



Sentinel Enterprise Fund

To watch over and guard

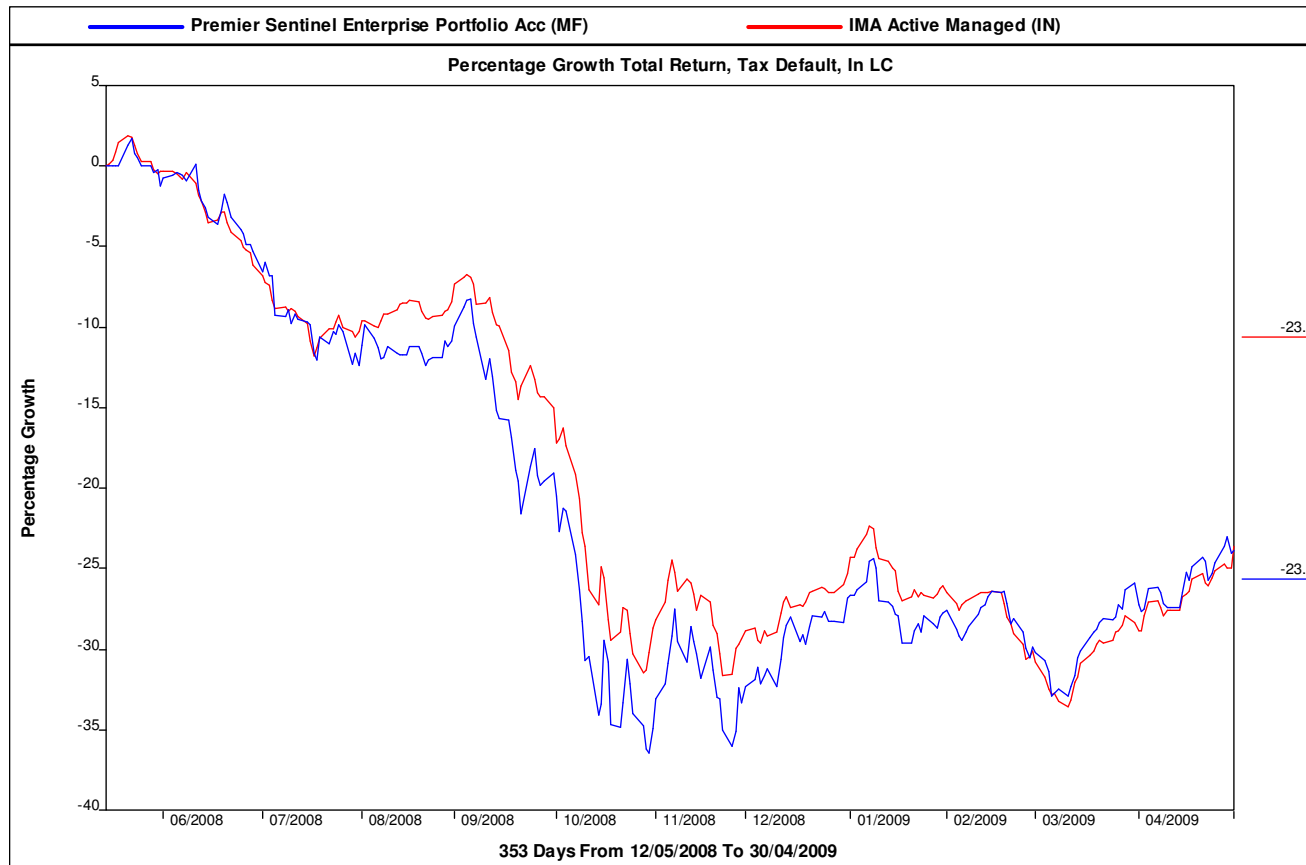
Fund Manager Quarterly Review

May 2009

Headlines – Sentinel Enterprise Fund

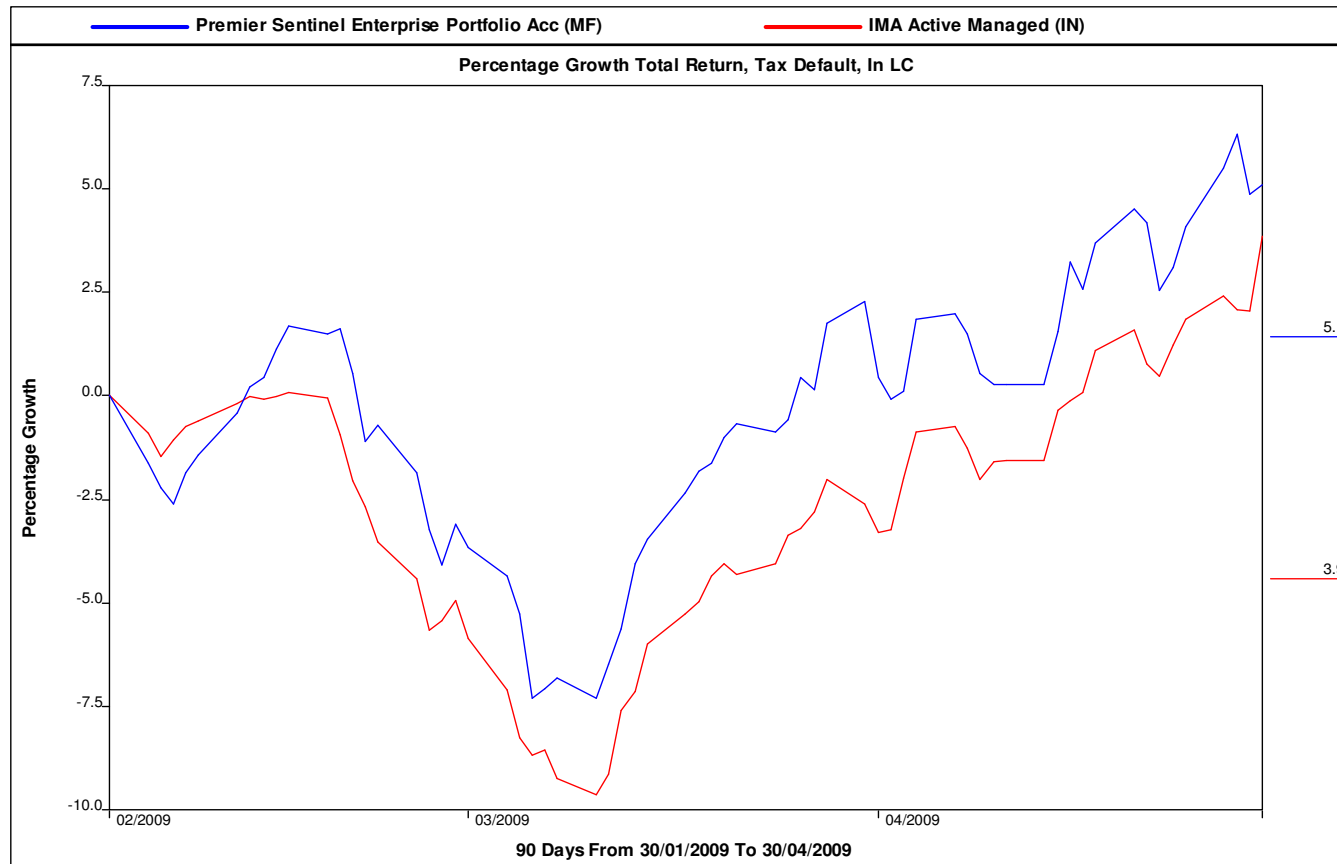
- **Investment Company**
Williams de Broë - Assetmaster
- **Fund Manager**
Laurence Boyle
- **Investment Objective**
To provide long term capital growth from a portfolio of investments.
- **Investment Policy**
The investment policy of the Fund is to invest mainly in units of equity and fixed interest 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).

Performance Since Launch



User may have modified the original chart and axis titles provided by Lipper.

