



Minutes of the Adviser Business Solutions Investment Committee Meeting

Location: Premier Offices, Guildford

Date: 19/07/2011

Attending: Dave Stamp, Mike Reidy and Richard Anderson of ABS, , Paul Smith of Premier (Defensive Fund Manager), John Husselbee of North Investments (Universal Fund Manager), Laurence Boyle of Williams De Broe (Enterprise Fund), Frank Blackmore of Headley Financial Services

Apologies: Jon Foster and Ben Armstrong of ABS, Mike Hammond of Premier, Joe Freire of JMF-FS

Minutes of previous Meeting

The IC reviewed the minutes from the previous meeting

Review of Sentinel Universal Fund

Please see accompanying Sentinel Universal Quarterly Questionnaire & Review document

JH discussed the Sentinel Quarterly Questionnaire and Presentation.

Comments

JH commented that bonds had done well recently but there was no clear direction going forward. Bonds are expensive for what you get and the markets are not pricing in inflation. The fund has suffered due to being underweight in this area. Absolute Return funds have suffered in the current volatile climate as well.

DS Asked if the money from Quantitative Easing was in the markets now. JH stated that it is still with the banks which are still reluctant to lend. Also there has been no movement in the housing market or unemployment.

MR asked if JH if his stance had changed regarding the inflation v deflation outlook. JH confirmed that he is still a believer in the inflation stance over the medium to long term. If you believe in inflation you need to invest in equities.

DS What equities do want to invest in. JH replied Emerging Markets provide the best options but they are having issues with inflation.



The portfolio is set up for an inflationary world. 10% currently held in cash which is an opportunistic place to be as this puts the fund in a good position to take advantage of opportunities as they arise.

Companies lack confidence in the economy even though they have cash they are reluctant to invest. Most economic news is being taken as negative. We are in a very similar position to where we were last year. The biggest global call by a manager is if they are positioning for a deflationary or inflationary world.

Review of Sentinel Enterprise Fund

Please see accompanying Sentinel Enterprise Quarterly Questionnaire & Review document

LB discussed the Sentinel Quarterly Questionnaire and Presentation.

Comments

LB opened by discussing the under performance of the fund for a 2nd quarter. Over the last quarter the fund encountered the 'perfect storm'. Europe had done well despite its issues and so had Japan. The dollar weakness had an impact and Futures Markets where up heavily.

The markets are in a very similar position as last year and anticipating another good run as we head into 2012.

The US has done well and diversification within this sector has proven beneficial as the Martin Currie fund we hold has preformed badly due to some stock specific issues. The Martin Currie fund can be quite aggressive and is a highly concentrated fund.

MR asked will the next quarter look better. LB, Yes, no Alpha generated over the last quarter, this comes from a rising market.

DS asked LB if he was looking to make any changes. LB replied always if the selection is justifiable. The market sentiment is quite pessimistic and keeps shifting

LB stated one issue to look out for is companies making bad acquisitions in an effort to use excess cash.

MR asked about the pattern of out performance as over the 3 years, it does not appear to be adding value as it falls consistently. The fund keeps coming back to the mean. LB yes I am looking to buck the trend and I need my themes to play out as the fund performs well in a rising market. The style of the fund is one of high conviction and will be able to recover the losses from Q1 and Q2.



DS asked if it was easier to adjust after outperformance. LB stated not always as you don't know what other theme will come to fruition. Ideally need themes to run their course.

RA asked if LB was considering going back into Europe yet. LB replied no but has met with various fund managers managing asset classes that he is not currently invested in. Continually looking, analysing and assessing options

RA asked was LB considering using a structured product something akin to what was held previously. LB stated no as they are longer term plays and not always aggressive enough, would rather have the cash which facilitates the opportunity to invest as good options arise.

LB stated that he is considering the use of ETFs as they have the benefit of interday trading.

LB is still confident that his approach of being over-weight in Emerging Market equities is the correct one, despite shorter-term volatility.

Review of Sentinel Defensive Fund

Please see accompanying Sentinel Defensive Quarterly Questionnaire & Review document

PS discussed the Sentinel Quarterly Questionnaire and Presentation.

Comments

PS stated the fund had performed very well and that the recent volatility hadn't had a big impact on the fund. It is evident there has been a lot of activity in the fund. On one Money Market trade made 0.5% in a week which is quite remarkable.

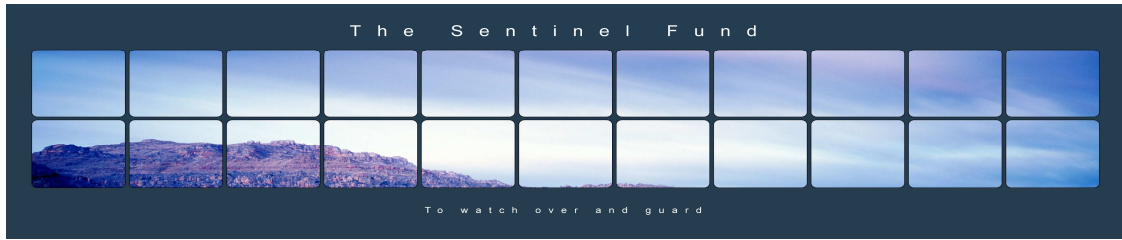
Zeros are currently offering great value compared to bonds. However a lack of traditional zeros available for purchasing but they are very easy to sell, a lot of demand.

PS stated there are some opportunities in the Alternative sector but is wary as the market is generally flat and no real movement on discounts.

FB asked when the rise in interest rates could happen. PS stated possibly November if we have had two quarters of positive growth

IC Review of Managers Performance

IC agreed that John Husselbee & Laurence Boyle are currently under review. Details of additional meetings to be arranged



ACD Discussion

Redemptions

MH provided reports prior to the meeting in regards to gross / net sales and monthly repurchases over rolling 12 month period. MH felt these were high and that ABS need to document why there have been so many.

After discussion it became clear that the redemptions was due to the advisers advising clients to make fund switches or withdraw funds to ensure CGT allowances were used in full. Further, the movement of funds from OEIC structures to ISAs to use ISA allowances was a contributing factor. Another element for the redemptions was due to regular income being taken from bonds & pensions

Any other business

No

Date of next meeting

TBC @ Premier's Office Guildford