

The Sentinel Fund



To watch over and guard

Sentinel OEIC

Fund Manager Quarterly Questionnaire

Period 8

31st December 2009 to the 31st March 2010

FUND DETAILS

Fund: [Sentinel Enterprise Fund](#)

Managing Group: [Williams de Broe - Assetmaster](#)

Manager: [Laurence Boyle](#)

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.

[There have been no changes to the personnel involved in the management of the fund.](#)

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

[£320m](#)

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?

[We have introduced a weighting to absolute return funds and this has been enabled by a small reduction in our weightings to Europe and Emerging markets.](#)

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

[From a risk perspective absolute return funds can be used to compliment long only funds as they should not move in the same direction as the long only funds all of the time. Should we see a period of volatility then these funds should protect on the downside. They should also offer steady returns and have been selected in preference to introducing an element of fixed interest to the portfolio. Performance of the fund represents the blend of assets selected and we continue to expect to outperform in rising markets but with the risk of underperforming in falling markets marginally reduced.](#)

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

[Portfolio turnover is consistent with our expectations.](#)

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. Where possible we buy Institutional share class, however if only retail shares are available we will negotiate a rebate on this share class. TER is a function of what is purchased; our aim is to provide performance net of fees.

8. Please list any funds 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)

The Allianz China A Share fund has an AMC of 1% and a performance fee of 25% of any outperformance over the MSCI China A Share index. Bearing in mind the potential for higher dealing costs in China A shares this fund could exceed the TER limit of 1.5% however the focus of our investment is on net returns after fees and we expect this fund to outperform the benchmark after fees.

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

The Investec Africa & Middle East fund has significantly outperformed both the IMA specialist sector and the Lipper global emerging markets index. Now managed solely by Roelof Horne but with the support of the team this fund has benefited from increasing optimism in the Nigerian banking sector which is the largest theme within the fund. Good results from their consumer holdings in Egypt as well as a rerating of their energy companies also supported performance.

We highlighted last quarter the short term underperformance of the Ignis European Alpha fund and explained that this fund could see deviation from the benchmark over short time periods. This quarter the fund has outperformed the index by over 2% and we continue to focus on the long term performance to be achieved from the fund.

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

This quarter the Ignis Hexam Global Emerging Markets fund has underperformed the benchmark which has been due to the fund manager taking a more defensive stance based upon some stock valuations looking a little topy. The increased weighting to telecoms has been detrimental to performance as has the lack of exposure to Russian Steel which performed well. This is another fund which can see short term deviations from the benchmark and with the fund now reflecting a P/E of 11x and with the number of underlying holdings being trimmed to give a more focussed portfolio we would expect to see this underperformance reigned back in the near future.

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

We aim to be fairly fully invested and hence cash should not impact performance.

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?

N/A

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

The performance of the fund has reflected the returns and volatility of underlying markets to which we are exposed. Outperformance has been achieved through our fund selection and asset allocation decisions. Our preferred weightings to Emerging Markets and Asia and zero weighting to Japan continue to be beneficial.