Performance Over Reporting Period



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Performance Review

Name	% Growth TR Def GBP 3M 30/01/2009 To 30/04/2009 3 Months		% Growth TR Def GBP 6M 31/10/2008 To 30/04/2009 6 Months		% Growth TR Def GBP 353D 12/05/2008 To 30/04/2009 Launch		
	Value	Qtl	Value	Qtl	Value	Qtl	
	IMA Active Managed	3.87		6.39		-23.62	
	Total Average (133)	3.97		6.69		-23.7	
	Premier Sentinel Enterprise Portfolio Acc	5.1	2	13.7	1	-23.9	3

Details of Purchases

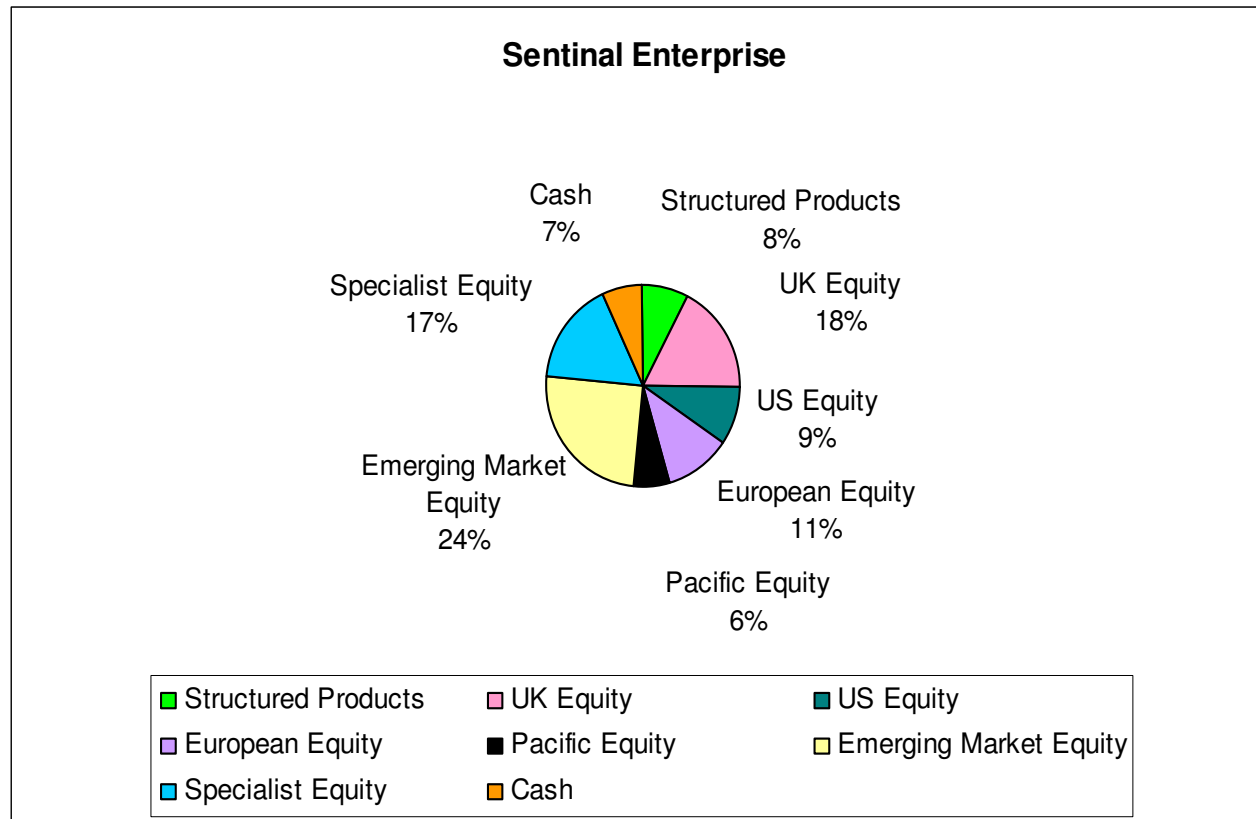
Date	Buy/Sell	Value	Security Name
30.04.09	Buy	£800,000.00	Allianz RCM China A Inst Units
15.04.09	Buy	£380,000	Ignis Cartesian UK 130/30 J Dis GBP
15.04.09	Buy	£380,000	IGNIS Hexam Global Emerging Markets
04.02.09	BUY	£1,600,000.00	Investec Global Gold Fund I Class
15.04.09	Buy	£370,000	Martin Currie GF Global Resources
15.04.09	Buy	£380,000	Martin Currie North American Alpha B
15.04.09	Buy	£380,000	Neptune Euro Opp's B
12.03.09	Buy	£400,000.00	Neptune Latin America B Acc
12.03.09	Buy	£500,000.00	Neptune Russia & Greater Russia B Acc

