

T h e S e n t i n e l F u n d



T o w a t c h o v e r a n d g u a r d

Prospectus

06 August 2010

Prepared in accordance with the Collective Investment Schemes Sourcebook

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IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT THE ACD OR YOUR AUTHORISED FINANCIAL ADVISER.

Premier Portfolio Managers Limited, the Authorised Corporate Director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Scheme Sourcebook to be included in it.

1 CONSTITUTION

The Company is an investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000658. It is a non-UCITS retail scheme as defined in COLL and also an umbrella company for the purposes of the OEIC Regulations.

This document constitutes the Prospectus for **The Sentinel Fund**, which has been prepared in accordance with COLL.

This Prospectus is dated, and is valid as at **6 August 2010**.

Copies of this Prospectus have been sent to the FSA and the Depositary. No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, constitute any representation or assurance to the effect that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Fund to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered or sold in the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia or offered or sold to US Persons. The Funds have not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been and will not be registered under the United States Investment Advisers Act of 1940.

A "US Person", for the purposes of the above paragraph, is a person who is in either of the following two categories:

- (a) a person included in the definition of "US Person" under Rule 902 of Regulation S under the 1933 Act, or
- (b) a person excluded from the definition of a "Non-United States Person" as used in the US Commodity Futures Trading Commission ("CFTC") Rule 4.7.

For the avoidance of doubt, a person is excluded from this definition of US Person only if he or it does not satisfy any of the definitions of "US Person" only if he or it does not satisfy any of the definitions of "US Person" in Rule 902 and qualifies as a "Non-United States Person" under CFTC Rule 4.7.

"US Person" under Rule 902 generally includes the following:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organisation or incorporated under the laws of the United States;
- (c) any estate which any executor or administrator is a US Person;
- (d) any trust of which any trustee is a US Person;
- (e) any agency or branch of a non-US entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
 - i. organised or incorporated under the laws of any non-US jurisdiction; and
 - ii. formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the COLL or otherwise.

Shares in the Company are not listed on any investment exchange.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Company's Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by Premier Portfolio Managers Limited.

This Prospectus is based on information, law, regulation and practice at the date hereof. The Company is only bound by the latest version of its Prospectus and therefore, before relying on any information contained in this document, investors should check with the ACD that it is the most recently published Prospectus.

2 DEFINITIONS

'ACD'	Premier Portfolio Managers Limited, the authorised corporate director of the Company;
'COLL'	the Collective Investment Scheme Sourcebook made by the FSA pursuant to the Financial Services and Markets Act 2000, as amended from time to time;
'Class' or 'Classes'	in relation to Shares, means (according to the context) all of the Shares or a particular class or classes of Share;
'Company'	The Sentinel Fund;
'Dealing Day'	Monday to Friday (except for (unless the ACD otherwise decides) the last working day before Christmas and bank holidays in England and Wales) and other days at the ACD's discretion;
'Depositary'	The Royal Bank of Scotland plc, the Depositary of the Company;
'dilution levy'	is described on page 14;
'eligible institution'	one of certain credit institutions as defined in the First Banking Co-ordination Directive of the European Community (for example, a bank or a building society);
'fraction'	a smaller denomination Share (on the basis that a thousand smaller denomination Shares make one larger denomination Share);
'FSA'	the Financial Services Authority;
'Fund' or 'Funds'	the sub-funds of the Company (being part of the scheme property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which are invested in accordance with the investment objective applicable to such sub-fund;
'In Specie'	a purchase or sale of Shares that is satisfied not by cash but by the transfer of securities or other assets of the Company;
'Investment Adviser'	Premier Fund Managers Limited;
'Member State'	a member state of the European Community and any other state which is within the European Economic Area;
'Net Asset Value'	the value of the scheme property of the Company (or of any Fund as the context requires) less the liabilities of the Company (or of the Fund as the context requires) as calculated in accordance with the Company's Instrument of Incorporation;
'OEIC Regulations'	The Open Ended Investment Companies Regulations 2001;
'scheme property'	the property of the Company required under COLL to be given for safe-keeping to the Depositary;
'Share' or 'Shares'	a share or shares in the Company (including larger denomination Shares and fractions);
'Shareholder'	a holder of registered Shares in the Company;
'Sterling'	pounds Sterling of the United Kingdom;
'switch'	the exchange of Shares of one Class or Fund for Shares of another Class or Fund;
'UCITS Directive'	a Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (as amended from time to time);
'non-UCITS retail scheme'	a collective investment scheme such as the Company which is authorised by the FSA and therefore meets the standards set by the FSA to enable the scheme to be marketed to the public within the UK, but which does not comply with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive.

3 DETAILS OF THE COMPANY

The Company is an investment company with variable capital incorporated in England and Wales under registered number IC000658 and authorised by the FSA with effect from 27 March 2008. The Company is a non-UCITS retail scheme as defined in COLL and also an umbrella company for the purposes of the OEIC Regulations.

Shareholders of the Company are not liable for the debts of the Company.

The Head Office is Eastgate Court, High Street, Guildford, Surrey GU1 3DE, which is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

The base currency of the Company is Pounds Sterling. The maximum size of the Company's share capital is £100,000,000,000 and the minimum size is £1,000.

Operation of the Company is governed by the OEIC Regulations, COLL, the Company's Instrument of Incorporation and this Prospectus.

4 THE STRUCTURE OF THE COMPANY

4.1 THE FUNDS

The Company is structured as an umbrella Company so that different Funds may be established from time to time by the ACD with the approval of the FSA and the agreement of the Depositary. On the introduction of any new Fund or Class, a revised prospectus will be prepared setting out the relevant details of each Fund or Class.

Each Fund would be a non-UCITS retail scheme if it were a stand alone fund directly authorised by the FSA.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. Details of the Funds, including their investment objectives and policies are contained from page 8.

ISAs

It is intended that all Funds will satisfy the eligibility requirements to be qualifying investments for a stocks and shares component of an ISA.

Each Fund has a specific portfolio of assets to which that Fund's assets and liabilities are attributable. So far as the shareholders are concerned, each Fund is treated as a separate entity.

Creditors of the Company may nevertheless look to all the assets of the Company for payment regardless of the Funds in respect of which that creditor's debt has arisen. Assets may be reallocated to and from other Funds if it is necessary to do so to satisfy any creditor proceeding against the Company. This is generally referred to as "contagion". In the event that any assets are so reallocated, the ACD will advise Shareholders in the next succeeding annual or half yearly report to Shareholders.

Each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund and within the Fund charges will be allocated between Classes in accordance with the terms of the issue of such Shares or such Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which is fair to the Shareholders generally but they will normally be allocated to all Funds pro-rata to the value of the net assets of the relevant Funds. The Company does not intend to acquire immovable or tangible moveable property.

The Company has been launched with three Funds, the Sentinel Defensive Portfolio, the Sentinel Universal Portfolio and the Sentinel Enterprise Portfolio.

Subject to the terms set out in this Prospectus, holders of shares in a Fund are entitled to receive the net income derived from the Fund and to redeem their shares at a price linked to the value of the property of the Fund. Shareholders do not have any proprietary interest in the underlying assets of the Fund.

4.2 SHARES

In accordance with the Company's Instrument of Incorporation, the following classes of Share may be issued in respect of the Funds:

- Retail Income Shares (Net and Gross);
- Retail Accumulation Shares (Net and Gross);
- Institutional Income Shares (Net and Gross); and
- Institutional Accumulation Shares (Net and Gross).

At present, only Retail Income Shares and Retail Accumulation Shares are available to purchase in respect of the Funds. Each share is deemed to represent one undivided unit of entitlement in the property of a fund. Holders of net income Shares are entitled to be paid the income attributed to such Shares at the relevant interim and annual allocation dates whereas the price of undivided units of entitlement in the property of the Fund represented by each accumulation Share increases as income is accumulated.

Each Class of Share may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within a Fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares of the same or another Class within a different Fund. Details of this switching facility and the restrictions are set out on page 12.

The Company offers a regular savings facility.

4.3 INVESTMENT OBJECTIVES, POLICIES AND OTHER DETAILS OF THE FUNDS

Investment of the assets of each of the Funds must comply with COLL and the investment objective and policy of the relevant Funds. Details of these investment objectives and policies are set out below. The eligible securities markets and eligible derivatives markets in which the Funds may invest are set out in Appendix 1. A detailed statement of the general investment and borrowing restrictions is set out in Appendix 2.

It is not currently intended that the Funds will invest in immovable property directly, however, the Funds may invest in such property through investments in units in collective investment schemes which themselves invest in immovable property.

The investment powers of the Company entitle it to establish Funds which may invest in derivatives and forward transactions for investment purposes as well as for efficient portfolio management and hedging purposes. The ACD does not anticipate that the use of derivatives will result in the Funds having a higher volatility than the general market due to the investments held and investment techniques adopted by the Investment Adviser.

A typical investor in the Company will understand and appreciate the risks involved in investing in Shares of any of the Funds and the associated risks which are set out on pages 20 to 21. A typical investor will either be an institutional investor or will have received advice from an authorised Financial Adviser.

5 SENTINEL DEFENSIVE PORTFOLIO

5.1 INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide medium term capital growth from a portfolio of investments.

5.2 INVESTMENT POLICY

The investment policy of the Fund is 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) and the net asset value of the Fund may, therefore, at times be highly volatile. However, it is the Investment Adviser's intention that the Fund, owing to the portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets or their underlying investments.

The term 'structured products' simply refers to a group of financial instruments (which may be regarded as transferable securities, collective investment schemes or derivatives depending on the product in question) with varying terms, payout and risk profiles on a range of underlying assets. These products frequently combine the potential upside of market performance with limited downside. They may also provide a fixed return in exchange for accepting a degree of risk or may generate gains from market falls. In addition to providing exposure to the asset classes described in the investment objective, the intention is that the use of structured products in the context of the Fund should assist with keeping the volatility levels of the Fund relatively low.

5.3 LAUNCH DATE

13 May 2008

5.4 CLASSES OF SHARE AVAILABLE

Retail Income Shares and Retail Accumulation Shares.

5.5 HISTORICAL PERFORMANCE DATA

June 2009–June 2010	June 2008 – June 2009	June 2007 – June 2008	June 2006 - June 2007	June 2005 – June 2006
11.69%	-9.67%	-	-	-

Notes:

Source: *Financial Express Analytics*, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010.

As this fund was launched on 13 November 2008, no historical performance data is available prior to this date.

The data above allows for net distributions to be reinvested.

Past performance is not an indication of future performance.

6 SENTINEL UNIVERSAL PORTFOLIO**6.1 INVESTMENT OBJECTIVE**

The investment objective of the Fund is to provide capital growth from a portfolio of investments.

