

The Sentinel Fund



To watch over and guard

Sentinel OEIC

Fund Manager Quarterly Questionnaire

Period 31st March 2010

31st December 2009 to the 31st March 2010

Fund: Sentinel Defensive Portfolio

Managing Group: Premier Asset Management

Manager: Paul Smith

PERSONNEL

1. Please detail any significant changes to the personnel involved in the management of the fund and the analysis of underlying stocks/funds. In particular, please detail the length and type of experience/qualification for any new team members.

None

2. Please give an approximation of total funds under management by the team managing the portfolio.

£250 million

INVESTMENT POLICY

3. Has there been any change to your investment research systems or your style of management?

No

4. What changes have you made to the Asset Allocation of the Fund?

The fund's exposure to the listed fund of hedge funds sector and to private equity backed zeros has been reduced. The fund's exposure to floating rate notes (FRN) and index linked bonds has been increased. We have introduced a small hedge against UK Government Bond (Gilt) weakness through selling Gilt Futures.

5. What is the rationale for these changes and what impact do you expect this to have on performance?

The rationale for reducing the fund's exposure to the listed fund of hedge funds sector was to reduce the equity market risk of the fund. The rationale behind increasing the fund's exposure to FRN's and index linked bonds, and selling Gilt Futures was to provide the fund with increased protection against rising interest rates and/or rising inflation. The rationale behind reducing the fund's exposure to private equity backed zeros was to reduce this sector specific risk.

6. What has been your portfolio turnover level and is this higher or lower than you would normally expect?

In line

7. Are you confident that you have negotiated the best possible terms and have all discounts and rebates against initial charges and AMCs on underlying funds been negotiated by you and notified to Premier so that they can ensure these are received by the fund? Are you actively aiming to reduce the TER of the fund?

Yes

8. Please list any funds that where the underlying TER of the fund NET of any rebate is greater than 1.5%. (If yes please complete the additional TER slide in the IC quarterly presentation)

N/a

9. Please supply 1 or 2 examples of good investments decisions you have made at stock level which have contributed to your performance.

At the end of January we tendered our entire holding of Dexion Absolute Limited. Our entire holding was redeemed at a discount to net asset value of 3%. Subsequently we have been able to buy back a smaller weighting 4% cheaper than the price at which we tendered. The net asset value has continued to perform well although a discount to net asset value still remains.

10. Please also provide an example of a poor investment and how you have dealt with this to minimise the loss to the fund.

Taking steps towards reducing the market risk of the Fund has been necessary however as the market has continued to rise this has resulted in unprofitable transactions.

For example, we reduced our Electra Private Equity Zero exposure from c.6% to 3% over the quarter however the zero continued to move forwards as we expected.

11. How have you managed the cash content in the portfolio with a view to maximising the return to the fund?

Rates remain relatively low on cash deposits however purchasing short dated floating rate notes has helped to maximise our return on the cash we hold.

12. Are you happy with your stock selection across each sector?

Yes

13. If, not what changes are you looking to make over the next quarter and why?

14. Are there any particular factors which you feel have affected the performance or volatility of the fund?

No