Details of sales

Date	Buy/Sell	Value	Security Name
07.04.09	Sell		JPM Commodity IGAR Conditional Long Short

Asset Allocation

Current position



Outlook - Sentinel Enterprise Fund

- There is no disguising that the first quarter of 2009 has again been extremely testing. The year started brightly, kindling hopes that we would be able to put many of the traumas of 2008 behind us. But this proved to be the falsest of dawns. The markets quickly sensed that economies the world over had not simply stopped growing, but were rapidly contracting. Whether banks were or were not the cause of this will be debated over decades, but it also became quickly apparent that the credit crunch was intensifying and that the financial systems of the United States, the United Kingdom and much of Europe would require state assistance on a previously unimaginable scale. The end result of this has been that the first three months of the year have again been miserable for those investors owning almost anything other than cash and short dated government bonds.
- This is a severe recession and one that is affecting every country in the world to a greater or lesser degree. Accepted wisdom is that GDP will contract by up to 5% in the major economies of the world. The previously booming Asian countries, most notably China and India, will see their growth fall from rates of 12 or 13% to maybe 5 to 8%. Other emerging markets may yet see bankruptcies. The transition of the crisis from financial institutions to the real economy has been frighteningly swift; industrial production the world over has fallen at biblical rates and companies are responding in the traditional manner by shedding labour in order to contain costs.
- To this extent, this is a textbook recession. But in almost every other aspect, it is unique. The two previous slowdowns were deliberately induced with the intention of lowering inflation. Policy was “if it’s not hurting, it’s not working”. Now, the recession is of the market’s own free will and policy is to throw every possible medicine at the ailing patient in the hope that some will work. Thus the severity of last year’s credit crunch and the near collapse of western banking is the very reason for believing that this recession will be much shorter than its predecessors. Policy is not to elongate and prolong the contraction, instead it is to stimulate recovery whatever the cost.
- The first major step forwards that has been taken this year is the stabilization of the banking system. The cost has been beyond comprehension and has been brutally painful to holders of bank equity, but we should be confident that the worst is behind us. It is inevitable that there will be further shocks, but the system ought now to be able to withstand these without calamity. Second, the process of recapitalization has progressed rapidly. This is partly the result of direct state investment – the effective nationalization of large chunks of the UK and US banking systems – and partly the plans to take the “toxic” assets off the banks’ balance sheets. Interestingly, this part of the rescue process has the potential to realize very significant profits at minimal risk for those brave enough to participate; and it is highly encouraging that Pimco, the world’s largest bond fund manager, has been at the vanguard of those saying that they intend to feast at this trough.
- Central banks, in collusion with governments, have decided that interest rates of effectively zero are insufficiently stimulative. The United States and the UK have thus embarked on a massive economic experiment, now referred to as quantitative easing. This is the printing of money disguised in weasel words. The intention is to put money directly into corporate, or Chinese, bank accounts. The efficacy is wholly unknown. It is though the brainchild of Ben Bernanke, the man whose academic career was spent studying the policy mistakes of the late 1920s and early 1930s that created, or exacerbated the Great Depression. If anyone has the credentials to make this policy work it is Mr Bernanke.
- We are four months closer to the end of the crisis than we were at the start of the year. During this time much has happened to persuade us that the recession will not turn out to be the financial Armageddon that has been so widely predicted, but not to the extent that we can rule this out completely. US housing data is improving – sales are up and mortgage approvals have surged. Banks, both in the US and here in the UK, are now trading profitably, consumer confidence is steady, auto sales are stabilizing. Confidence surveys are no longer declining, the German ZEW notably has now risen for the fifth consecutive month, while Chinese Premier Wen has pronounced that GDP growth will be 8% this year; there is a solid body of evidence to suggest that at the very least the recession is stalling. This is not to say that it cannot pick up momentum again, but it does suggest that equity markets in particular have the potential for a strong rebound from the falls in the first quarter.