

The Sentinel Fund



To watch over and guard

Sentinel OEIC

Fund Manager Quarterly Questionnaire

Period to 30th September 2010

30th June 2010 to the 30th September 2010

Fund: Sentinel Defensive Fund

Managing Group: Premier Asset Management

Manager: Paul Smith

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.

None

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

£250 Million

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?

Following the early redemption of two structured products the allocation to the structured product asset class is now reduced. We used some of the proceeds to increase our exposure to the synthetic zero and fixed income asset classes.

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

The early redemption of two structured products provided the opportunity for a shift in asset allocation. We anticipate that this increased asset allocation to synthetic zeros and fixed income securities will provide the Fund with more of a defined return. We also anticipate that this will reduce the Fund's volatility.

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

In-line

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

return is greater than 10%? (if you please complete the additional PPT slide in the IC quarterly presentation)

N/A

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

We increased our exposure to the senior Utilico 2012 zeros and reduced our exposure to the subordinated Utilico 2014 zeros. The purchase of the senior 2012 zeros provides the Fund with significantly more protection against a fall in asset values whilst only suffering a slight reduction in yield (positive spread pickup).

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

Juridica, a leading provider of capital to the law market, lost -4.8% over the quarter. Management have stated that the economic downturn has extended the life of the litigation process and therefore delayed cash realisation. That said the company also noted that the number of potential cases have increased thereby increasing the longer term position of the company. This is the type of non-defined and illiquid holding I will not be increasing exposure too. The impact to the Fund however was negated through our diversity in this niche market as we also hold Burford Capital. Pleasingly Burford announced a good set of results with the firm already turning a profit. Burford Capital shares returned 12.1% over the period.

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

Over the quarter we increased our allocation to fixed income securities in order to enhance the return of cash held in the Fund.

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 Irish, Greeks, and other highly indebted foreigners. However, the Fund has managed to remain stable during the recent PIIGS scare depicting its now controlled risk profile.