

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

Interim Short Report for the period from 1st August 2009 to 31st January 2010

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.thesentinel fund.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.

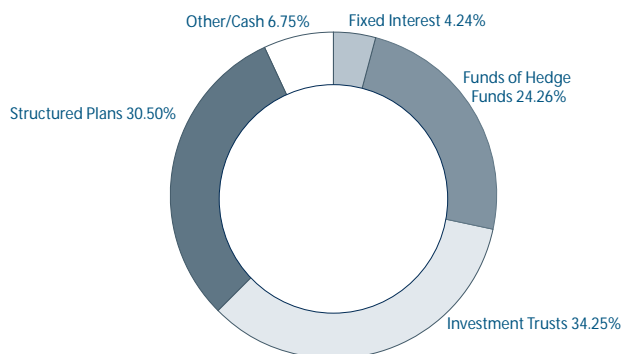
The term 'structured products' simply refers to a group of financial instruments (which may be regarded as transferable securities, collective investment schemes or derivatives depending on the product in question) with varying terms, payout and risk profiles on a range of underlying assets. These products 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.

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

Asset Allocation as at 31/01/2010



Top Ten Holdings as at 31/01/2010

Epic Securities ZDP	5.45%
Elders Investment - Series 16A	5.09%
Utilico Finance 2012 ZDP	4.82%
MW Tops (USD)	4.25%
JPMorgan Private Equity 2013 ZDP	4.18%
Goldman Sachs FTSE100 Dividend Index Certificate	4.17%
Alternative Investment Strategies	4.05%
Rabobank FTSE Synthetic Zero 20/02/2012	4.01%
The Cayenne Trust	3.97%
Electra Private Equity ZDP	3.78%

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	Income	99.94	81.18
	Accumulation	99.95	81.18
2010 ²	Income	101.16	99.51
	Accumulation	101.17	99.51

¹13th May 2008 to 31st December 2008. ²To 31st January 2010.

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
31/01/2010	Income	100.25
	Accumulation	100.26

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.

Portfolio Turnover Rate (PTR)

31/07/2009

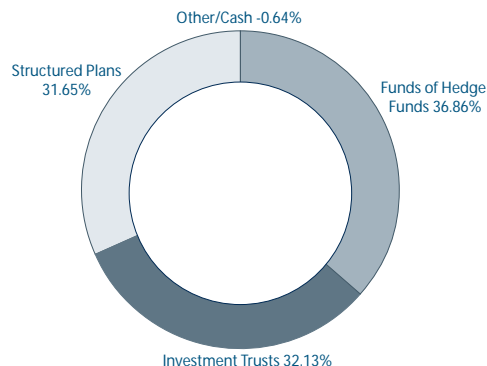
58.4%

The PTR is a ratio that reflects the volume of trading within the Fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the Fund's shares and is expressed as a percentage of the Fund's average net asset value.

Dividend Distribution (in pence per share)

Expenses exceeded income during the period, as a result no distributions were paid.

Asset Allocation as at 31/07/2009



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

Over the six month reporting period, equity markets have rallied and credit spreads have marginally tightened; the Fund returned 8.28%.

Market Review

As a result of the favourable market conditions, the asset cover on Zero Dividend Preference Shares (zeros), to pay back their full entitlement at maturity, has improved and yields have tightened. Accordingly, the balance of risks for zeros has shifted from concerns over the amount of money in the fund to cover what would need to be paid at maturity, to the increasing potential for risk-free interest rates, especially with LIBOR and gilt yields rising over the last quarter of 2009. We closely monitor the duration of the Fund given the adjustment in risks. In January we purchased two floating rate notes as we look to increase the Fund's protection against sharply rising interest rates. In addition, we have reduced the exposure of the Fund to private equity backed zeros due to the inherent risk of the underlying asset class. The zero sector continues to draw new issues as companies seek to find cheaper alternatives to bank financing, and the tax advantages sustain demand.

Structured products have performed well over the past six months as equity and credit markets rallied. The majority of autocalls have headroom above their call levels and significant downside protection to their barrier levels. In addition, the issuing banks generally have much stronger credit metrics. We anticipate opportunities to reduce the equity risk on the portfolio and shall be looking to invest future redemption proceeds into short dated, defensive synthetic zeros.

Portfolio Activity

Unsurprisingly the 'Alternatives' sub portfolio also had a strong six months. The Net Asset Value (NAV) performance of the Alternatives, namely the fund of hedge funds, was satisfactory. However, performance was enhanced as the average discount across the sector reduced significantly. Despite discounts tightening over the period there remains further upside, particularly due to upcoming tenders, continuation votes and potential wind-ups. The asset allocation to this sub portfolio is likely to be reduced naturally and replaced by holdings with more defined returns.

Outlook

The Fund is positioned for capital growth in most likely market scenarios. We anticipate that the key risks to this growth would be sharply declining equity markets or sharply rising interest rates. As such, we continue to reduce the equity market risk and the duration on the Fund.

Source: Premier Fund Managers Limited, March 2010. Performance figures are taken from Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

Issued by:

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You should remember that past performance is not a guide to future returns and 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. Investment in these funds should be viewed as a long term investment. Exchange rates will also cause the value of underlying investments to fall as well as rise. Tax concessions are not guaranteed and may be changed at any time, their value will depend on your individual circumstances. Reference to any particular stock does not constitute a recommendation to buy or sell the stock. Details of the nature of the investments, the commitment required and fund specific risk warnings are described in the Simplified Prospectus document which is available on request. Monthly cash withdrawals may lead to erosion of the capital value of your investment should you take a higher cash withdrawal than the growth or income generated. 2903106232

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,**
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