6.2 INVESTMENT POLICY

The investment policy of the Fund is to invest mainly in units of collective investment schemes. The Fund may also invest in equities, fixed interest securities, money market instruments, structured products and other derivative instruments, deposits, warrants, cash and near cash. Investment may be made indirectly in immovable property typically through units in collective investment schemes and/or shares in 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) and the net asset value of the Fund may, therefore, at times be highly volatile. However, it is the Investment Adviser's intention that the Fund, owing to the portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets or their underlying investments.

The term 'structured products' simply refers to a group of financial instruments (which may be regarded as transferable securities, collective investment schemes or derivatives depending on the product in question) with varying terms, payout and risk profiles on a range of underlying assets. These products frequently combine the potential upside of market performance with limited downside. They may also provide a fixed return in exchange for accepting a degree of risk or may generate gains from market falls. In addition to providing exposure to the asset classes described in the investment objective, the intention is that the use of structured products in the context of the Fund should assist with keeping the volatility levels of the Fund relatively low.

6.3 LAUNCH DATE

13 May 2008

6.4 CLASSES OF SHARE AVAILABLE

Retail Income Shares and Retail Accumulation Shares.

6.5 HISTORICAL PERFORMANCE DATA

June 2009–June 2010	June 2008 – June 2009	June 2007 – June 2008	June 2006 - June 2007	June 2005 – June 2006
15.25%	-4.45%	-	-	-

Notes:

Source: Financial Express Analytics, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010

As this fund was launched on 13 November 2008, no historical performance data is available prior to this date.

The data above allows for net distributions to be reinvested.

Past performance is not an indication of future performance.

7 SENTINEL ENTERPRISE PORTFOLIO

7.1 INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide long term capital growth from a portfolio of investments.

7.2 INVESTMENT POLICY

The investment policy of the Fund is to invest mainly in units of equity and fixed interest based collective investment schemes, the majority of which will be UK investment funds. The Fund may also invest in equities, fixed interest securities, money market instruments, structured products and other derivative instruments, deposits, warrants, cash and near cash. Investments may be made indirectly in immovable property typically through units in collective investment schemes and/or shares in 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) and the net asset value of the Fund may, therefore, at times be highly volatile. However, it is the Investment Adviser's intention that the Fund, owing to the portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets or their underlying investments.

The term 'structured products' simply refers to a group of financial instruments (which may be regarded as transferable securities, collective investment schemes or derivatives depending on the product in question) with varying terms, payout and risk profiles on a range of underlying assets. These products frequently combine the potential upside of market performance with limited downside. They may also provide a fixed return in exchange for accepting a degree of risk or may generate gains from market falls. In addition to providing exposure to the asset classes described in the investment objective, the intention is that the use of structured products in the context of the Fund should assist with keeping the volatility levels of the Fund relatively low.

7.3 LAUNCH DATE

13 May 2008

7.4 CLASSES OF SHARE AVAILABLE

Retail Income Shares and Retail Accumulation Shares.

7.5 HISTORICAL PERFORMANCE DATA

June 2009–June 2010	June 2008 – June 2009	June 2007 – June 2008	June 2006 - June 2007	June 2005 – June 2006
20.12%	-15.26%	-	-	-

Notes:

Source: *Financial Express Analytics, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010*

As this fund was launched on 13 November 2008, no historical performance data is available prior to this date.

The data above allows for net distributions to be reinvested.

Past performance is not an indication of future performance.

8 BUYING AND SELLING

The dealing office of the ACD is open from 9.00 am until 5.30 pm on each Dealing Day to receive requests for the sale, redemption and switching of Shares.

8.1 BUYING SHARES

Procedure

Shares can be bought either by sending or faxing a completed application form to Premier Portfolio Managers Ltd, 50 Bank Street, Canary Wharf, London E14 5NT or by telephoning 0845 605 6363 or faxing 0207 982 3924 or by electronic means acceptable to the ACD. Application forms may be obtained from the above address.

Subject to its obligations under COLL, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the right of the applicant.

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued in such circumstances. A smaller denomination Share is equivalent to one thousandth of a larger denomination Share.

Remittances should be in pounds Sterling.

Other currencies will only be acceptable at the ACD's discretion.

8.2 DOCUMENTS THE PURCHASER WILL RECEIVE

A contract note giving details of the Shares purchased and the price used will be issued by the end of the business day following the later of receipt of the application to purchase Shares or the valuation point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Settlement is due on receipt by the purchaser of the contract note.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's Register of Shareholders. Statements in respect of periodic distribution on Shares will show the number of Shares held by the recipient. Individual statements of a Shareholder's (or, when Shares are jointly held, the first-named holder's) Shares will also be issued at any time on request by the registered holder.

8.3 MINIMUM SUBSCRIPTIONS AND HOLDINGS

The minimum initial subscription for all Funds is £3,000. Any subsequent subscription must be not less than £500. Shareholders of all the Funds must maintain a minimum holding of Shares of £3,000 in value. The ACD may at its discretion accept subscriptions lower than the minimum amount.

If a holding is below the minimum holding the ACD has discretion to require redemption of the entire holding.

The Company offers a regular monthly savings facility in relation to all Funds. The minimum initial monthly subscription for this facility is £100 and the minimum subsequent monthly subscription is £50 per Fund.

8.4 SELLING SHARES

Every shareholder has the right to require that the Company redeem his Shares on any Dealing Day unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the required minimum, in which case the Shareholder may be required to redeem his entire holding.

Requests to redeem Shares may be made by telephoning 0845 605 6363 or faxing 0207 982 3924 or by electronic means acceptable to the ACD.

8.5 DOCUMENTS THE SELLER WILL RECEIVE

A contract note giving details of the number and price of Shares sold will be sent to the selling Shareholder (the first-named, in the case of joint Shareholders) together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the Shareholder (and, in the case of a joint holding, by all the joint holders) no later than the end of the business day following the later of the request to redeem Shares or the valuation point by reference to which the redemption price is determined. Cheques in satisfaction of the redemption monies will be issued within four business days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title, and (b) the valuation point following receipt by the ACD of the request to redeem.

8.6 MINIMUM REDEMPTION

Part of the Shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the Shares to be redeemed is less than £1,000.

8.7 INITIAL OFFER

The initial offer period for each sub-fund will commence on 1 May 2008 and end when the total initial subscriptions received for that sub-fund are equivalent to £1 million or other such value as may be determined by the ACD. The first valuation point will be on the next working day after the end of the initial offer period.

No investment will be made by the Investment Adviser and therefore no shares will be issued prior to the first valuation point. Any monies received during the initial offer period may be paid over and held by the Depositary until the end of the initial offer period. The initial offer period will come to an end if the ACD reasonably believes that the price that would reflect the current value of the scheme property would vary by more than 2% from the initial price.

The initial price per share is 100 pence. Shares will only be issued in pounds sterling during the initial offer period.

9 SWITCHING

A holder of Shares in a Fund may at any time switch all or some of his Shares of one Class or Fund ('Original Shares') for Shares of another Class or Fund ('New Shares'). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the valuation point applicable at the time the Original Shares are repurchased and the New Shares are issued. Switching may be effected either by telephoning 0845 605 6363 or faxing 0207 982 3924 or by electronic means acceptable to the ACD or in writing to the ACD and the Shareholder may be required to complete a switching form (which, in the case of joint Shareholders must be signed by all the joint holders). Switching forms may be obtained from the ACD.

The ACD may at its discretion charge a fee on the switching of Shares between Funds.

If the switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Fund concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any switch of the Original Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provisions on procedures relating to redemption will apply equally to a switch. A duly completed switching form must be received by the ACD before the valuation point on a Dealing Day in the Fund or Funds concerned to be dealt with at the prices at those valuation points on that Dealing Day, or at such other date as may be approved by the ACD. Switching requests received after a valuation point will be held over until the next day which is a Dealing Day in the relevant Fund or Funds.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Original Shares as may be permitted pursuant to COLL.

Please note that a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

A Shareholder who switches Shares in one Fund for Shares in any other Fund will not be given a right by law to withdraw from or cancel the transaction.

10 DEALING CHARGES**10.1 INITIAL CHARGE**

The ACD may impose a charge on the sale of Shares. The initial charge in respect of all Shares is currently 5.27% of the price of such Shares. The initial charge is payable to the ACD.

10.2 SWITCHING FEE

On the switching of Shares of a Fund to another Fund the Instrument of Incorporation authorises the Fund to impose a switching fee. The fee will not exceed an amount equal to the then prevailing initial charge for the Class into which Shares are being switched. The switching fee is payable to the ACD, however there is currently no switching fee.

11 OTHER DEALING INFORMATION

11.1 DILUTION LEVY AND LARGE DEALS

The basis on which the Company's investments are valued for the purpose of calculating the sale and redemption price of Shares as stipulated in COLL and the Instrument of Incorporation is summarised on pages 16 to 17. The actual cash flows from purchasing or selling the Company's investments may be higher or lower than the mid-market value used in calculating the Share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the Shareholders' interest in the Company. In order to prevent this effect, called 'dilution', the ACD has the power to charge a 'dilution levy' on the sale and/or redemption of Shares. A dilution levy is a separate charge of such amount or rate as is determined by the ACD. As at 31 December 2009, the average dilution levy across all Funds where the manager is ACD was 0.59%; this amount is not fixed and may change in future. If charged, the dilution levy is not retained by the ACD but will be paid into the relevant Fund and will become part of the property of the relevant Fund. Although unlikely, on the occasions when the dilution levy is not applied there may be an adverse impact on the total assets of the relevant Fund. The dilution levy will be calculated by reference to the costs of dealing in the underlying investments of the Fund, including any dealing spreads, commission and transfer taxes. As dilution levy is directly related to the inflows and outflows of monies to and from the Fund, it is not possible to accurately predict how frequently the ACD will need to make such a dilution levy. However, for illustrative purposes, during 2009, a dilution levy has been charged on 0.28% of all deals.

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemption) might otherwise be adversely affected. In particular, a dilution levy may be charged in the following circumstances -

- (a) where a Fund is in continual decline;
- (b) on a Fund experiencing large levels of net sales relative to its size;
- (c) on 'large deals'. For these purposes, a large deal is defined as 1% of the size of the Fund;
- (d) in any other case where the ACD is of the opinion that the interests of Shareholders require the imposition of a dilution levy.

The ACD will charge no dilution levy on the purchase of shares for any new fund or sub-fund within the first twelve months of its launch. In addition, the ACD will charge no dilution levy on purchase of Shares in any funds where the value of Shares purchased is less than £500,000.

