



Sentinel OEIC

Fund Manager Quarterly Questionnaire

Period _4_

1st January 2009 to the 31st March 2009

FUND DETAILS

Fund: Defensive Fund

Managing Group: Premier Asset Management

Manager: Paul Branigan

PERSONNEL

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 team involved in the management of the fund

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

£80 Million

INVESTMENT POLICY

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

No change

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

The asset allocation has been impacted by several factors over the past quarter, particularly the deployment of the ongoing cash flows and also market movements. The better relative performance of the alternatives and to a lesser extent the zeros coupled with a decision to focus new monies on these two areas has resulted in a significant drop in the weighting in structured products.

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

The decision to de-emphasise the structured product area and concentrate on alternatives and zeros was based on three factors. Firstly the outstanding opportunity both in terms of discounts and future NAV performance of the fund of hedge funds sector. Secondly the ongoing volatility in markets made the relative safety of zdps look attractive. Finally the desire to reduce exposure to any one, single, counterparty and the market outlook made structured look less attractive to us than the other two areas. The decision to focus on these areas is repaying our confidence notwithstanding a small liquidity scare in the second half of March.

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

Turnover is expected to remain low due to the nature of the fund and the continued cash flows allow us to change the emphasis within the portfolio without generating significant turnover.

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?

No initial charges incurred and trail fee claimed where available. The TER is very low and we aim to keep it that way.

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

The purchase of shares in Brevan Howard Macro on Feb 12th has added to performance. Of all of our FOHF investments it has the best track record and since purchase it has risen more than 10% and was scarcely affected by the 'liquidity scare' at the end of March.

Our largest holding in the fund M&G recovery zeros, where we have been a consistent buyer since launch repaid our faith and the decision to add to the holding in the early part of the quarter. The stock gained nearly 7% over the quarter, when it was wound up and cash returned to investors.

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

One of the bigger percentage losses in the fund last quarter was FRM Diversified Alpha, a multi strategy fund of hedge funds that was particularly punished for publishing a very disappointing liquidity schedule in March. We were very surprised and urged them to clarify the situation which they have now done and this has reassured the market that things were not as bleak as seemed at first. Further we have continued to pressure them to wind up and this now seems likely to happen. Consequently the shares have risen nearly 50% in April so far.

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

Yes. This is dealt with by my colleague Andrew Houghton who looks after our Treasury operations. Andrew compares the daily rate available on cash from our administrators with what is available from overnight rates from Treasury. Invariably this involves him putting the money out on overnight.

Are you happy with your stock selection across each sector?

Yes stock selection is broadly in line with where I would wish it to be. Within the zeros exposure only the holding in Real Estate gives cause for concern (although it has trebled in price in April). Within the FOHFs I am very comfortable with our selections although it is planned to exit from Acencia in the forthcoming tender and as stated above we expect FRM Diversified to wind up. Within structured products the exposure to Citigroup credit risk has reduced significantly and our most recent purchase has Deutsche Bank as counterparty.

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

Only anticipated changes are outlined above.

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

Yes the rather ridiculous pricing shenanigans in the FOHFS have certainly increased volatility and it is to be hoped that this is now drawing to a close. For example FRM Diversified fell from 64.5p on March 4th to 45.25 on March 30th and is now at 66p. Dexion Absolute fell from \$1.9725 on March 12th to \$1.5124 on March 25th and is now at \$1.96. There are numerous other examples. There is little we can do to mitigate this volatility but we do not expect such extreme volatility in the future.