

The Sentinel Fund



To watch over and guard

Sentinel OEIC

Fund Manager Quarterly Questionnaire

Period 31st December 2010

30th September 2010 to the 31st December 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.

£240 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?

The asset allocation of the Fund has remained broadly unchanged over the quarter. A small increase in fixed income exposure, namely CULS.

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

Diversification benefits but no material change expected to performance

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

8. Please list any funds that 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)

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.

At the end of the quarter we participated in the placing of Electra Private Equity CULS (Convertible Unsecured Loan Stock). The CULS are due to redeem at 100% in December 2017 and pay a 5% semi-annual coupon (2.6x cover on capital repayment). The CULS also offer the possibility of converting into ordinary shares providing they appreciate c.28% from launch (conversion price 2050p). The ordinary share, when the placing was announced, traded at a 22% discount so from this prospective conversion is certainly attainable. We took a large weighting and the CULS opened on a 10% premium.

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 we participated in a placing of Burford Capital Ordinary shares, a commercial disputes investor (litigation finance). The company has performed well to date, hence their desire to raise more funds for further investments. Despite the companies success the litigation finance market is relatively new and as such the shares are relatively illiquid. We did not wish to be diluted by the placing, particularly as the share were issued significantly below market price, and therefore participated. We now hold a larger than desired holding in the fund but are in the process of reducing our exposure. We purchased shares in the placing at a price of 110p but have managed to make some small sales at a price of 117p, we will continue to try and reduce our exposure to this investment.

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

We continue to hold fixed income investments within the fund to control the risk profile of the fund whilst also maximising cash returns.

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?

No