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# SENTINEL

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SENTINEL MANAGEMENT GROUP, INC

August 13, 2007

Dear Client:

As you undoubtedly know, the credit markets, along with most other markets, have experienced a liquidity crisis in the past several weeks. Investor fear has overtaken reason and has induced a period in which most securities have simply ceased to trade. We've all read the stories about one hedge fund or another suffering losses related to subprime exposure and closing down or being rescued. This fear, while warranted in some cases, has spilled over into the rest of the credit market and liquidity has dried up all over the street. In addition, investment banks and securities firms are stuck with LBO deals they've already entered into but cannot find buyers for the bonds so must inventory them themselves. This liquidity crisis has caused bids to disappear from the market and makes it virtually impossible to properly price securities or to trade them. High grade securities are trading like junk bonds as panicked investors dump names like General Electric at Tyco-like prices.

We have carefully monitored this situation for the past several weeks and have met regularly to discuss the potential impact it may have on our clients. We had previously thought that the market would return to some semblance of order and that our clients would not join in the panic. Unfortunately, this has not been the case. We are concerned that we cannot meet any significant redemption requests without selling securities at deep discounts to their fair value and therefore causing unnecessary losses to our clients. We contacted the CFTC today and asked for their permission to halt redemptions until we can honor them in an orderly fashion.

Sentinel has always sought to protect your interests and since our inception in 1980, we have never experienced a situation quite like this one. We will continue to monitor the markets and we will raise cash as opportunities present themselves.

We understand that this will obviously cause inconveniences on your part however, at present, we do not see an alternative and we don't believe it is in anyone's best interest if a run on Sentinel took place and we were in a forced liquidation mode.

We value your trust in us these past 28 years and this has been a very difficult decision for us and we understand the implications of this decision both on you and on Sentinel. We feel, however, that this is the best way to assure you the best possible value on your investment.

We will remain in contact with you and update you as things progress.

Sincerely,

Sentinel Management Group, Inc.

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EDENS CORPORATE CENTER  
650 DUNDEE ROAD, SUITE 460  
NORTHBROOK, ILLINOIS 60062  
(847) 412-4400  
FAX (847) 412-4409