

# North



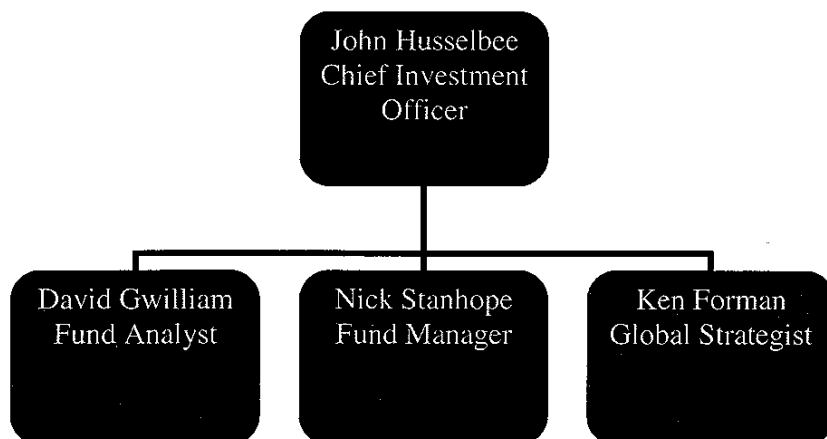
Sentinel Universal Fund  
Fund Manager Quarterly Questionnaire

Prepared for IFS  
August 2008

## Personnel

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

North continue to build the investment team responsible for managing the Sentinel OEIC. Please see the current organisational chart for the Investment team. The new members are Ken Forman, Global Strategist and David Gwilliam , fund analyst.



Ken Forman acts as a consultant providing global macro economic input and forms part of the asset allocation committee with John Husselbee. Ken graduated from Aberdeen University in 1971 with a BSc Mathematics. He also has an FFA from the Faculty of Actuaries. Ken spent 32 years at Standard Life starting life as an Actuarial trainee in 1972, moving into fund management in 1979, eventually becoming Head of Global Investment Strategy in 1995. Ken left Standard Life in 2004 to set up Ken Forman & Associates.

David Gwilliam recently joined the team to work with John Husselbee and Nick Stanhope as a fund analyst with a particular focus on the quantitative analysis of the

funds. David has just completed a BSc Combined Honors Degree in Business Mathematics and Economics at Manchester University.

Please find their full Curriculum Vitae in the appendix.

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

The team are responsible for providing investment management services for approximately £300 million of assets as at 1 August 2008. Services provided include discretionary management for 12 OEICs and a consultancy service providing the strategic and tactical asset allocation services for a range of OEIC sub funds which total £110 million of AUM..

## Investment Policy

### **Has there been any change to your investment research systems or your style of management**

No changes have been made to the system or the approach/ style in which North manage Sentinel Universal.

### **What changes have you made to the Asset Allocation of the fund?**

Sentinel Universal was launched on 12 May 2008. Because the fund was a new launch and because of the extreme market conditions over the last three months the fund manager has chosen to gradually invest the cash within the fund as opportunities presented themselves. The fund is currently approximately 52% invested. Details of the asset allocation decisions taken since the launch date are provided below in date order:

12 May 2008      Fund Launched

Fund manager retained 100% of the portfolio in cash.

20 May 2008      12% Invested

The fund manager chose to invest a relatively small proportion of the portfolio across a number of global equity markets:

**Asia and China** - For the long term growth opportunities that these markets provide and because valuations were sitting at fairly attractive levels.

**Europe:** Because of the levels of exports to Asia, these markets continue to benefit from growth in that region. Valuations also looked relatively cheap at this time.

**Russia and Latin America:** These two markets are both resource driven economies that have benefited from the supply and demand story that continues to drive resources globally.

**UK:** To provide some domestic exposure within the fund

**Taiwan:** A specific play within the portfolio. This market benefits from being geographically close to China. Recent changes in the political situation in Taiwan have led to a far more favourable relationship with China. Taiwan should benefit from the trade opportunities that this provides and for the Sentinel fund it represents a cheaper way to play China

4 June 2008            27% invested

Equity markets had fallen further presenting an opportunity to make further investment across the same areas invested in on 20 May.

**Japan:** The fund manager took the opportunity to invest some money in Japan. Far from experiencing the inflationary problems that have dogged other equity markets, Japan has been enjoying a small amount of inflation.

