

The Sentinel Fund



To watch over and guard

Sentinel OEIC

Fund Manager Quarterly Questionnaire

Period 9

31st March 2010 to the 30th June 2010

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.

[£325m](#)

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 reduced our exposure to Europe to zero, and used the proceeds to increase our weighting to North America to approximately 20%. We have also used some of the inflows to introduce a UK equity income fund to the portfolio.](#)

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

[Our belief is that the Euro remains overvalued against Sterling, and the straight jacket of the Euro makes some nations within the Eurozone uncompetitive. Structural debt issues could undermine the European market for some time to come. The US is a more dynamic and flexible economy which traditionally leads Western economies out of recession. Economic and corporate earnings data emanating from the US supports our positive view, we also expect the dollar to remain strong. This is a tactical position which we anticipate will be reversed over the next twelve months or so.](#)

[With regard to the UK equity income fund introduced, the importance of dividends to total returns over the long term support the introduction of this asset class. The fund manager, Richard Stavely, aims to produce an above average, and growing, income together with long term capital growth. Richard follows the team's investment process of potential, valuation and timing \(PVT\), with exposure allocated between quality, recovery, growth and asset backed opportunities. Whilst the fund has only been running for two years it already has a very strong risk return profile.](#)

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.

Investec global gold fund provided a positive return of 14.6% over the quarter as, during this period of market turmoil, investor demand increased due to gold being perceived as a safe haven. The arbitrage between the gold price and gold shares has narrowed but there is still further scope for improvement in the pricing of gold shares and hence we remain positive for the outlook for this fund over the short and medium term.

The S&W Revera UK Dynamic fund fell by 7.4% which significantly outperformed the FTSE Allshare return of -11.8%. The fund managers, Stephen Grant and Glen Nimmo, use a proprietary market framework based on fundamental parameters to create a dual approach to management, focussing on both the generation of positive returns and the protection of capital in uncertain times.

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

Over the quarter the worst performing fund was the Martin Currie Global resources fund which fell by 17% underperforming the commodity and energy sectors. We believe that the long term fundamentals for the fund remain positive especially as spending within the sector is expected to recover, and M&A activity should pick up as large caps acquire small and mid caps to bolster growth. The fund is a high conviction portfolio, aiming to have exposure to overlapping commodity cycles with a wide range of share price drivers.

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. Having reduced the cash balance at the start of the period we have allowed inflows to increase the cash level of the fund back to 7%, during the recent market volatility.

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. We continue to favour China and Emerging Markets which we believe will dominate global growth going forward. The level of infrastructure spend in China will continue to support commodities albeit that the next decade may be more selective.