11.2 SDRT PROVISION

HM Revenue & Customs regulations require a 0.5% Stamp Duty Reserve Tax (SDRT) charge to be made on the value of Shares redeemed by the ACD and on certain other transfers of Shares. The liability for SDRT is calculated each week by reference to Share sales and redemptions in that and the following week. This basic charge may be reduced if more Shares are surrendered than issued over the relevant period or if a Fund is invested in assets that are exempt from stamp duty and SDRT, ie. other than in UK equities. When a Fund does not issue any shares during the relevant period or is invested wholly in exempt investments, there is no liability to SDRT.

The Company is liable for the payment of SDRT but the ACD may make a levy on Share redemptions or transfers (which would have the effect of increasing the amount payable on the purchase of Shares or reducing the amount receivable on the redemption of Shares) or against the Company (as a charge against the income of each Fund), to provide for that liability.

It is the current intention of the ACD that any SDRT liability will be paid as a charge against the Fund. The ACD may in the future introduce a levy on individual Share redemptions or transfers to provide for any SDRT liability. Shareholders will be given 60 days' prior notice of such an introduction. However, the ACD reserves the right to charge any individual shareholder an SDRT provision of up to 0.5% on a Share redemption or transfer that constitutes a 'large deal'. A 'large deal' has the same meaning as in Section 11.1 above, (Dilution Levy and Large Deals).

An SDRT charge will be of such amount or at such rate as is determined by the ACD to be necessary to provide for SDRT for which the Depositary may become liable under Schedule 19 of the Finance Act 1999 (or any statutory modification or re-enactment of it) in respect of a redemption or transfer of Shares.

In the case of a large deal, the Company may refuse to register a transfer of Shares unless there has been paid for the account of the Company an amount, determined by the ACD, not exceeding the amount that would be derived by applying the applicable rate of SDRT to the market value of the Shares being transferred.

It is difficult to predict the frequency of any large deals in the Funds or whether the ACD will in all such cases impose an SDRT charge. As the Company is relatively new, there is no historical data available on which to base any predictions for the future.

11.3 MONEY LAUNDERING

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to sell Shares.

11.4 RESTRICTIONS AND COMPULSORY TRANSFER AND REDEMPTION

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale or switching of Shares.

If it comes to the notice of the ACD that any Shares ("**affected shares**") are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case, the ACD may give notice to the holder (s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them, or that a request in writing be given for the repurchase of such Shares in accordance with COLL. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption of all the affected Shares pursuant to COLL. A person who becomes aware that he is holding or owns affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or

by virtue of which he is not qualified to hold such affected Shares, shall forthwith, unless he has already received a notice as aforesaid, either transfer all his affected Shares to a person qualified to own them or give a request in writing for the redemption of all his affected Shares pursuant to COLL.

11.5 'IN SPECIE' REDEMPTIONS

If a Shareholder requests the redemption or cancellation of Shares, the ACD may, where it considers the deal to be substantial in relation to the total size of the Fund concerned, arrange that in place of payment of the price of the Shares in cash, the Company cancels the Shares and transfers scheme property or, if required by the Shareholder, the net proceeds of sale of relevant scheme property, to the Shareholder.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the Shareholder that the scheme property or the proceeds of sale of scheme property will be transferred to that Shareholder.

The ACD will select the scheme property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting cancellation/redemption than to the continuing Shareholders.

11.6 ISSUE OF SHARES IN EXCHANGE FOR 'IN SPECIE' ASSETS

The ACD may arrange for the Company to issue Shares in exchange for assets other than money, but will only do so where the Depositary is satisfied that the acquisition by the Company of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

11.7 SUSPENSION OF DEALINGS IN THE COMPANY

The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, for a period of up to 28 days suspend the issue, cancellation, sale and redemption of Shares if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders or potential Shareholders.

Re-calculation of the Share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

11.8 GOVERNING LAW

All deals in Shares are governed by English law. The Company is itself constituted under English law.

12 VALUATION OF THE COMPANY

The price of a Share is calculated by reference to the Net Asset Value of the Fund to which it relates. The Net Asset Value per Share is currently calculated at 12 noon on each Dealing Day.

The ACD may at any time during a business day carry out an additional valuation if the ACD considers it desirable to do so.

13 CALCULATION OF THE NET ASSET VALUE

The value of the scheme property of the Company or of a Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

- All the scheme property (including receivables) of the Company for a Fund is to be included, subject to the following provisions.
- Property which is not cash (or other asset dealt with below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
 - o units or shares in a collective investment scheme -
 - if a single price for buying and selling units is quoted, at the most recent quoted price; or
 - if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
 - where applicable the fair value price (see below).
 - o exchange-traded derivative contracts -
 - if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
 - if separate buying and selling prices are quoted, at the average of the two prices.
 - o over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary.
 - o any other investment -
 - if a single price for buying and selling the security is quoted at that price; or
 - if separate buying and selling prices are quoted, the average of those two prices; or
 - where applicable the fair value price of the security (see below).
 - o property other than that described above
 - at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- Cash and amounts held in current, deposit accounts and margin accounts and other time-related deposits shall be valued at their nominal values.
- In determining the value of the scheme property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all consequential action required by the Regulations or this Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.
- Subject to the two paragraphs below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under the paragraph above.
- All agreements are to be included under the second paragraph above which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- An estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Company; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax will be deducted.
- An estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- Any other credits or amounts due to be paid into the scheme property will be added.
- A sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received will be added.
- The total amount of any cost relating to the authorisation and incorporation of the Company and of its initial offer or issue of Shares will be added.
- Currencies or values in currencies other than base currency or (as the case may be) the designated currency of a Fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.
- The Company is required to allocate (and the ACD may from time to time reallocate) any assets, costs, charges or expenses which are not attributable to a particular Fund against all the Funds in a manner which is fair to the shareholders of the Company generally.
- Where the ACD has reasonable grounds to believe that no reasonable price exists for a security at a valuation point or the most recent price available does not reflect the ACD's best estimate of the value of a security at a valuation point, it will value an investment at a

price which, in its opinion, reflects a fair and reasonable price for that investments (the fair value price) as explained below.

- The circumstance which may give rise to a fair value price being used includes where there has been no recent trade in the security concerned or where there has been the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

Fair Value Pricing

- Where the ACD has reasonable grounds to believe that:
 - (a) no reliable price exists for a security at a valuation point; or
 - (b) the most recent price available does not reflect the ACD's best estimate of the value of a security at the valuation point it should value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).
- The circumstances which may give rise to a fair value price being used include:
 - (a) no recent trade in the security concerned; or
 - (b) the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

In (b), a significant event is one that means the most recent price of a security or a basket of securities is materially different to the price that it is reasonably believed would exist at the valuation point had the relevant market been open.

- In determining whether to use such a fair value price, the ACD should include in its consideration:
 - (a) the type of authorised fund concerned;
 - (b) *the securities* involved;
 - (c) the basis and reliability of the alternative price used; and
 - (d) the ACD's policy on the valuation of scheme property as disclosed in this prospectus.
- The Company is permitted to invest in immovable property directly in accordance with the Instrument of Incorporation however currently the Funds will only invest indirectly in immovable property primarily through investing in collective investment schemes and/or property companies which themselves invest directly in immovable property. In the event that the Prospectus is amended to permit the Funds to invest directly in immovable property, such immovable property will be valued in accordance with the following provisions:
 - by a standing independent valuer (as defined in the glossary to the FSA Rules) appointed by the ACD with the approval of the Depositary, on the basis of an 'open market value' as defined in Practice Statement 3 in the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual (first edition published September 1995) as updated and amended from time to time;
 - on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year; and
 - on the basis of the last full valuation, at least once a month.

14 SHARE PRICE

14.1 PRICE PER SHARE IN EACH FUND AND EACH CLASS

Shares are "single priced". This means that subject to the dilution levy or any SDRT levy and the initial charge, the price of a share for both buying and selling purposes will be the same and determined by reference to a particular valuation point. The price of a share is calculated at or about the valuation point each dealing day (to at least four significant figures) by:

- taking the value of the property attributable to the relevant Fund and therefore all shares (of the relevant class) in issue (on the basis of the units of entitlement in the property of the Fund attributable to that class at the most recent valuation of the Fund); and
- dividing the result by the number of shares of the relevant class in issue immediately before the valuation concerned.

14.2 PRICING BASIS

The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation point (12 noon) after the sale or redemption is agreed.

14.3 PUBLICATION OF PRICES

The most recent price of Shares will be published daily in the Financial Times and may also be published in one or more other UK newspapers. For reasons beyond the control of the ACD, this may not necessarily be the current price.

15 RISK FACTORS

Potential investors should bear in mind that all investment carries risk and in particular should consider the following risk factors before investing in the Company.

15.1 GENERAL

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. Consequently, the value of shares in all sub-funds and the income derived from them can go down as well as up and as a result an investor may not get back the amount originally invested. This can be as a result of market movements and also variations on the exchange rates between currencies.

There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested in the Company. There is no assurance that the investment objective of any Fund will actually be achieved.

The Funds are not "ring-fenced" and in the event of the Company being unable to meet liabilities attributable to any particular Fund out of the assets attributable to such Fund, the excess liabilities may have to be met out of the assets attributable to other Funds.

The levels of relief from taxation will depend upon individual circumstances. Please note current tax levels and reliefs may change and their value will depend on the investor's individual circumstances.

15.2 EFFECT OF INITIAL CHARGE

The Authorised Corporate Director's initial charge (see page 13) is deducted from an investment at the outset and an equivalent rise in the value of shares is required before the original investment can be recovered. Consequently an investor who realises his shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Therefore, the Shares should be viewed as a mid to long term investment.

15.3 SUSPENSION OF DEALINGS IN SHARES

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see 'Suspension of Dealings in the Company' on page 15).

15.4 CURRENCY EXCHANGE RATES

Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment.

15.5 STRUCTURED PRODUCTS

For the purposes of the FSA's rules structured products may be regarded as either transferable securities, collective investment schemes or derivatives depending on the product in question. The common feature of these products is that they are designed to combine the potential upside of market performance with limited downside. Structured products typically are investments which are linked to the performance of one or more underlying instruments or assets such as market prices, rates, indices, securities, currencies and commodities and other financial instruments that may introduce significant risk that may affect the performance of the Funds.

However, in addition to providing exposure to the asset classes described in the investment objective, the intention is that the use of structured products in the context of the Funds should assist with keeping the volatility levels of the Funds relatively low.

15.6 DERIVATIVES

In certain circumstances, for efficient portfolio management purposes to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments, the Investment Adviser may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The values of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Fund assets. There is also the potential for the capital appreciation of such assets.

