.11
Cash	1.01



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Fund developments and comments

Fund Information

Sentinel Defensive Fund Manager:
Paul Smith

The financial markets proved volatile in December, as the future of the Eurozone remained unclear and high sovereign and bank debt levels persisted. Despite the volatility in the financial markets, over a year, the Sentinel Defensive Fund carried less than a quarter the amount of volatility when compared to the FTSE 100 and significantly less volatility than UK government securities. Since the beginning of the third calendar quarter, LIBOR (the average

interest rate that leading banks in London charge when lending to other banks) has risen at a sharper rate. The increase in LIBOR is not due to the expectation of a rate rise in the UK base rate but rather due to the increased levels of concern over the banking system in Europe and globally.

The Monetary Policy Committee (MPC) unanimously voted in favour of maintaining the UK base rate at 0.50%. The MPC also voted universally to continue with the asset purchase program totalling £275 billion. The degree of exposure that the UK has to the success or failure of the Eurozone remains uncertain, and the fear of a double dip recession continues. Inflation remains high, however it is expected to fall back sharply over the first half of 2012.

Despite volatility, the equity markets provided a positive performance over the month. The Fund continues to maintain a greater weighting in zeros with significant asset covers. These well covered zeros offer a level of insulation against the unpredictable equity markets, providing more of a defined return. Consequently, zeros continue to perform and be in high demand given their defensive nature and significant yield over government securities. The pipeline of future zeros will help satisfy some of the demand for zeros but it is unlikely to halt the share price growth. Over the month we acquired a holding in the newly issued Acorn Income Fund Zero that matures in 2017. This zero was received well and its price has risen since issue.

The Fund continues to hold structured products across a variety of highly rated underlying issuers to help reduce counterparty risk. We realised gains on our holding of Cayenne Trust Convertible Unsecured Loan Stock (CULS) given that the price held up despite volatile financial markets and weak company performance.

The Sentinel Defensive Fund is positioned to be defensive at all times. We seek not to take more risk just because assets have become cheaper. On the contrary, the Fund provides diversification through its range of niche underlying sectors, limiting downside risk while achieving an absolute return. The known risks to this growth are rapidly declining equity markets, major bank defaults or sharply rising interest rates. These remain significant hurdles to most asset managers looking for growth. However, our defensive style and asset allocation to investments with a defined return mitigates these risks.

Annual Management Charge	1.50%
Initial Charge	5.27%
Accounting Dates	31 Jan, 31 Jul
Payment Dates	31 Mar, 30 Nov
Valuation Point	12 noon, daily
Sedol Code	Acc: B2Q46B2, Inc: B2Q4690
Share Class	Accumulation & Income
Published Price	www.thesentinel fund.co.uk
ISA eligible	Yes, stocks & shares

Investment Team

I Premier Asset Management Limited I

Premier is a privately owned, dynamic and progressive asset management company that designs and distributes innovative investments, predominantly through financial advisers. Via its FSA regulated subsidiaries, Premier Portfolio Managers Ltd and Premier Fund Managers Ltd, Premier manages a range of authorised UK and offshore funds as well as providing discretionary management services for retail and corporate clients.

I Paul Smith, Senior Investment Manager I

Paul has managed fixed income securities at Premier since 2006 and his responsibilities include the management of a number of open and closed end funds. In 2011, Paul was awarded the 'Investment Week Fund Manager of the Year Award' for the Money Market sector. He has a 1st class BA (hons) degree in Economics and an MA in Finance and Investment (with Distinction) from Exeter University.

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