



Minutes of the Adviser Business Solutions Investment Committee Meeting

Location: Premier Offices, Guildford

Date: 20th January 2010

Attending: Jon Foster, Dave Stamp, Mike Reidy, Richard Anderson of ABS, Mike Hammond of Premier (acting as ACD), Paul Smith of Premier (Defensive Fund Manager), John Husselbee of North Investment (Universal Fund Manager), Laurence Boyle of Williams De Broe (Enterprise Fund Manager), Joe Freire of JMF-FS & Frank Blackmore of Headley Financial Services.

1. Apologies: Rebecca Murphy (North Investments)

2. Minutes of previous Meeting

The IC reviewed the minutes from the previous meeting

- ✚ Management Assessment Procedure document approved
- ✚ IC agreed that LB can take a defensive position of 25% in the short term as part of a capital preservation strategy. (RA to inform LB)
- ✚ Terms of Reference Document approved
- ✚ Universal composite benchmark defined by the IC as 40:40:20 (FTSE All Share TR: FTSE World ex UK TR: FTSE A British Govt All Stocks TR)
- ✚ IC to inform all managers that a new template and revised questionnaire for the IC meetings will be issued for the next meeting

3. Review of Universal Quarterly Questionnaire & Review Documents

Please see accompanying Sentinel Universal Quarterly Questionnaire & Review document

JH Commented on

- ✚ The reduction of Corporate Bond exposure during the last quarter. However, still some gains to be made in bonds now moving away from Corporate Bonds to Total Return Bonds.

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- ✚ Low interest rates continuing to support equities which are looking quite positive however they are fully priced, little room for error. Equities are now outperforming commodities, moving to the next stage in the investment cycle, looking at stock pickers in the equity market to make money.
- ✚ Sovereign debt coming under increasing pressure fear of defaults a possibility which would have a big impact on the markets
- ✚ Japan struggling due to currency being very cheap but still lacks opportunities. The Technology sector is showing some strong positive momentum currently.
- ✚ The Markets have risen quickly but could go sideways which could lead to further falls & deflation. Reducing the risk within the fund but still maintaining growth from the rally. Overall investment sentiment is still quite fragile
- ✚ Comac a commodity based fund was sold when down 14% and has fell further still. Previous track record was good but unable to deliver in the current environment. Investec Enhanced Natural Resources fund purchased as a replacement and is performing well.
- ✚ JH did state that he would have like to have been given more notice in regards to the recent amount of large redemptions
- ✚ Reason behind sale & purchase of GS Emerging Markets Carry Excess Return B was due to a mistake in the prospectus that JH pointed out. Once this was amended units were repurchased.

4. Review of Enterprise Quarterly Questionnaire & Review Documents

Please see accompanying Sentinel Enterprise Quarterly Questionnaire & Review document

LB Commented

- ✚ The overall performance has been good but every pull back in the fund has been greater than the market pull back. The fund is not positioned to protect against a pull back but positioned with a view to protecting from underperformance in a pullback.
- ✚ The outlook is generally a little cautious but optimistic with long term GEM themes still playing out.



- ✚ The fund's cash level has increased due to new money into the fund & the maturity of structured products.
- ✚ If markets remain flat there could be some suitable structured products that would fit this mandate
- ✚ The resilience of corporate sector will only become apparent once things return to normal. i.e. Interest rates
- ✚ UK Midcap sector seems most favorable in UK currently; Corporate Bonds have now played out their part in the investment cycle. Property is looking promising but still not suitable for this mandate. No reason to invest in Japan at this point. With GEM, a lot of money is in chasing returns as it stands it has given 2-3 years growth in one year
- ✚ The Ignis Argonaut European Alpha fund underperformed this quarter against its benchmark but has performed well over 12 months beating the sector average. Short term performance issues are to be expected with this type of fund, manager is sticking to his convictions.

5. Review of Defensive Quarterly Questionnaire & Review Documents

Please see accompanying Sentinel Defensive Quarterly Questionnaire & Review document

PS Commented

- ✚ Outperformed benchmark over reporting period, a gain of 1.7% since taking over the fund in November 2009. The main risks currently are fear of Government yields & Interest rates. PS stated that he had some concerns over equity market risk within the portfolio and is looking to reduce risk over time.
- ✚ IC asked PS how long to change the fund. PS replied that this would be a gradual process.
- ✚ Potentially more Quantitative Easing continuing well into 2010
- ✚ The benchmark is difficult to compare against going forward as LIBOR will rise. This effectively a floating benchmark. Overall PS stated that it would be beneficial to take a more cautious approach. Better to protect the downside rather than out perform.



- ✚ The Alternatives allocation within the fund is likely to reduce, a lot of action pending which could lead to a continuation vote and possibly result in potential wind ups. Looking for other investments with a fixed return, like synthetic zeros
- ✚ An example of a recent anchor stock purchase was RBS FTSE synthetic zero 2011

6. IC Review of Managers Performance

- ✚ IC agreed that all managers outperformed their defined benchmark. It was agreed that none of the managers are currently under review

7. ACD Discussion

- ✚ MH provided the IC with the proposed reports that will be used in future meetings to assess the performance of Premier as ACD

8. Redemptions

- ✚ Redemptions increased between October – December 2009. This was anticipated as a move between preferred providers (SIPP Center to LV=) was executed by IFS (Independent Financial Solutions). This move is almost complete and all monies were or are being reinvested.
- ✚ IC agreed that in future projects of this magnitude will adhere to a defined project plan. This will ensure that all relative actions are communicated to the relevant parties where ever possible.

9. Any other business

- ✚ None

10. Date of next meeting

28/04/2010 @ Premier's Office Guildford

11. Actions

1. Produce Minutes on Sentinel Headed Paper (RA)



2. Build discrete performance into Quarterly Investment Committee review. Since launch, 12 months, current quarter & last quarter (RA issue request)
3. Build cumulative performance into Quarterly Investment Committee review. Since launch & 12 months(RA issue request)
4. Raise Point with North about limiting amount of slides for presentation & discuss the presentation originally submitted for review deadline (RA issue request)
5. Circulate the Management Assessment Procedure document to all parties for their record (RA issue request)
6. ACD Reporting to be added as an ongoing agenda item (RA to add)
7. MH to produce & circulate ACD Performance reports for assessment by the IC at each meeting. To be added as an ongoing agenda item (RA to add).
8. Redemption reports to become an ongoing agenda item. Above average redemptions to be documented. MH to provide data for assessment
9. Submit Terms of Reference to document to ACD (MR)
10. Issue & inform managers of revised documents for future IC presentations (RA)