18 June 2008            Psource Structured debt - a different way of getting exposure to Fixed Interest

We invested in a new issue - PSource Structured Debt. This closed ended fund is managed in the US and provides access to the debt market for smaller and medium sized companies. The fund was launched on the back of the banks withdrawal from this market and is comprised of thousands of loans to these smaller corporate. For Sentinel Universal it provides a very different way of gaining exposure to fixed interest within the fund.

26 June 2008            Barclays 5 year Autocall – Introducing exposure to Structured Products

We took up an allocation in the Barclays 5 Year Autocall. This product will provide us with a return of 12.2% in June 2009 if the FTSE 100 is above 4600 at that date. The strike price at the time of investment is the current market minus 20%. At the date of investment this allocation represented 4% of the portfolio. With the healthy inflows into the fund this holding now represents 1.5% of the fund.

10 July 2008            Quorum – Introducing exposure to private equity

This closed ended fund is one we support across a number of the portfolios that we manage. There was an opportunity to take advantage of a second fund raising and include exposure to this fund within Sentinel Universal. The fund is a private equity fund that specialises in investing in gas and oil technology companies that focus on developing methods of more efficient extraction of these natural resources.

17 July 2008            50% Invested

Following what was the final capitulation of the markets on the 15,16 and 17<sup>th</sup> July the market began to turn providing the opportunity to gain further exposure to equity markets. Exposure to equities was gained swiftly and cheaply to the UK and the US markets via two of the most liquid EFTS. The ishare FTSE 100 and the ishare S&P 500. The fund manager will now look to reinvest this exposure across different equity markets and investment funds as the opportunities present themselves.

30 July 2008            52% Invested

**China and Japan.** Further investment into these areas

**India** A new investment was made into India to start building a position in this market which we favour for a long term holding. The market had until this point suffered with the global inflationary fears and we believe has been oversold.

**What is the rationale for the changes and what impact do you expect this to have on performance:**

All the investment decisions taken have been to gradually build the fund's exposure to equity markets and to introduce, where appropriate, some exposure to other asset classes. As a result of careful market timing the fund has built up a considerable buffer in terms of it's performance versus the rest of it's peer group, the IMA Balanced Managed Sector. The objective now is to insure that we maintain that buffer and continue to build the fund's exposure to equities. We expect to build that exposure to around 60% over the coming month and may increase that exposure further towards 80% if markets begin to rally strongly as we expect.

**What has been your portfolio turnover level and is this higher or lower than you would normally expect:**

n/a. The fund was launched 12 May 2008.

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

We believe that we have negotiated the best terms possible for all the portfolios that we manage. We do not typically pay any initial charges. We will often invest via institutional share classes. Where rebates are due to any investments in the fund, Neptune, who provide our administrative services will collect and pass those on to Premier for reinvestment in the relevant fund.

We do not manage the fund with a primary objective of reducing TERs, however, because we utilise the full range of investment vehicles we may often use instruments like direct gilts or ETFs which carry no or far lower AMCs which will reduce the TER.

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

Please see the accompanying presentation which provides these examples.

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

As the fund has only been running for a relatively short period time, there are very few examples to include here. One example would be the very small exposure (less than 1%) that the manager took at the launch of the fund to oil and gas using ETFs. The intention was to build some exposure to commodities but the timing proved poor. No further exposure has been built up in the fund. Whilst further cash is earmarked for commodities the timing of building this exposure will be carefully managed.

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

We utilise two key cash funds for the portfolio: Goldman Sacs Liquid Reserves and the Insight Sterling Liquidity Fund. Both these funds offer very attractive interest rates but more importantly offer instant access which at a time where we are building the fund's investments, and may need prompt access the monies, are essential

**Are you happy with your stock selection across each sector?**

Yes

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

The fund has only been in existence for a few months. Our focus in these early months has been first and foremost on market timing and asset allocation. The focus at present and over the next quarter is to ensure that we are invested in the right combination of managers for each of the asset classes/ regions that we continue to build exposure to.

**Are there any particular factors that you feel have affected the performance or volatility of the fund?**

Over this first quarter for the fund, the extreme market conditions have impacted all equity markets and investors. As a new and bespoke fund we have been able to invest the assets gradually, building market exposure as opportunities have presented themselves. As a result of this careful market timing we have been able to protect the funds assets fairly well over this volatile period and provide a considerable performance buffer versus the rest of the fund's peer group, the IMA Balanced Managed Sector.