Derivatives may also be used by the Funds for investment purposes and the net asset value of the Funds may, therefore, at times be highly volatile. However, it is the Investment Adviser's intention that the Funds, owing to the portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments. The ACD therefore does not anticipate that the use of derivatives in this way will have any significant effect on the risk profile of the Funds.

15.7 EMERGING MARKETS

Where Funds invest in some overseas markets, these investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities. Investment in emerging markets may involve a higher than average risk.

Investors should consider whether or not investment in such Funds is either suitable for or should constitute a substantial part of an investors portfolios.

Companies the subject of investment in emerging markets may not be subject:

- (a) to accounting, auditing and financial reporting standards, practices in disclosure requirements comparable to those applicable to companies in major markets;
- (b) to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets. Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions;
- (c) restrictions on foreign investment in emerging markets may preclude investment in certain securities by certain Funds and, as a result, limit investment opportunities for the Funds. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets;
- (d) the reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investment;
- (e) lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed

market.

15.8 INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES

Subject to COLL, the Funds may invest in unregulated collective investment schemes (including hedge funds). Investment in unregulated collective investment schemes carries additional risks as these schemes may not be under the regulation of a competent regulatory authority, may use leverage and may carry increased liquidity risk as units/shares in such schemes may not be readily realistic.

15.9 ZERO DIVIDEND PREFERENCE SHARES

The Sentinel Defensive Fund may invest in zero dividend preference shares. Historically zero dividend preference shares proved to be a lower risk investment than more traditional shares. However, serious falls in stockmarket levels can produce material changes to their structure. Most are now regarded as lower risk investments than other equities. Where a fund invests heavily in securities (including zero dividend preference shares) which may be subject to significant levels of borrowing, often known as 'gearing', it may be vulnerable to sudden and large falls in value which may result in no realisable value if these is a sufficiently large fall in value of the underlying investments subject to gearing.

15.10 CHARGES TO CAPITAL

Where the objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee (and any other charges) may be charged against capital instead of income. This may result in capital erosion or constrain capital growth.

15.11 LIABILITIES OF THE COMPANY

Although each Fund so far as possible will be treated as bearing the liabilities, expenses, costs and charges attributable to it, if its assets are not sufficient, the ACD may reallocate assets, liabilities, expenses, costs and charges between the Funds in a manner which is fair to the shareholders of the Company generally. The ACD would normally expect any such reallocation to be effected on a pro rata basis having regard to the net asset values of the relevant Funds. If there is any such reallocation the ACD will advise shareholders of it in the next succeeding annual or half yearly report to shareholders.

Shareholders are not, however, liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

Depository by the Company in each case in respect of liabilities incurred as a consequence of its acting as Depository except (in either case) any liability in respect of any failure by the Depository to exercise due care and diligence in the discharge of its functions in respect of the Company or where necessary from another person.

The Depository has delegated custody services to The Northern Trust Company Limited.

16.4 THE INVESTMENT ADVISER

The ACD has appointed Premier Fund Managers Limited to provide investment management and advisory services to the ACD in respect of the Funds.

16.5 TERMS OF APPOINTMENT

The Investment Advisory Agreement between the ACD and the Investment Adviser may be terminated on written notice by the Investment Adviser or the ACD upon 3 months' notice after an initial period of 12 months. In accordance with COLL, the ACD may terminate this agreement at any time with immediate effect where it is in the interests of the Shareholders to do so.

Under the Investment Advisory Agreement the ACD provides indemnities to the Investment Adviser (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Advisory Agreement.

Premier Fund Managers Limited is in the same group of companies as the ACD. Its registered office is also at Eastgate Court, High Street, Guildford, Surrey GU1 3DE. The principal activity of each Investment Adviser is acting as an investment manager and adviser.

The Investment Adviser is authorised and regulated by the Financial Services Authority. The Investment Adviser's duties under the Investment Adviser Agreement include making recommendations and advising the ACD on matters of policy (including advice on borrowing); searching out and evaluating investment opportunities; analysing the performance of companies in which assets have been invested; considering and effecting the purchase or sale of particular assets and payments into and withdrawals from accounts maintained by the Depository; and ensuring that assets are managed in compliance with all applicable laws and regulations.

The ACD has delegated to the Investment Adviser all rights and powers as are necessary for the discharge by the Investment Adviser of its duties under the Investment Advisory Agreement, and the Investment Adviser is authorised to make decisions on behalf of the ACD in relation to the management, purchase, sale, retention, exchange or other dealings with assets, and has full discretion to make such investments on such markets as such times as the Investment Advisers thinks fit and otherwise to act as it shall deem appropriate.

Under the Investment Advisory Agreement the Investment Adviser may delegate to any person the performance of its duties and services required to be performed by it under that Agreement. The Investment Adviser has delegated the investment management function in respect of the Sentinel Universal Portfolio to North Investment Partners of Lion House, Red Lion Street, London, WC1R 4GB, and has delegated the investment management function in respect of the Sentinel Enterprise Portfolio to Williams de Broe Limited of One Colmore Row, Birmingham B3 2BJ.

16.6 ADMINISTRATOR AND REGISTRAR

The ACD has appointed Northern Trust International Fund Administration Services (UK) Limited to provide administration services to the ACD and Northern Trust Global Services Limited to act as registrar to the Company.

16.7 TERMS OF APPOINTMENT

The Administrator was appointed by an agreement between the ACD and the Administrator dated 5 February 2001 and amended to include the Company. The Administration Services Agreement may be terminated on 180 days written notice by the Administrator or the ACD. The principal activity of the Administrator is the provision of administration services.

The Registrar is authorised and regulated by the FSA. Its registered office is at 50 Bank Street, Canary Wharf, London E14 5NT.

16.8 THE AUDITOR

The auditor of the Company is Grant Thornton UK LLP of Grant Thornton House, 22 Melton Street, London NW1 2EP.

16.9 LEGAL ADVISERS

The Company is advised by Burges Salmon LLP of Narrow Quay House, Narrow Quay, Bristol BS1 4AH.

16.10 REGISTER OF SHAREHOLDERS

The Register of Shareholders is maintained by the Registrar and may be inspected at the address on page 45 during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

16.11 ADMINISTRATOR CORPORATE GOVERNANCE

The ACD has appointed ISS Proxy Monitor to provide from time to time, corporate governance services (including the voting of holdings at meetings) on behalf of the Company.

16.12 CONFLICTS OF INTEREST

Subject to compliance with COLL the ACD, the Investment Adviser and other companies within the Premier group may, from time to time, act as investment managers or advisers to other funds or sub-funds, which follow similar investment objectives to those of the Company. It is therefore possible that the ACD and/or the Investment Adviser may in the course of their business have potential conflicts of interest with the Company. Each of the ACD and the Investment Adviser will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Adviser Agreement respectively and, in particular, to its obligation to act in the best interests of the Fund so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise.

At the request of the ACD, the Depository or any associate of the Depository, or of the Investment Adviser may (subject to COLL) hold money on deposit from, lend money to, or engage in stocklending transactions in relation to the Company, so long as the services concerned are provided on arm's length terms.

The Depository, the ACD, or the Investment Adviser or any associate of any of them may sell or deal in the sale of property to the Company or purchase property from the Company provided the applicable provisions of COLL apply and are observed. Any such transactions will be at the request of the Company or the ACD.

Subject to compliance with COLL the ACD may be party to or interested in any contract, arrangement or transaction to which the Company is a party or in which it is interested. The ACD is entitled at its own discretion to determine the terms of its appointment as such and consequently amend the terms of the Service Agreement referred to in paragraph 15.2 above.

The Depositary may, from time to time, act as the Depositary of other companies.

The Depositary, the ACD, or any Investment Adviser or any associate of any of them will not be liable to account to the Company or any other person, including the holders of shares or any of them, for any profit or benefit made or derived from or in connection with:

- (a) their acting as agent for the Company in the sale or purchase of property to or from the Funds; or
- (b) their part in any transaction or the supply of services permitted by COLL; or
- (c) their dealing in property equivalent to any owned by (or dealt in for the account of) the Company.

17 FEES AND EXPENSES

17.1 GENERAL

At the ACD's discretion the Company may pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:

- Broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Funds and normally shown on contract notes, confirmation notes and difference accounts as appropriate;
- Interest on and other charges relating to permitted borrowings;
- Any costs incurred in acquiring and disposing of investments;
- The fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Adviser and to the Administrator) and to the Depositary;
- Taxation and other duties payable by the Company;
- Any costs incurred in amending and updating the Instrument of Incorporation and the Prospectus, including the removal of obsolete provisions;
- Any costs incurred in respect of any meeting of shareholders convened for any purpose, and the prospectus including meetings convened on a requisition by holders not including the ACD or an associate of the ACD;
- Any fees in relation to a unitisation, amalgamation or reconstruction where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Company in consideration for the issue of shares in the Company to shareholders in that body corporate or to participation in that other scheme, any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided that the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;
- Any audit fee and any proper expenses of the auditor;
- Any fee and any proper expenses of any professional advisers retained by the Company or by the ACD in relation to the Company or any Fund;
- Payments or costs in relation to the preparation and printing of the prospectus and the simplified prospectus and the distribution of the prospectus (either in respect of the Company or each Fund);
- Any costs of printing and distributing annual, half yearly and quarterly reports and any prospectus, including the costs incurred as a result of periodic updates of any prospectus and any other information provided for shareholders including the Prospectus;
- Any costs of listing the prices of the Funds in publication and information services selected by the ACD including the Financial Times;
- Any costs of establishing and authorising the Company
- Any costs of establishing any new Funds of the Company after its initial establishment;
- Any fees and expenses in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders;
- Any costs incurred in producing and despatching any payment made by the Company;
- Any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- The periodic fees of the FSA together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which the shares in the Company are or may be marketed;
- Any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- Any costs and expenses incurred in respect of monitoring the Fund's use of derivatives;
- Any costs associated with the admission of shares to listings on any stock exchange and with the maintenance of that listing (including, for the avoidance of doubt, the fees levied by the exchange in questions as a condition of the admission to listing of the shares and the periodic renewal of that listing), any offer of shares, including the preparation and printing of any prospectus and the creation, conversion and cancellation of shares associated with such prospectus;
- Any expense incurred with respect to the publication and circulation of details of the Net Asset Value of the Funds;
- Any amount payable to the Company under any indemnity provisions provided for in the Instrument of Incorporation or any agreement to which the Company is party.

Value Added Tax on any fees, charges or expenses will be added to such fees, charges or expenses and will be payable by the Company.

