The Sentinel Defensive Portfolio, a sub-fund of the Sentinel Funds

Short Report for the period from 13th May 2008 to 31st July 2009

The information in this report is designed to enable investors to make an informed judgement on the activities of the Fund during the year. Copies of the Long-Form Report & Accounts are available free of charge by calling Premier on 01483 306 090, or can be downloaded from the Fund's website at www.thesentinelfund.co.uk.

Investment Objective and Policy

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

The investment policy 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.

Total Expense Ratio (TER)

	31/07/2009
	1.86%

The TER shows the annual operating expenses of the Fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses to different schemes. The TER for income and accumulation shares is the same.

Fund Facts

Launch date:	13 May 2008
Ex-dividend dates:	31 January and 31 July
Income dates:	31 March and 30 November
IMA sector:	IMA Unclassified

Performance Record (in pence per share)

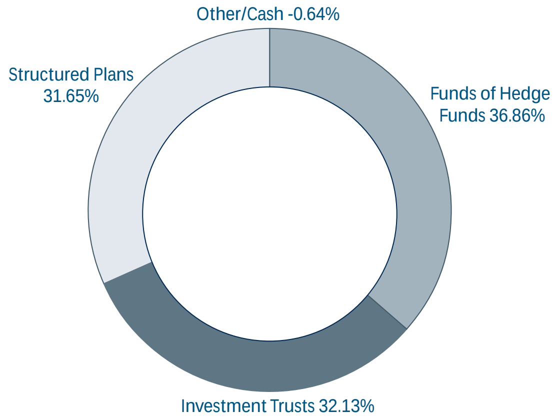
Year	Share Class	Highest Price	Lowest Price
2008[1]	Income	100.40	80.05
	Accumulation	100.40	80.15
2009[2]	Income	93.35	81.18
	Accumulation	93.26	81.18

[1]13th May 2008 to 31st December 2008.
[2]To 31st July 2009.
Past performance is not a guide to future returns. The price of shares and the income from them may go down as well as up and you may get back less than you invested.

Net Asset Values (in pence per share)

As at	Share Class	Distribution
31/07/2009	Income	92.42
	Accumulation	92.42

Asset Allocation as at 31/07/2009



There are no comparative year figures as this is the Fund's first Annual Short Report.

Top Ten Holdings as at 31/07/2009

Electra Private Equity ZDP	8.09%
Elders Investment - Series 16A	7.43%
Epic Securities ZDP	7.35%
Dexion Absolute (USD)	5.89%
Utilico Finance 2012 ZDP	5.72%
Bear Stearns Private Equity (GBP)	4.98%
MW Tops (USD)	4.72%
Alternative Investment Strategies	4.62%
Goldman Sachs FTSE100	4.12%
Symphony FTSE100 2013 ZDP	3.85%

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Investment Review

Performance

The first year of the Fund has been an extremely testing time; it has fallen by 6.74%, having been down much more than this at one stage. Whilst in absolute terms this is disappointing, when viewed against very weak equity markets it is a reasonable outcome. Both the FTSE 100 Index and the FTSE All Share Index were down nearly 22% and the other major markets down more. All three elements of the Fund were affected by a combination of falling markets, widening credit spreads and increased volatility. The funds of hedge funds were amongst the worst performers, several falling by more than 30% at one stage. The result was that over the first seven months of the Fund's year, the unit price fell sharply, producing a poor return. However the fund of hedge funds had a very strong start to the year as they recovered from their ridiculous pre-Xmas valuations and have continued to increase significantly in value throughout 2009. The Zero Dividend Preference Shares (ZDPs) have provided strong returns as credit spreads narrowed due to the worst fears on credit defaults beginning to ease. Finally, the strong equity market rally since March has produced strong returns from the structured products within the portfolio.

Market Review

The events of the past year have provided a number of challenges for fund managers no matter what their remit and this Fund has been no exception. Falling equity markets have to be coped with by all investors but we have had the additional problems of uncertainty over structured product and hedge fund counterparties, record equity market volatility and credit spreads widening to levels higher than those reached in the Great Depression. Indeed all asset classes, with the exception of G7 government bonds, have had a torrid time. A selection of the news in the past year included the nationalisation of Fannie Mae, Freddie Mac; the bankruptcy of Lehmans; the rescue of Fortis, Hypo Real Estate & AIG; the failure of Washington Mutual and Bradford & Bingley and the takeover of Wachovia and Merrill Lynch. In response to this, the Central Banks provided massive liquidity, whilst others increased guarantees to depositors, and the US and UK governments began quasi nationalising several of their large banks. The attempt by policy makers to alleviate the situation continued with the implementation of quantitative easing measures in the US and UK, and a G20 stimulus package finally led to a significant rally in both equity and credit markets. Despite the economic news remaining grim, markets have carried on the rally that started in March. In the last three months, UK equities have risen 8.3% whilst most other markets have recovered more than 10%.

Portfolio Activity

The task in the first year has been to build a balanced portfolio that will be able to weather the storms that persist in most market cycles. The exceptional conditions witnessed in the second half of 2008 have proved difficult but the portfolio has emerged in reasonable shape, despite somewhat fraught times in December and again in March. Portfolio turnover should be low with most disposals coming in the shape of redeeming structured products and ZDPs at the end of their stated terms. In addition to this can be added the tenders operated by the funds of hedge funds. When looking at the individual share prices it is apparent that most have produced positive returns. However, a proportion of the fund of hedge fund exposure has been very disappointing and dragged the whole Fund into negative territory.

Outlook

Given the strong rise in markets, it is probable that we may see a little weakness in the near term, although there is a powerful mood of optimism sweeping through markets at the thought that the end of the recession is in sight. The Fund remains defensively positioned and should be able to withstand any reasonable market correction. There are a number of corporate actions in the fund of hedge fund sector which should continue to add value, whilst ZDPs are benefitting from a renewal of interest which will provide strong support and should continue to drive down gross redemption yields aided by a narrowing of credit spreads.

Source: Premier Fund Managers Limited, August 2009. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

Investment Risks

There is a market risk. This is the risk that the value of investments and any income from them, can fall as well as rise. Neither capital or income is guaranteed.

This Fund may invest in derivatives for investment purposes. Although this may mean that the value of the Fund could be subject to volatility from time to time, investing in derivatives is not expected to alter the risk profile of the Fund.

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 zeros are now regarded as lower risk investments than equities.

A fund which invests heavily in securities (including zero dividend preference shares) which may be subject to significant levels of borrowing, often known as "gearing", is vulnerable to sudden and large falls in value which may result in no realisable value if there is a sufficiently large fall in value of the underlying investments subject to gearing.

Since this Fund has been launched recently, or is small in size, there is a risk that the charges and expenses allocated to the Fund may be higher than expected if the Fund does not grow as much as planned. This would have an effect on the Fund's performance.

Other Information

Authorised Corporate Director:	**Premier Portfolio Managers Limited,** Eastgate Court, High Street, Guildford, Surrey, GU1 3DE
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