

The Sentinel Fund



To watch over and guard

Sentinel OEIC

Fund Manager Quarterly Questionnaire

Period 10

30th June 2010 to the 30th September 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.

[£340m](#)

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 used some of the inflows to introduce a new holding of the Altus Resources Fund to the portfolio. This has increased the overall weighting to Specialist Equity.](#)

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

[The Altus Resources fund invests in junior mining shares, with a strong bias towards gold production. The team managing the fund have significant industry experience with proven track records. Our view is that gold will continue to perform strongly due to economic growth in developing markets such as China and India, providing demand in consumption of jewellery but also on an investment front. Central banks have moved from being net sellers to net buyers of gold, and whilst European purchases slowed during the recent sovereign debt crisis the purchases made by Emerging Markets more than compensated for this. The fund is also expected to benefit from M&A activity directed by the larger gold miners.](#)

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 greatest absolute return was achieved by the Old Mutual UK Dynamic Equity Fund which rose by 17% over the reporting period. The focus of this fund is to the FTSE mid cap area of the market and the fund aims to outperform in both rising and falling markets by employing a focused, best ideas long portfolio combined with opportunistic stock specific shorts. It is worth noting that Luke Kerr is temporarily away on sickness leave, however the head of the UK Equity desk, Ashton Bradbury, is currently managing the fund. Ashton has a very strong pedigree of managing mid cap stocks.

The addition of the Altus Resources fund has also contributed to performance during the review period with the share price rising by 14% since purchase.

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

The worst performing fund over the reporting period was the Investec Africa and Middle East Fund which fell 1.7%. The African and Middle Eastern markets are inefficient and over and undervaluation can occur, which the fund manager sees as creating investment opportunities. Investment needs to be for the longer term and short term deviation from global markets should therefore be expected. Since we first purchased this fund it has risen 14.5% which compares favourably with the rise of 10.9% for the IMA Specialist sector and 5% for the MSCI World.

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. Having reduced the cash balance at the start of the period inflows have increased the cash level of the fund back to 6%.

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.