

The Sentinel Fund



To watch over and guard

**Sentinel OEIC**

**Fund Manager Quarterly Questionnaire**

Period 31<sup>st</sup> March 2011

31<sup>st</sup> December 2010 to the 31<sup>st</sup> March 2011

## **FUND DETAILS**

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.

£240m

## **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?

None

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

n/a

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)

TERs remain less than 1.5% (Good performance could lead to performance fees that could increase the underlying TERs)

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

Following the strong performance of Utilico 2014 zeros in the second half of 2010 we sold out of our entire position at an average price of 139.04p. In January we took the opportunity to repurchase our position at an average price of 134.33p, (3.4% cheaper on average or 5% cheaper than the last sale price). Additionally the Utilico 2014 zeros now have a higher cover than when we sold them.

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

In March we looked to take advantage of equity market falls and the increased equity market volatility associated with political unrest in North Africa and the Middle East. We structured a defensive Morgan Stanley FTSE 100 Autocall. We opted for an 85% trigger level in year 1, dropping 5% per annum to 60% at maturity (2017). If not called the product's coupon would step up 5.75% per year. Unfortunately this was traded just before the Tsunami devastated Japan which led to significant equity market falls and a large spike in volatility. This product was first priced on 16<sup>th</sup> March and opened at 98.31 (-1.49% down), a disappointing return from this defensive product. We decided to retain our exposure to the holding and since the price has recovered.

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

We have actively traded certificates of deposit achieving enhanced cash returns with little risk. Similarly we continue to look for opportunities to actively trade other fixed income investments, such as our Bank of America FRN we recently sold.

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