Expenses not directly attributable to a particular Fund will be allocated proportionately between all Funds. Expenses are allocated between capital and income in accordance with COLL.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

17.2 CHARGES PAYABLE TO THE ACD

In payment for carrying out its duties and responsibilities the ACD is entitled to be paid an annual fee from the scheme properly attributed to each Fund. The Annual Management Charge is accrued on the prior business day's Net Asset Value of the Fund (or, where more than one share class is available, on a class by class basis) calculated on a mid market basis. This charge is accrued daily and payable on, or as soon as is practicable after, the last business day in that calendar month. The current rate of the Annual Management Charge is 1.50% for the Fund.

The ACD is also entitled to be reimbursed all reasonable out of pocket expenses incurred in the performance of its duties, including stamp duty and stamp duty reserve tax on transactions in Shares.

Where the investment objective of a Fund means that the generation of income is a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee may be charged against capital instead of against income. This will only apply with the approval of the Depositary. This treatment of the ACD's fee will increase the amount of income available for distribution to Shareholders in such Funds but may constrain capital growth.

If a Class's expenses in any period exceed the income the ACD may take that excess from the capital property attributable to that Class.

The ACD may not introduce a new category of remuneration for its services or increase the current rate or amount of its remuneration payable out of the scheme property of the Fund or the preliminary charge unless, either shareholder approval at an Extraordinary General Meeting has been obtained, as appropriate, or, not less than 60 days before the introduction or increase, the ACD gives notice in writing of the introduction or increase and the date of its commencement to all Shareholders and has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.

17.3 INVESTMENT ADVISER'S FEES

The Investment Advisers' fees and expenses (plus VAT thereon) will be paid by the ACD out of its remuneration under the ACD Agreement.

17.4 DEPOSITARY'S FEES, CHARGES AND EXPENSES

The Depositary receives for its own account a periodic fee which will accrue and is due monthly on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable as soon as practicable after it has accrued (and in any event within seven days after the day on which it accrues due). The fee is calculated by reference to the value of each Fund on the last business day of the preceding month except for the first accrual, which is calculated by reference to the first valuation point of each Fund. The fee is payable out of the property attributable to each Fund.

The rate of the periodic fee is agreed between the ACD and the Depositary and in relation to each sub-Fund is subject to a minimum fixed amount of £7,500 per annum. Subject to this minimum, the charge is otherwise calculated on a sliding scale for each sub-Fund on the following basis:

- 0.07% per annum of the first £20 million of the Scheme Property
- 0.05% per annum of the balance.

These rates can be varied from time to time in accordance with COLL.

Any increase in the above rate may only be effected after 60 days' notice has been given to shareholders and the Prospectus has been revised to reflect the new current rate and date of its commencement.

The first accrual in relation to any Fund will take place in respect of the period beginning on the day on which the first valuation of that Fund is made and ending on the last business day on which that day falls.

In addition to the periodic fees payable to the Depositary referred to above, the Depositary shall also be entitled to paid transaction and custody charges in relation to the transaction handling and safekeeping of the Scheme Property as follows:

Item	Range
Transaction charges	£7.50 to £120 per transaction
Custody charges	£0.003% and 0.27%

These charges vary from country to country depending on the markets and the type of transaction involved. The transactions charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

Where relevant, the Depositary may make a charge for its services in relation to distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending transactions, in relation to the Fund and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of COLL.

The Depositary will also be entitled to payment by reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, COLL, the OEIC regulations or by the general law.

On a winding up of the Company, the termination of a Fund or the redemption of a class of shares, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of the commencement of the winding up or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Depositary.

Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

Expenses not directly attributable to a particular Fund will be allocated between Funds.

In such case such payments, expenses and disbursements may be payable to any person (including the ACD or an associate or nominee of the Depositary or of the ACD) who has the relevant duty delegated to it pursuant to COLL by the Depositary.

17.5 ADMINISTRATOR'S AND REGISTRAR'S FEE

The Administrator's fees and expenses (plus VAT thereon) will be paid by the ACD out of its remuneration under the ACD Agreement with the exception of those services detailed in 16.1, which the Company may pay out of the property of the Company. These will include but are not limited to:

- (a) dealing administration: dealing charge of £18.00 on each transaction, subject to a minimum monthly charge of £150;
- (b) keeping the register and sub-plan register: £12.00 per annum per shareholder, or in the case of the sub-plan, per account holder, subject to a minimum monthly charge of £150.

The fees are payable to the Registrar out of the property of each Fund and are allocated to each share class based on the value of each share class as a proportion of the Fund value. The Registrar's fees are payable monthly in arrears and are subject to annual review subject to the agreement of the ACD.

17.6 ALLOCATION OF FEES AND EXPENSES BETWEEN FUNDS

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Fund, the expense will normally be allocated to all Funds pro-rata based upon the Net Asset Value of the Funds, although the ACD has discretion to allocate these fees and expense in a manner which it considers fair to shareholders generally.

18 INSTRUMENT OF INCORPORATION

18.1 SHARE CAPITAL

- (a) The Company may from time to time issue Shares of different Classes, and the Directors may by resolution from time to time create additional Classes in respect of a Fund (whether or not falling within one of the Classes in existence on incorporation).
- (b) The Directors may by resolution from time to time create additional Funds with such investment objectives and such restrictions as to geographic area, economic sector, monetary zone or category of transferable security and denominated in such currencies as the Directors from time to time determine.
- (c) The special rights attaching to a Class are not (unless otherwise expressly provided by the conditions of issue of such Shares) deemed to be varied by:
 - (i) the creation, allotment or issue of further Shares of any Class ranking pari passu with them;
 - (ii) the switch of Shares of any Class into Shares of another Class; or
 - (iii) the creation, allotment, issue or redemption of Shares of another Class within the same Fund, provided that the interests of that other Class in the Fund represent fairly the financial, contributions and benefits of Shareholders of that Class;
 - (iv) the creation, allotment, issue or redemption of Shares of another Fund;
 - (v) the exercise by the ACD of its powers to re-allocate assets, liabilities, expenses, costs or charges not attributable to one Fund or to terminate a Fund; or
 - (vi) the passing of any resolution at a meeting of another Fund which does not relate to the Fund in which the Class is interested.

18.2 TRANSFER OF SHARES

A shareholder is entitled (subject to as mentioned below) to transfer Shares which must be effected by transfer in writing in any usual or common form or in any other form as may be approved by ACD. The instrument of transfer, duly stamped if it is required to be stamped, must be lodged with the Registrar for registration. The transferor remains the holder until the name of the transferee has been entered into the register.

- (a) No instrument of transfer may be given in respect of more than one Class.
- (b) In the case of a transfer to joint holders, the number of joint holders to whom Shares are to be transferred may not exceed four.
- (c) The ACD is not obliged to accept a transfer if it would result in the holder, or transferee, holding less than the minimum holding of shares in the class in question.

The Company or the Registrar may require the payment of such reasonable fee as the ACD and the Company may agree for the registration of any grant of probate, letters of administration or any other documents relating to or affecting the title to any share.

18.3 NUMBER OF DIRECTORS

Unless otherwise determined by an extraordinary resolution of Shareholders the number of Directors shall not at any time exceed one.

18.4 REMOVAL OF ACD

The Company may, by ordinary resolution, remove the ACD before the expiration of its period of office, notwithstanding anything in the Instrument of Incorporation or in any agreement between the Company and the ACD, but the removal will not take effect until the FSA have approved it and a new ACD, approved by the FSA has been appointed.

18.5 PROCEEDINGS AT GENERAL MEETINGS

- The Depositary shall nominate the chairman of a general meeting. If the nominated chairman is not present or declines to take the chair, the Shareholders may choose one of their number to be chairman.
- The chairman of any quorate meeting may with the consent of the meeting adjourn the meeting from time to time (or without date) and from place to place, and if he is directed by the meeting to adjourn he must do so. No business can be transacted at an adjourned meeting which might not lawfully have been transacted at the meeting from which the adjournment took place.
- The Shareholders have rights under COLL to demand a poll. In addition to these, a poll may be demanded by the chairman of the meeting or by the ACD on any resolution put to the vote of a general meeting.
- Unless a poll is required, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book or computer record of proceedings will be conclusive evidence of that fact. If a poll is required, it shall be taken in such manner as the chairman may direct.
- The chairman may take any action he considers appropriate for, for example, the safety of people attending a general meeting, the proper and orderly conduct of the general meeting or in order to reflect the wishes of the majority.

18.6 CORPORATIONS ACTING BY REPRESENTATIVES

- Any corporation which is a Shareholder may by resolution of its Directors or any governing body and in respect of any Share or Shares of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Shareholders or of any Class meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Share or Shares if it were an individual Shareholder.
- Any corporation which is a Director of the Company may by resolution of its directors or other governing body authorise such individual as it thinks fit to act as its representative at any general meeting of the shareholders or of any Class meeting of the Directors. The person so authorised shall be entitled to exercise the same powers at such meeting on behalf of such corporation as the corporation could exercise if it were an individual Director.

18.7 POWERS OF A SHAREHOLDERS' MEETING

The ACD must, by way of an extraordinary resolution (i.e. a resolution notified and proposed as such and passed by a majority of not less than three-quarters of the votes validly cast), obtain prior approval from the shareholders (or, where applicable, class of shareholders) for any

proposed change to the Company or any of its Funds which, in accordance with COLL, is a fundamental change. Such a fundamental change is likely to include:

- certain changes to the investment objective and policy of the Funds;
- the removal of the ACD;
- any proposal for a scheme of arrangement.

Other provisions of the Company's instrument of incorporation and the prospectus may be changed by the ACD without the sanction of a shareholders' meeting in accordance with COLL.

18.8 INDEMNITY

The Instrument of Incorporation contains provisions indemnifying every Director, other officer and auditor against liability in certain circumstances and indemnifying the Depositary against liability in certain circumstances but not any liability in respect of failure by it to exercise due care and diligence or any liability which is recovered from another person.

19 SHAREHOLDER MEETINGS AND VOTING RIGHTS

19.1 ANNUAL GENERAL MEETING

In accordance with the OEIC Regulations the Company has elected to dispense with the holding of the annual general meeting.

19.2 REQUISITIONS OF MEETINGS

The ACD may requisition a general meeting at any time.

Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares then in issue and the requisition, must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

19.3 NOTICE AND QUORUM

Shareholders will receive at least 14 days' written notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy, (or in the case of a corporation) by a duly authorised representative. The quorum for an Adjourned Meeting is one Shareholder present in person or by proxy. Notices of Meetings and Adjourned Meetings will be sent to Shareholders at their registered addresses.

19.4 VOTING RIGHTS

At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date seven days before the notice of meeting is deemed to have been served.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Except where COLL or the Instrument of Incorporation of the Fund require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution to be passed) any resolution required by COLL will be passed by a simple majority of the votes validly cast for and against the resolution.