**North**

**APPENDIX**



## CV for Ken Forman      April 2007

### Personal Details:

Full Name: Kenneth George Forman  
Date of Birth: 2/6/49  
Marital Status: Married

Address: Beldorney, Delnies, Nairn, IV12 5NT  
Telephone: 0 (44) 1667 451094  
e-mail: ken\_forman@btconnect.com



### Educational and Professional Qualifications:

Turriff Academy 1954 – 1967  
Aberdeen University 1967 – 1971, Mathematics (B Sc 2(i))  
Faculty of Actuaries 1972 – 1976 (FFA)

### Career History:

1972 - 2004: Standard Life Group  
2004 -       : Ken Forman & Associates

#### Role History at Standard Life:

1972 – 1974: Actuarial trainee (pensions clerk)  
1975 – 1978: Investment analyst (US equities)  
1979 – 1982: Portfolio manager (Japanese equities)  
1983 – 1994: Head of Overseas Equities  
1995 – 2000: Head of Global Investment Strategy (all asset types)/ Manager of Standard Life assets supporting conventional UK life and pensions business  
2001 - 2004: Global Investment Strategist (part-time)

#### Major Achievements for Standard Life:

Set up the Japanese equity desk in 1979, achieving outperformance of 12% pa in the first 3 years  
Developed a team of overseas equity specialists and the investment process used (1982-94)  
Pioneered 'user friendly' computer systems for portfolio management (early 1980s)  
Developed a portfolio performance measurement system (mid 1980s)  
Developed the 'House View' (an internally consistent investment view of all markets) as part of the investment process (1995)  
Delivered significant added value from active investment management for the Standard Life assets (1995-1999)  
Editor and chief writer for highly respected flagship investment publications 'Global Horizons', 'Global Outlook' and 'Global Insight' (2000-2004)

In my role as manager of the Standard Life assets I was involved in reporting to the Board and ensuring good working relationships between the actuarial function and the investment function. In that role, I developed meaningful reporting for derivative instruments (to show effective exposures) and risk control guidelines for use in managing funds. Latterly in my role as editor and strategist I helped secure widespread media coverage for the firm through various publications and contact with journalists. I have also made regular presentations to financial intermediaries and clients.

From the mid 1980s until my retirement, I was also a member of the Standard Life executive group. This involved participating in the internal debate about business strategy for the group, and in particular the two key areas of corporate structure and implementation of a customer driven culture.

Ken Forman & Associates:

Since retiring from Standard life Investments in August 2004, I have set up an investment consultancy business to provide services to a limited number of clients. I offer a variety of tailored services to potential clients using both my experience of the investment markets and the investment business over the past 30 years and/or my actuarial skills.

I maintain my market knowledge through input from various institutional stockbroking firms, independent research providers and contacts in the fund management business as well as by access to publicly available information.

Current and recent assignments:

Quarterly asset allocation service and writing a quarterly bulletin for an IFA firm  
Involvement as an expert witness in a legal case  
Reviewing the business process and client reports for an investment consultancy firm specialising in pension fund advice  
Chairman of an investment committee for an investment consultancy firm operating in the Irish pensions market  
Pension fund trustee for the staff pension fund of UK-based accountancy body  
Actuarial Profession's Consultant to FTSE (the index company).

I also have non-paid professional and business interests:

Member of Investment Committee, Edinburgh University Endowment Funds  
Member of Finance, Investment and Risk Management Board, the UK Actuarial Profession  
Faculty of Actuaries representative on the Investment and Financial Risk Committee of Groupe Consultatif (a pan-European actuarial forum)

Key Skills and Strengths:

Broad and deep knowledge of the global investment markets  
An understanding of current issues facing investment funds, particularly in the pensions arena  
An ability to challenge conventional wisdom  
Analysing situations and finding solutions  
Writing lucid financial reports  
Reliability

Business Contacts Network:

Fund Managers in major firms based in most global financial centres  
Strategists, Economists, Sales and Managerial Personnel at investment banking firms  
Financial Journalists

Referees:

Available on request

Personal Interests:

Hillwalking (I have climbed all 284 Munros – Scottish peaks over 3000ft), Golf, Gardening, DIY/restoration, Travel, Reading (around my other interests)

## Curriculum Vitae

**David Ian Gwilliam**

24 Doncaster Avenue, Withington, Manchester, M20 1GJ

Telephone: 07838 136586

30th July 2007

I am currently at Manchester Metropolitan University studying BSc Combined Honours in Business Mathematics and Economics, therefore I have an in-depth understanding of both the internal and external factors effecting companies within both micro and macro economic conditions. I have experience in finance, administration and customer service. I communicate well both formally and informally, am able to work both individually and as a member of a team, follow orders effectively and take initiative to solve a whole range of tasks set before me.

