



## **Minutes of the Adviser Business Solutions Investment Committee Meeting**

**Location:** Premier Offices, Guildford

**Date:** 25/01/2011

**Attending:** Jon Foster, Dave Stamp, Mike Reidy, Richard Anderson, Ben Armstrong of ABS, Mike Hammond of Premier (acting as ACD), Paul Smith of Premier (Defensive Fund Manager), John Husselbee of North Investments (Universal Fund Manager), Beccie Williams of Williams De Broe (Enterprise Fund), Joe Freire of JMF-FS.

**Apologies:** Frank Blackmore of Headley Financial Services

### **Minutes of previous Meeting**

The IC reviewed the minutes from the previous meeting

Discussed the most appropriate benchmark for the Enterprise fund. It was agreed that a composite benchmark made up of different variations of Global & Active managed sector (50:50, 60:40, 40:60) looked the most appropriate. The IC has requested WDB to present a proposed benchmark that they think the fund is a suitably match for the Enterprise fund.

Discussed some of the points on the performance graph where the Enterprise fund underperformed over the last 12 months. Asked BW report back on this to explain the situation fully.

IC Requested data on all funds with performance related fess which may make the TER higher than 1.5%. The IC wants to be sure that the performance fee is justified in view of the potential impact on cost.

### **Review of Sentinel Enterprise Fund**

Please see accompanying Sentinel Enterprise Quarterly Questionnaire & Review document

BW discussed the Sentinel Quarterly Questionnaire and Presentation.

### **Comments**

BW: Stated that both gold holdings held in the fund had a positive impact on the fund, good returns from both the Large & Small Cap.



MH: What is your view on gold going forward?

BW: This commodity has a strong demand due to China & India buying to reduce their exposure to Dollars. There is a finite supply chain and no new deposits

DS: What are your thoughts on China?

BW: Aware of the possible volatility in the region. China is a long story that will play out over decades and will drive global growth. They are putting a lot of effort to changing from an export economy to a consumer economy.

MH: Has there been any rebalancing in the fund?

BW: No. Don't do any top slicing and don't generally hold anything too small, tend to top up existing holdings

MR: you have a net flow into the fund does this make it easier for you to make investment decisions? Do you top slice the winners or let them run?

BW: Initially we generally let them run.

RA: Will you be looking to increase the UK holdings further?

BW: Not likely it roughly equates to a quarter of the portfolio and has been increased sufficiently.

### **Review of Sentinel Universal Fund**

Please see accompanying Sentinel Universal Quarterly Questionnaire & Review document

JH discussed the Sentinel Quarterly Questionnaire and Presentation.

### **Comments**

JH: The second round of quantitative easing could weaken the dollar which would effect commodity prices. If oil goes above \$100 a barrel then this will effect growth in the US

JH:EU is dealing with member bailouts more effectively. Markets move faster than governments. PIGS only represent 5% of EU & 2% of the markets.

DS: Is China buying up the EU bonds for the PIGS( Portugal, Ireland, Greece, Spain) to gain influence over the region?



JH: Yes this gives them influence in Europe and China is also buying up the resources they need for future growth and this is putting pressure on the international price of commodities.

JH: Still not prepared to have a risk on portfolio. Trying to catch upswing and maintain capital preservation.

DS: By default are you just buying equities?

JH: This is the common approach as it is the least bad choice at this point in time.

MH: Have you looked at volatility against the composite benchmark?

JH: Yes and it has stood up well.

### **Review of Sentinel Defensive Fund**

Please see accompanying Sentinel Defensive Quarterly Questionnaire & Review document

PS discussed the Sentinel Quarterly Questionnaire and Presentation.

### **Comments**

PS: Continuing to hedge against potential risks to the portfolio. On the graph the performance has been flat which shows the defensive nature of the portfolio. Have done a lot of trades over this period and comfortable dealing in small trades.

The fund is the lowest risk exposure since inception. The rise in interest rates will effect the comparison against the benchmark.

RA: In regards to the CULS (Convertible Unsecured Loan Stock) you are purchasing now are these easily modeled?

PS: Yes these are modeled using same methodology used for modeling Zeros

### **IC Review of Managers Performance**

IC agreed that all managers outperformed their defined benchmark. It was agreed that none of the managers are currently under review

### **ACD Discussion**

Redemptions



MH provided reports in regards to gross / net sales and monthly repurchases over rolling 12 month period. Redemptions were below the sector average

### **Any other business**

No

### **Date of next meeting**

26/04/2011 @ Premier's Office Guildford

### **Actions**

- ✚ Discrete performance to be shown annually, the current year is to be displayed in quarters
- ✚ BW of WDB to provide proposed composite benchmark for internal use by the IC for the Enterprise fund.
- ✚ IC Requested data on funds with performance related TER > 1.5, data about how the TER is effected by performance
- ✚ Discussed some of the points on the performance graph where Enterprise fund underperformed over the last 12 months. Asked BW report back on this to explain the situation fully.