The ACD is entitled to attend any meeting but, except in relation to third party shares, is not entitled to vote or be counted in the quorum and any shares it holds are treated as not being in issue for the purpose of such meeting. An associate of the ACD is entitled to attend any meeting and may be counted in the quorum, but may not vote except in relation to third party shares. For this purpose third party shares are shares held on behalf of or jointly with a person who, if himself the registered shareholder, would be entitled to vote, and from whom the ACD or the associate (as relevant) has received voting instructions.

'Shareholders' in this context means Shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

19.5 FUND AND CLASS MEETINGS

The above provisions, unless the context otherwise requires, apply to Class meetings and meetings of Funds as they apply to general meetings of Shareholders but by reference to Shares of the Class or Fund concerned and the Shareholders and prices of such Shares.

20 TAXATION

20.1 GENERAL

The taxation of income and capital gains of both the Company and shareholders is subject to the fiscal law and practice of the UK and of the jurisdictions in which shareholders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in the UK does not constitute legal or tax advice and applies only to persons holding shares as an investment. It is not a guarantee to any investor of the tax results of investing in the Company.

Prospective investors should consult their own professional advisers on the tax implications of making an investment in, holding or disposing of shares and the receipt of distributions with respect to such shares under the laws of the countries in which they may be liable to taxation.

This summary is based on the taxation law and practice in force at the date of this document, but prospective investors should be aware that the relevant fiscal rules and practice or their interpretation may change.

20.2 THE COMPANY

As each Fund is a sub-fund of an open-ended investment company, each Fund is taxed as though it were itself an open-ended investment company.

The Company is exempt from UK taxation on capital gains arising on the disposal of its investments.

Subject to the provisions below, a Fund will be subject to corporation tax at a rate equal to the lower rate of income tax, currently 20 per cent, on its income from investments after relief for expenses.

A Fund is not subject to tax on dividends and similar distributions from UK resident companies. To the extent that a Fund receives income from, or realises gains on investments issued in, foreign countries, it may be subject to withholding tax or other taxation in those jurisdictions and to UK corporation tax on the income.

If any of the Funds were to have more than 60 per cent by market value of its investments in debt securities, money placed at interest (other than cash awaiting investment), building society shares or holdings in unit trusts or offshore funds or open-ended investment companies with, broadly, more than 60 per cent of their investments similarly invested ("**Bond Funds**"), it is intended that the Fund will distribute its income as yearly interest, which (save in respect of distributions to certain qualifying shareholders) will be paid under deduction of income tax at the lower rate, currently 20 per cent. This amount of income so distributed will be deducted from the income of those bond funds in computing their liability to corporation tax.

20.3 SHAREHOLDERS

Taxation of Distributions

Distributions in relation to income arising to each of the Funds comprise income for UK tax purposes. The type of distribution made by a Fund will depend on its investments. Bond Funds will pay interest distributions as opposed to dividend distributions.

Except for shareholders within the charge to corporation tax (as explained below), dividend distributions will carry a tax credit equivalent to 10 per cent of the aggregate of the distribution and the tax credit (ie one ninth of the amount distributed). UK resident shareholders which are not liable to UK tax on dividends will not be entitled to reclaim the tax credits in respect of dividends. Interest distributions (save in respect of distributions to certain qualifying shareholders) will suffer deduction of tax at the lower rate, currently 20 per cent. UK resident individuals and certain trusts liable to UK income tax will be taxable on the sum of their dividend distributions and associated tax credits but will be entitled to set the tax credits against their UK income tax liability.

UK resident individual shareholders liable to income tax at the higher rate will be subject to income tax on the gross dividend distributions at 32.5 per cent, but will be able to set the tax credit off against part of this liability. In the case of UK resident individual shareholders who are liable to income tax at the starting rate (currently 10 per cent) or the basic rate (currently 22 per cent), the tax credit will match the income tax liability in respect of the dividend distribution and there will be no further tax to pay. A UK resident individual who is not liable to pay income tax in respect of a gross dividend distribution, or any part thereof, will not be able to reclaim the excess tax credit applicable to these distributions from the Inland Revenue.

In the case of Bond Funds, UK resident individuals and certain other shareholders liable to UK income tax will be taxable on the sum of their gross interest distributions received during the relevant tax year, but they will be entitled to use the income tax withheld as a credit against their UK income tax liability. Such withholding will satisfy the liability of starting and basic rate taxpayers to tax on the income. Higher rate taxpayers will have additional tax to pay. If the total income of the shareholder is less than his or her personal allowances, the tax withheld can be the subject of a repayment claim.

Shareholders within the charge to corporation tax will receive dividend income or interest as the case may be. Where the relevant Fund's gross income is not wholly derived from franked investment income, part of any dividend distributions will be reclassified as an annual payment received by shareholders after deduction of income tax at the lower rate, currently 20 per cent. Such shareholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to a credit for the tax treated as already paid. Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax vouchers.

Shareholders subject to corporation tax will receive their interest distributions net of lower rate income tax, currently 20 per cent. Such shareholders will be subject to corporation tax on the grossed-up amount of the distribution, but will be entitled to a credit for the tax treated as already paid.

A shareholder resident in a country other than the UK may be entitled to a payment from HM Revenue & Customs in respect of the tax credit relating to the dividend distributions to which he or she is entitled and to relief from UK taxes suffered in calculating his or her liabilities. This depends in general, on the shareholder being a British or Commonwealth citizen, a national of any State which is a party to the European Economic Area agreement, a resident of the Isle of Man or the Channel Islands, or on the provisions of any relevant double taxation agreement between his or her country of residence and the UK.

All shareholders will be sent tax vouchers stating the make-up of their distributions showing in each case their taxable income and applicable tax credits and in the case of Bond Funds showing taxable income and tax withheld.

20.4 TAXATION OF CAPITAL GAINS

Subject to the paragraph below, holders who are resident or ordinarily resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal of shares, including redemption and switching between classes of shares. A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than 5 years and who disposes of shares during that period may also be liable to UK taxation on chargeable gains.

For a corporate shareholder, indexation relief may be available in calculating any gains (but not losses) thereby compensating for the increase in value due to inflation. For an individual shareholder, the amount of any chargeable gain may be reduced by taper relief the longer the shares have been held. In addition, each individual has an annual exemption, currently £9,200 (tax year 2007/08), such that capital gains tax is chargeable only on net gains arising from all sources during the tax year in excess of this figure. Holders who switch between classes will not incur a charge to tax.

20.5 GENERAL

Under the rules for the taxation of corporate and government debt contained in the Finance Act 1996, corporate investors in Bond Funds will be taxed on any increase (or given relief for any loss) in the open market value of their interest at the end of each accounting period and at the date of disposal of their interest as income. The time at which the company holds the shares does not have to be at the same time as the relevant Fund satisfies the 60 per cent test provided that the test is satisfied at some time during the company's accounting period. In addition, corporate investors in such Funds will not be liable to pay corporation tax on chargeable gains on the disposal of their shares. This is because the corporate investors' shares will at that time be treated for tax purposes as a holding of "qualifying corporate bonds", which are excluded from tax on chargeable gains. If at any time in a subsequent accounting period of the corporate investor, the Fund does not satisfy the 60 per cent debt test, the corporate investor will be treated as having disposed of its deemed qualifying corporate bonds and have acquired shares at their market value at the start of the accounting period. Corporate investors should be aware that any capital gains held over on a notional exchange of units in the Fund for deemed qualifying corporate bonds will be treated as realised on a subsequent notional exchange of qualifying corporate bonds for shares which are not treated as qualifying corporation bonds. Individual investors will be unaffected by these rules.

Authorised unit trusts and other open-ended investment companies should also not be affected by these rules: they will be taxed as if they were persons within the charge to income tax, although the rules may apply to investors in such trusts. Special rules apply to insurance companies and investment trusts.

21 WINDING UP OF THE COMPANY OR A FUND

The Company shall not be wound up except as an unregistered Company under Part V of the Insolvency Act 1986 or under chapter 7.3 of COLL. A Fund may only be wound up under COLL.

Where the Company or a Fund is to be wound up under COLL, such winding up may only be commenced following approval by the FSA. The FSA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under COLL if there is a vacancy in the position of ACD at the relevant time.

The Company or a Fund may be wound up under COLL if:

- an extraordinary resolution to that effect is passed by Shareholders of either the Company or the Fund (as appropriate); or
- the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the share capital of the Company is below its prescribed minimum or the Net Asset Value of the Fund is less than £50,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
- on the date of effect stated in any agreement by the FSA to a request by the ACD for the revocation of the authorisation order in respect of the Company or the relevant Fund.

The winding up of the Company or termination of a Fund under COLL is carried out by the ACD which will, as soon as practicable, cause the property of the Company or that property attributable to the relevant Fund to be realised and the liabilities to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for the expenses of winding up and the discharge of the liabilities of the Company or the Fund (as the case may be) the ACD may arrange for interim distributions(s) to be made to shareholders. When all liabilities have been met, the balance (net of a provision for any further expenses) will be distributed to shareholders. The distribution made in respect of each Fund will be made to the holders of shares linked to that Fund, in proportion to the units of entitlement in the property of that Fund which their shares represent.

Shareholders will be notified of any proposal to wind up the Company or terminate any of the Funds. On commencement of such winding up or termination the Company will cease to issue and cancel shares and transfers of such shares shall cease to be registered.

On completion of the winding up of the Company, the ACD shall notify the FSA that it has done so. On completion of a winding up, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company will be paid into court within one month of dissolution.

Following the completion of the winding up of the Company or a particular Fund, the ACD shall notify the FSA that it has done so. Following the completion of a winding up, the ACD must prepare a final account showing how the winding up took place and how the scheme property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FSA and to each Shareholder within two months of the termination of the winding up.

22 GENERAL INFORMATION

22.1 ACCOUNTING PERIODS

The annual accounting period of the Company ends on 31 July (the "**accounting reference date**"). The interim accounting period ends on 31 January. The first accounting period will end on 31 July 2009.

22.2 INCOME ALLOCATIONS

Allocations of income are made in respect of the income available for allocation in each accounting period.

Distributions of income for each Fund are paid on or before the annual income allocation date of 30 November and on or before the interim allocation date of 31 March. A re-investment facility is available. The first distribution will be paid on or before 31 March 2009.

Distributions of income will be paid by BACS, cheque or any other means agreed between the ACD and the relevant Shareholder from time to time.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Fund in respect of that period, and deducting the charges and expenses of the relevant Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments (including for amortisation) which the ACD considers appropriate after consulting the auditors.

For new accounting periods commencing on or after 1 January 2007, income on debt securities, such as bonds and other fixed interest securities, is calculated on an Effective Yield basis. The Effective Yield basis treats any projected capital gain or loss on a debt security (when compared to its maturity or par value) as income and this, together with any future expected income streams on the debt security, is written off over the life of that security and discounted back to its present value and included in the calculation of the distributable income.