### Qualifications

2005:- Currently studying BSc Combined Honours Business Mathematics and Economics, Manchester Metropolitan University, All Saints Building, All Saints, Manchester, M15 6BH.

Units Studied: - Economic Principles I & II  
Economics of Policy Issues I  
Development of Policies in Modern Europe  
Statistics I & II  
Operational Research I & II  
Learning & Employment  
Mathematics  
Maths on the Computer

Units to study: - Economics of Money, Banking & Finance  
Economics of Policy Issues II  
Business Finance Investment Decisions  
Investment Analysis  
Operational Research III

2003 – 2005:- A – Levels in General Studies (A), Business Studies (A), Maths (B), Economics (B) and ICT (C) and Key Skills in communications.  
Truro College, 1 College Road, Truro, Cornwall, TR1 1XX

1998 – 2003:- GCSEs in English Literature (A), English Language (A), Maths (A), Science Double Award (AA), Spanish (A\*), History (A), RS (A), D.T. (B) and GNVQ in ICT (Pass).  
Newquay Tretherras School, 72 Pentire Crescent, Newquay, Cornwall, TR7 1QQ

## Career History

**01/07/2003 – 30/06/2007**

**Administration and compliance Assistant, TMS Financial Solutions, 46 Causeway Head, Penzance, Cornwall, TR18 2SS (Seasonal Work)**

### Key Accountabilities

- 1 Member of successful team providing information and first class service to customers both face to face and over the phone
- 2 Administrative work such as filing, post, computer support, ordering, and phoning brokers for portfolio valuations.
- 3 Letter Writing
- 4 Compliance checking, involving checking legislation is followed
- 5 Research, data collection and data entry
- 6 Obtaining up to date valuations for clients

**06/01/2007 – 30/05/07**

**Business Administrator, Royal London, Royal London House, 26 Alderly Road, Wilmslow, SK9 1PF**

### Key Accountabilities

1. Mail Preparation
2. Customer Relations including dealing with Financial Advisers and customer queries
3. Mail allocation, which includes phoning advisers and companies to try and find out more information about the piece of correspondence in question in order to try and decipher who it refers to
4. Scanning Mail onto a computer system and then using this system to distribute the mail to relevant departments.
5. General Admin duties

**01/07/2007 – Present**

**Investment Intern, City Asset Management, New City Cloisters, 196 Old Street, London, EC1V 9FR**

### Key Accountabilities

1. Compiling charts and graphs comparing fund performances.
2. Fund Research, for example gathering fund fact sheets and analysing details of the funds such as the equities held and the sector and global exposure and weightings. Also includes joining in conference calls with fund Managers
3. Creating Database Management Systems, for example a database that recorded the SIPP's held by City Asset Management.

4. Administrative duties such as creating spreadsheets to create summaries of data, analysing portfolio valuations and recording and keying in transactions such as purchases and sales of funds and equities
5. Working with the Investment Management team in carrying out changes to portfolios and investments
6. Compiling draft portfolio proposals in low risk, medium risk and high risk scenarios
7. Drafting letters of recommendations and general correspondence for the Investment Team
8. General work experience including learning how the investment management market operates, factors that effect decision making other than just economic issues, laws and legislation involved with investment management and the terminology within the industry.

#### **Interests and Achievements**

- Played cricket for school team
- Played football for school team
- Took part in mock law trials and gained experience in court proceedings
- Achieved many academic commendations from school and college officials, such as "Top Student" and "High Achievement in French" awards in year 9, one of the top achievers in year 8 and numerous letters and emails of commendation.
- Carried out work experience in Newquay Investment Services and received high commendations.
- Received certificate of commendation from University regarding my first year results.
- First year University Results: - First
- Second year results: - Two-one

#### **Other Information**

- Full, clean UK driving licence
- Computer literate and have vast experience in all programs in Microsoft office, including Access, as well as mathematical programs such as Derive.
- Experienced in Adviser Office and APA Database Systems

#### **References**

Available on Request

## IMPORTANT INFORMATION

North Investment Partners Ltd is an appointed representative of Neptune Investment Management Ltd which is authorised and regulated by the Financial Services Authority.

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