

The Sentinel Fund



To watch over and guard

Sentinel OEIC

Fund Manager Quarterly Questionnaire

Period 30th June 2011

31st March 2011 to the 30th June 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.

£245m

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 increased our exposure to zeros, synthetic zeros and CULS. Cash levels have been reduced.

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

Higher levels of cash held for defensive purposes. As volatility increased and credit spreads widened, autocalls / synthetic zeros became more attractive and we invested. We have added to our zero exposure as opportunities arose. These purchases should aid the fund in achieving steady capital growth.

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

Normal.

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)

None.

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

On the 14th June we purchased a defensive autocall issued by the Bank of America. The next call date on this holding was the week after, on the 23rd June, and providing the FTSE 100 did not fall -10.9% in a week then the holding would redeem creating a 0.5% uplift. If this holding was not called the autocall would redeem at it's final entitlement providing the market did not fall -46.5% from purchase until it maturity in 2015. This opportunistic purchase was possible as credit spreads had widened significantly and equity markets fallen. Equity markets continued to fall and volatility increased yet this holding rose 0.5% in a week and redeemed on the 23rd June, an attractive uncorrelated uplift.

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

Maintaining our Gilt hedge over the past quarter has cost the Fund some of its potential returns. The hedge is held as a strategic position to protect the Fund from sharply increasing risk free rates. The hedge acts to shorten the duration of the fund, decreasing interest rate risk and adding capital protection. For this reason we will maintain the hedge as a risk control.

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

We continue to utilise our fixed income experience to buy and trade fixed income investments to maximise the cash content of 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?

14. Are there any particular factors which you feel have affected the performance or volatility of the fund?

No