22.3 INCOME EQUALISATION

Income equalisation is applied to each of the Funds. An allocation of income (whether annual or interim) to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("**income equalisation**") representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the share price of shares of that class issued or sold in the annual or interim accounting period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

22.4 ANNUAL REPORTS

The annual report of the Company (the "**long report**") will be published on or before the end of November each year, and half-yearly reports will be published on or before the end of March each year. Copies of these long form reports may be inspected at, and copies obtained free of charge from the ACD at its operating address. These reports may also be inspected at the Depositary's office during normal office hours.

The ACD will issue short reports in relation to the Funds both half yearly and annually. These will be distributed to shareholders before the end of November and March each year.

22.5 DOCUMENTS OF THE COMPANY

The following documents may be inspected free of charge between 9.30 am and 5.30 pm on every business day at the offices of the ACD at Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

- the latest version of the Prospectus;
- the Instrument of Incorporation;
- the latest annual and half-yearly long reports; and
- the material contracts referred to below.

Shareholders may obtain copies of the above documents from the above address. Copies of the Prospectus and latest annual reports are available free of charge however the ACD may make a charge at its discretion for copies of the Instrument of Incorporation and material contracts.

All notices or documents required to be served on shareholders shall be served by post to the address of such shareholder as evidenced on the register.

This Prospectus describes the constitution and operation of the Company at the date of this Prospectus. In the event of any materially significant change in the matters stated herein or any materially significant new matter arising which ought to be stated herein this Prospectus will be revised. Investors should check with the ACD that this is the latest version and that there have been no revisions or updates.

22.6 MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- the Agreement dated 1 May 2008 between the Company and the ACD;
- the Investment Adviser Agreement between the ACD and the Investment Adviser;
- the Depositary Agreement dated 1 May 2008 between the Company, the ACD and the Depositary; and

- the Administration Agreement dated 5 February 2001 between the Company, the ACD, Northern Trust Global Services Limited and Northern Trust International Fund Administration Services (UK) Limited.

Details of the above contracts are given under the heading "Management and Administration" from page 22.

22.7 COMPLAINTS

Complaints concerning the operation or marketing of the Company or any of the Funds may be referred to the Compliance Officer of the ACD at Eastgate Court, High Street, Guildford, Surrey GU1 3DE. If a complaint cannot be resolved satisfactorily with the ACD it may be referred to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR. More details about the Financial Ombudsman Service are available from the ACD.

The Financial Services Compensation Scheme Limited has been established under the rules of the FSA as a "rescue fund" for certain clients of firms authorised and regulated by the FSA which have gone out of business. The ACD will supply you with further details of the scheme on written request to its operating address. Alternatively, you can visit the scheme's website at www.fscs.org.uk or by writing to the Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsoken Street, London, E1 8BN.

22.8 DATA PROTECTION

The information you provide on your application form (or afterwards) will be held and processed by us as data controller for the purposes of the Data Protection Act 1998.

We may hold and process information for the administration of the service(s) for which you are currently applying or may apply for in the future, for the operation of your investment (including, for example, for registration and distribution purposes), for the purposes of statistical analysis, and the marketing of goods and services by us or other companies in the Premier Asset Management Marketing Group.

We may transfer information to other companies in the Premier Asset Management Marketing Group and to third party agents of such companies or us for any of the above purposes. Such third party agents may be in countries located outside of the European Economic Area (EEA).

We will take steps to ensure that your privacy rights are respected since these countries may not have comprehensive data protection and other laws as countries in the EEA. Where an authorised financial adviser acts on your behalf, we will disclose information concerning your investment to that financial adviser.

Other than as noted above, we will not provide any other third party with any information about you unless you have given your consent or unless we are required to do so by law.

You are entitled to request details of information we hold about you upon payment of a fee and to require us to correct any inaccuracies in your personal data.

APPENDIX 1

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

The Funds may deal through the securities and derivatives markets indicated below.

ELIGIBLE MARKETS ADOPTED
Any authorised and regulated market in the UK which fulfils the requirements of the eligible markets regime.
Any authorised and regulated market in the European Economic Area which fulfils the requirements of the eligible markets regime
Australia - ASX Limited
Canada - TSX Venture Exchange - Montreal Exchange - The Toronto Stock Exchange (TSX)
Channel Islands - Channel Islands Stock Exchange (CISX)
Hong Kong - Hong Kong Exchanges
Japan - Tokyo Stock Exchange - Nagoya Stock Exchange - Osaka Securities Exchange - Sapporo Stock Exchange - JASDAQ Securities Exchange
The Republic of Korea - Korea Exchange Incorporated
Mexico - Bolsa Mexicana de Valores (Mexican Stock Exchange)
New Zealand - New Zealand Stock Exchange
Singapore - Singapore Exchange (SGX) (Stock Exchange of Singapore and - Singapore International Monetary Exchanges)
South Africa - JSE Securities Exchange
Sri Lanka - Colombo Stock Exchange
Switzerland - SWX Swiss Exchange
Taiwan - The Taiwan Stock Exchange

Thailand

- Stock Exchange of Thailand

USA

- American Stock Exchange
- New York Stock Exchange
- Boston Stock Exchange
- National Stock Exchange
- NYSE Arca
- Chicago Stock Exchange
- Philadelphia Stock Exchange
- NASDAQ

ELIGIBLE DERIVATIVES MARKETS ADOPTED
Any authorised and regulated market in the UK which fulfils the requirements of the eligible markets regime
Any authorised and regulated market in the European Economic Area which fulfils the requirements of the eligible markets regime
Australia - ASX Limited
Canada - The Montreal Exchange - Toronto Stock Exchange
Channel Islands - Channel Islands Stock Exchange (CISX)
Hong Kong - Hong Kong Exchanges (Stock Exchange of Hong Kong)
Japan - Tokyo Stock Exchange - Osaka Securities Exchange
New Zealand - New Zealand Futures & Options Exchange
Singapore - Singapore Exchange (Singapore International Monetary Exchange)
South Africa - JSE Securities Exchange
Switzerland - Eurex
United States - Chicago Board Options Exchange (CBOE) - CME Group Inc - New York Futures Exchange - New York Mercantile Exchange (NYMEX) - New York Stock Exchange (NYSE) - NYSE Arca - Philadelphia Stock Exchange

APPENDIX 2

INVESTMENT MANAGEMENT AND BORROWING POWERS OF THE COMPANY

The Company may exercise the full authority and powers permitted by COLL applicable to Non-UCITS Retail Schemes. However, this is subject to the applicable investment limits and restrictions set out in COLL, the Company's Instrument of Incorporation and this Prospectus. The Company may exercise in respect of the Funds, the full authority and powers permitted by COLL applicable to Non-UCITS retail schemes subject to the relevant Fund's investment objective and policy.

Save for any investment purchased or transaction entered into for the purposes of hedging (referred to in more detail under the heading "Derivatives" below), the property of the Funds may not include any investment to which a liability (whether actual or contingent) is attached unless the maximum amount of such liability is ascertained at the time when such investment is acquired for the account of the Fund.

In accordance with the investment policy of the Funds, the Funds shall mainly invest in units and shares of collective investment schemes and transferable securities, structured products and derivatives, and may also invest indirectly in immovable property by investing in collective investment schemes and property companies which themselves invest in immovable property. The Funds may also invest in money market investments, deposits, warrants, cash and near cash. The capital property attributable to the Funds is therefore required to consist of such investments although investment in other asset classes is also permitted as set out in COLL as it applies to Non-UCITS retail schemes and as specified below. Therefore, the capital property of the Funds may at any time consist entirely of such assets or a mixture of such assets as well as investments of other asset classes described below.

The ACD shall ensure that, taking into account the investment objective of each of the Funds, the scheme property of each of the Funds aims to provide a prudent spread of risk. None of the Funds are expected to have high volatility owing to its portfolio composition or the portfolio management techniques used over and above the general market volatility of the markets of its underlying investments.

Collective Investment Schemes

The property of the Funds may consist of units in collective investment schemes.

Not more than 35% in value of the property of the Funds may consist of units or shares in any one collective investment scheme.

The Funds may not invest in units or shares of another collective investment scheme (the "**Second Scheme**") unless the Second Scheme satisfies the conditions referred to below.

The Second Scheme must fall within one of the following categories:

- (a) a scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS directive;
- (b) a scheme which is recognised scheme;
- (c) a scheme which is a non-UCITS retail scheme;
- (d) a scheme which is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or
- (e) any other scheme which does not fall within any of the above categories and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested.

The Second Scheme must also operate on the principle of a prudent spread of risk, it should be prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes and the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price which relates to the net value of the property to which the units relate and which are determined in accordance with the scheme.

The Company may invest in shares or units of collective investment schemes which are managed or operated by (or, in the case of companies incorporated under the OEIC Regulations, have as their authorised corporate director) the ACD or an associate of the ACD. However, if the Company invests in units in another collective investment scheme managed or operated by the ACD or by an associate of the ACD, the ACD must pay into the property of the Company before the close of the business on the fourth business day after the agreement to invest or dispose of units:

- (a) on investment – if the ACD pays more for the units issued to it than the then prevailing creation price, the full amount of the difference or, if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and
- (b) on a disposal – any amount charged by the issuer on the redemption of such units.

Transferable Securities and Money Market Instruments

The Funds may invest up to 100% of the scheme property in transferable securities and money market instruments which are:

- (a) admitted to or dealt in on an eligible market (as set out on page 36); or
- (b) are recently issued transferable securities, provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market, and such admission is secured within a year of issue; or
- (c) money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, being an 'approved money market instrument' in accordance with COLL which fulfil the following requirements:
 - (i) the issue or the issuer is regulated for the purpose of protecting investors and savings, and
 - (ii) the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.

Not more than 20% in value of the property of the Funds may consist of transferable securities which do not fall within (a) to (c) above or which are money market instruments which are liquid and have a value which can be determined accurately at any time.

Transferable securities held by the Company must also fulfil the following criteria:

- (a) The potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it:

- (b) Its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder
- (c) Reliable valuation is available for the transferable securities as follows:
 - (i) In the case of transferable security admitted to or dealt in on an eligible market where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- (d) appropriate information is available for the transferable security as follows:
 - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
 - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- (e) it is negotiable; and
- (f) its risks are adequately captured by the risk management process of the ACD.

Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed not to compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder; and to be negotiable.

The Funds may also invest in an approved money market instrument provided the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles (as defined in COLL) which benefit from a banking liquidity line (as defined in COLL).

