



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 [0.1]

09/05/2008 - 30/06/2010 © Financial Express Holdings 2010

Discrete Annual Performance (%)

Share Type	2010(YTD)	2009	2008	2007	2006
Accumulation	0.6	18.5	-	-	-

Discrete Annual Performance to Quarter End 30 June 2010 (%)

Share Type	30/06/2009	30/06/2008	30/06/2007	30/06/2006	30/06/2005
Accumulation	11.7	-9.7	-	-	-

Cumulative Performance to 30 June 2010 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Accumulation	-2.4	0.6	11.7	-	-

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. 14/07/2010

| Key Fund Facts |

Fund Size:	£35.6m
Launch Date:	13 May 2008
Sector:	IMA Unclassified
Min. Investment:	£3,000 / £100pm

| Top 10 Holdings |

	%
JP MORGAN PRIVATE EQUITY LIMITED ZE	5.10
SHORT EXPOSURE TO LONG SEPT GILT FU	5.09
UTILICO 2012 ZERO	4.96
EPIC SECURITIES ZERO	4.77
BARCLAYS FTSE SYNTHETIC ZERO 2013	4.66
Cash	3.71
THE CAYENNE TRUST ORD	3.47
RABOBANK FTSE SYNTHETIC ZERO 2013	3.40
GOLDMAN SACHS FTSE 100 DIV INDEX CE	3.37
FRM CREDIT ALPHA PRF SHARES GBP	3.31
TOTAL	41.84

| Asset Allocation |

	%
Zero Dividend Preference Shares	28.10
Alternative Assets	23.69
Structured Products	20.05
Synthetic Zeros	18.59
Fixed Income	5.75
Cash	3.82



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Fund developments and comments

**Sentinel Defensive Fund Manager:
Paul Smith**

The Monetary Policy Committee maintained the UK base rate at 0.5% this month however for the first time since August 2008 one committee member voted in favour of a rate rise. The committee noted that near term inflation remained elevated and, despite some uncertainty, it was likely the spare capacity in the economy would weigh down on inflation in the medium term. The sterling LIBOR curve rose marginally over the month with 3 month LIBOR providing a return of

0.06%. Equity markets continued to exhibit high volatility and fell significantly in the second half of month following unsettling macroeconomic data. The FTSE100 returned -5.23% over the month whilst the Sentinel Defensive Fund returned -0.53%.

The zero sub sector continued to experience weakness at the start of June as sellers came to the market to realise capital gains prior to the emergency budget. We increased our exposure to this sub sector as the yields became increasingly attractive. The emergency budget resulted in a more favourable than expected result for capital gains generating investments with the only significant change being an increase in the rate of capital gains tax to 28% for higher rate tax payers. Normality has now returned to the sector following a slight rally although the more equity market responsive zeros continued to suffer as equity markets fell. The defensive stance we have taken in this subsector has resulted in a positive contribution to returns over the month.

The structured products sub sector provided negative returns over the month as volatility increased and equity markets fell. Despite the weak equity markets all structured products have significant downside protection to their barrier levels and as such should be less responsive to equity market movements. At the end of the month the equity markets were sufficiently high to see the early redemption of our Merrill Lynch autocall, we elected to redeem the proceeds in cash. We have partially reinvested these proceeds in a new defensive autocall to take advantage of the increased market volatility and wide credit spreads.

The alternatives sub sector provided a negative return over the month. Net Asset Value movements were generally unsupportive however following buybacks and news of upcoming corporate actions discounts have been more supportive than under previous equity market falls.

The portfolio is positioned for capital growth in most likely market scenarios. We anticipate that the key risks to this growth would be sharply declining equity markets and sharply rising interest rates. As such we continue to monitor the equity market risk and the duration of the Fund. Maintaining a short duration and introducing a few floating rate notes will help decrease our sensitivity to such risks. Since mid April the FTSE100 has fallen 15.59% whereas the Sentinel Defensive Fund has lost 2.93% over the same period. Not a pleasing figure to report but reassuring as to the increased defensive posture of the Fund.

Fund Information

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 Asset Management 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 bespoke discretionary management services for retail and corporate clients.

I Paul Smith, Senior Investment Manager I

Paul manages fixed income securities at Premier. His responsibilities include the management of open and closed end funds as well as managing various private client portfolios. Paul 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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