The requirements of COLL 5.2.10BR are that the money market instrument must be:

- (a) issued or guaranteed by a central, regional or local authority or central bank of an EEA State or if the EEA State is a federal state, one of the members making up the federation, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State, or in the case of a federal state, one of the members making up the federation, or by a public international body to which one or more EEA State belongs; or
- (b) an establishment subject to prudential supervision in accordance with criteria defined by Community law or an establishment which is subject to and complies with prudential rules governed by the FSA to be at least as stringent as those laid down by Community law; or
- (c) issued by a body, any securities of which are dealt in on an eligible market.

A money market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

Not more than 10% in value of the property of the Funds may consist of transferable securities or money market instruments issued by any single body subject to COLL 5.6.23R however, the limit of 10% is raised to 25% in respect of covered bonds.

Covered bonds

In general a covered bond is a bond that is issued by a credit institution which has its registered office in an EEA State and is subject by law to special public supervision designed to protect bondholders and in particular protection under which sums deriving from the issue of the bond must be invested in conformity with the law in assets which, during the whole period of validity of the bond, are capable of covering claims attaching to the bond and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest, and which may be collateralised.

Government and Public Securities

The scheme property attributable to a Fund may consist of government and public securities provided no more than 35% in value of the scheme property attributable to such Fund is invested in such securities issued by any one body. There is no limit on the amount which may be invested in such securities or in any one issue.

Warrants

Not more than 5% in value of the scheme property attributable to the Funds may consist of warrants.

Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the relevant Funds at any time when the payment is required without contravening COLL.

Cash and Near Cash

The property of the Funds may consist of cash or near cash to enable:

- (a) the pursuit of the Funds' investment objective;
- (b) the redemption of units; or

- (c) the efficient management of the Funds in accordance with its objectives or any other purposes which may reasonably be regarded as ancillary to the objectives of the Funds.

Whilst it is intended that the Funds will typically be fully invested, the Funds also have the ability to hold cash or near cash if particular investment conditions suggest that it is prudent to do so in pursuit of the relevant Fund's objectives, for example, where there are large market movements and/or an exceptional number of redemptions are anticipated or the relevant Fund is in receipt of large cash sums upon the creation of units or realisation of investments.

Cash which forms part of the property of the Funds may be placed in any current or deposit account with the Depositary, the Manager or any investment adviser or any associate of any of them provided it is an eligible institution or approved bank and the arrangements are at least as favourable to the Funds as would be the case for any comparable arrangement affected on normal commercial terms negotiated at arms length between two independent parties.

Derivatives

The Funds may invest in derivatives and forward transactions for both efficient portfolio management purposes (including hedging) and for investment purposes, the applicable rules in COLL are summarised below.

Efficient Portfolio Management

The Funds may invest in derivatives for efficient portfolio management purposes (including hedging) and the Investment Adviser may make use of a variety of derivative instruments in accordance with COLL. **Where derivatives are used for hedging, or in accordance with efficient portfolio management techniques, this will not compromise the risk profile of the Funds.** Use of derivatives will not contravene any relevant investment objectives or limits.

Efficient portfolio management enables the Funds to invest in derivatives and forward transactions (including futures and options) in accordance with COLL using techniques which relate to transferable securities and approved money market instruments and which fulfill the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;
- (b) they are entered into for one or more of the following specific aims:
 - (i) reduction of risk;
 - (ii) reduction of cost;
 - (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL.

Permitted Transactions (derivatives and forwards)

The Funds may also use derivatives and forward transactions for investment purposes. **The ACD does not anticipate that the use of derivatives will result in the Funds having a higher volatility than the general market due to the investments held and investment techniques adopted by the Investment Adviser.** A transaction in derivatives or a forward transaction must not be effected for the Funds unless the transaction is of a kind specified below and the transaction is covered.

A derivatives transaction may be either an approved derivative (i.e. one which is traded or dealt in on an eligible derivatives market as set out in Appendix 1) or an over-the-counter derivative in accordance with the applicable FSA rules.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

The underlying assets of a transaction in a derivative may only consist of any one or more of the following:

- (a) transferable securities;
- (b) money market instruments;
- (c) deposits (permitted under COLL 5.2.26R);
- (d) derivatives and forward transactions (permitted under COLL 5.6.13R);
- (e) gold;
- (f) immovables (permitted under COLL 5.6.18R);
- (g) units in collective investment schemes (permitted under COLL 5.6.10R);
- (h) financial indices (which satisfy the criteria set out in COLL 5.2.20AR);
- (i) interest rates;
- (j) foreign exchange rates; and

- (k) currencies.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes or derivatives. The ACD must ensure compliance with COLL 5.3.6R.

Any forwards transaction must be made with an eligible institution or an approved bank in accordance with COLL

Where the Funds invest in derivatives, the exposure to the underlying assets must not exceed the general spread limits in accordance with COLL 5.6.7R (Spread: general), COLL 5.6.8R (Spread: government and public securities) and COLL 5.6.5R(2), except for index-based derivatives where the following rules apply.

Where the Funds invest in an index-based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of monitoring the spread requirements. The relaxation is subject to the ACD continuing to ensure that the property provides a prudent spread of risk.

Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.

A transaction in a derivative must not cause the Funds to diverge from their investment objectives as stated in the instrument of incorporation and the most recently published version of this Prospectus.

All derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee, and it is characterised by daily mark-to-market valuation of the derivative positions and an at least daily margining.

Over-the-counter ("OTC") transactions in derivatives

Any transaction in an OTC derivative must be:

- (a) with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is an eligible institution or an approved bank, or a person whose permission (as published in the FSA register), or whose home state authorisation, permits it to enter into such transactions as principal off-exchange.
- (b) on approved terms. The terms of a transaction in derivatives are approved only if, the ACD:
 - (i) carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (and which does not rely only on market quotations by the counterparty; and
 - (ii) Can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value arrived , and
- (c) capable of reliable valuation. A transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
 - (i) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
 - (ii) if the value referred to in (i) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- (d) subject to verifiable valuation. A transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
 - (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
 - (ii) a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

For the purposes of paragraph (b) above, "fair value" is the amount which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms length transaction.

The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with (a) to (d) above.

Collateral required under OTC derivative transactions

The Company's exposure in respect of an over the counter derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions below such that the collateral must be:

- (a) marked-to-market on a daily basis and exceed the value of the amount of risk;
- (b) exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- (c) held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- (d) be fully enforceable by the Company at any time.

OTC derivative positions with the same counterparty may be netted provided that the netting procedures comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III of the Banking Consolidation Directive; and are based on legally binding agreements.

Risk Management: derivatives

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Company. However, the Investment Adviser's investment in derivative techniques has the overall intention of reducing the volatility of returns, reflecting the investment policies for the Funds generally.

Derivative exposure

The Company may invest in derivatives and forward transactions only where the exposure to which the Company is committed by that transaction itself is suitably covered from within the Company's property. Exposure will include any initial outlay in respect of that transaction.

Cover ensures that the Company is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Company's property. Therefore, the Company must hold scheme property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. The detailed requirements for cover of the Company are set out below.

Cover used in respect of one transaction in derivatives or forwards transactions should not be used for cover in respect of another transaction in derivatives or a forward transaction.

Cover for transactions in derivatives and forward transactions

A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the Company is or may be committed by another person, is covered globally.

Exposure is covered globally if adequate cover from within the scheme property is available to meet the Company's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

Cash not yet received into the scheme property of the Company but due to be received within one month is available as cover for these purposes.

Property which is the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

The total exposure relating to derivatives held in the Company may not exceed the net value of the property.

Deposits

The property of the Funds may consist of deposits (as defined in COLL) but only if it:

- (a) is with an approved bank;
- (b) is repayable on demand or has the right to be withdrawn; and
- (c) matures in no more than 12 months.

Gold

Whilst the Company may invest in gold, it is currently not intended that the Funds will invest in gold.

Immovable property

Whilst the Company is permitted to invest directly in immovable property, it is currently intended that the Funds will only invest indirectly in immovable property primarily through investing in collective investment schemes and/or property companies which themselves invest directly in immovable property.

Spread - General

In applying any of the restrictions referred to above:

- (a) not more than 20% in value of the Fund property may consist of deposits with any single body;
- (b) not more than 10% in value of the Fund property is to consist of transferable securities or money market instruments issued by any single body (subject to COLL 5.6.23R);
- (c) the exposure to any one counterparty in an over the counter derivative transaction must not exceed 10% in value of the Fund property, (subject to COLL 5.6.7R(7) and(8) as explained above); and
- (d) not more than 35% in value of the Fund is to consist of units in any one collective investment scheme.

Borrowing

Subject to the Company's Instrument of Incorporation and COLL (as it relates to non-UCITS retail schemes), the Company may borrow money for the purposes of achieving the objectives of the Funds on terms that such borrowings are to be repaid out of the scheme property of the relevant Fund. The ACD does not anticipate significant use of this borrowing power. Such borrowing may only be made from an eligible institution or approved bank (as defined in COLL). The borrowing of a Fund must not, on any business day, exceed 10 per cent of the value of the property of the relevant Fund.

The above provisions on borrowing do not apply to "back to back" borrowing for hedging purposes, being an arrangement under which an amount of currency is borrowed from an eligible institution and an amount in another currency at least equal to the amount of currency borrowed is kept on deposit with the lender (or his agent or nominee).

Borrowings may be made from the Depositary, the ACD, the Directors or any Investment Adviser or any associate of any of them provided that such lender is an eligible institution or approved bank and the arrangements are at least as favourable to the Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

Stock lending

The Company or the Depositary may enter into a repo contract, or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 but only if:

- (a) all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;
- (b) the counterparty is an authorised person or a person authorised by a home state regulator or otherwise permitted under COLL; and
- (c) collateral is obtained to secure the obligation of the counterparty under the terms referred to in (a) above and is acceptable to the Depositary and must also be adequate and sufficiently immediate as set out in COLL. These requirements do not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

DIRECTORY

Head Office of the Company:

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Eastgate Court
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Guildford, Surrey GU1 3DE

Authorised Corporate Director:

Premier Portfolio Managers Limited
Eastgate Court
High Street
Guildford, Surrey GU1 3DE

Investment Adviser:

Premier Fund Managers Limited
Eastgate Court
High Street
Guildford, Surrey GU1 3DE

Administrator:

Northern Trust International Fund Administration Services (UK) Limited
50 Bank Street
Canary Wharf
London
E14 5NT

Registrar:

Northern Trust Global Services Limited
50 Bank Street
Canary Wharf
London
E14 5NT

Depositary:

The Royal Bank of Scotland plc

The Broadstone
50 South Gyle Crescent
Edinburgh
EH12 9UZ

Legal Advisers:

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Narrow Quay
Bristol
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Auditors:

Grant Thornton UK LLP
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