

# Fund Manager Quarterly Review



Sentinel Universal Portfolio

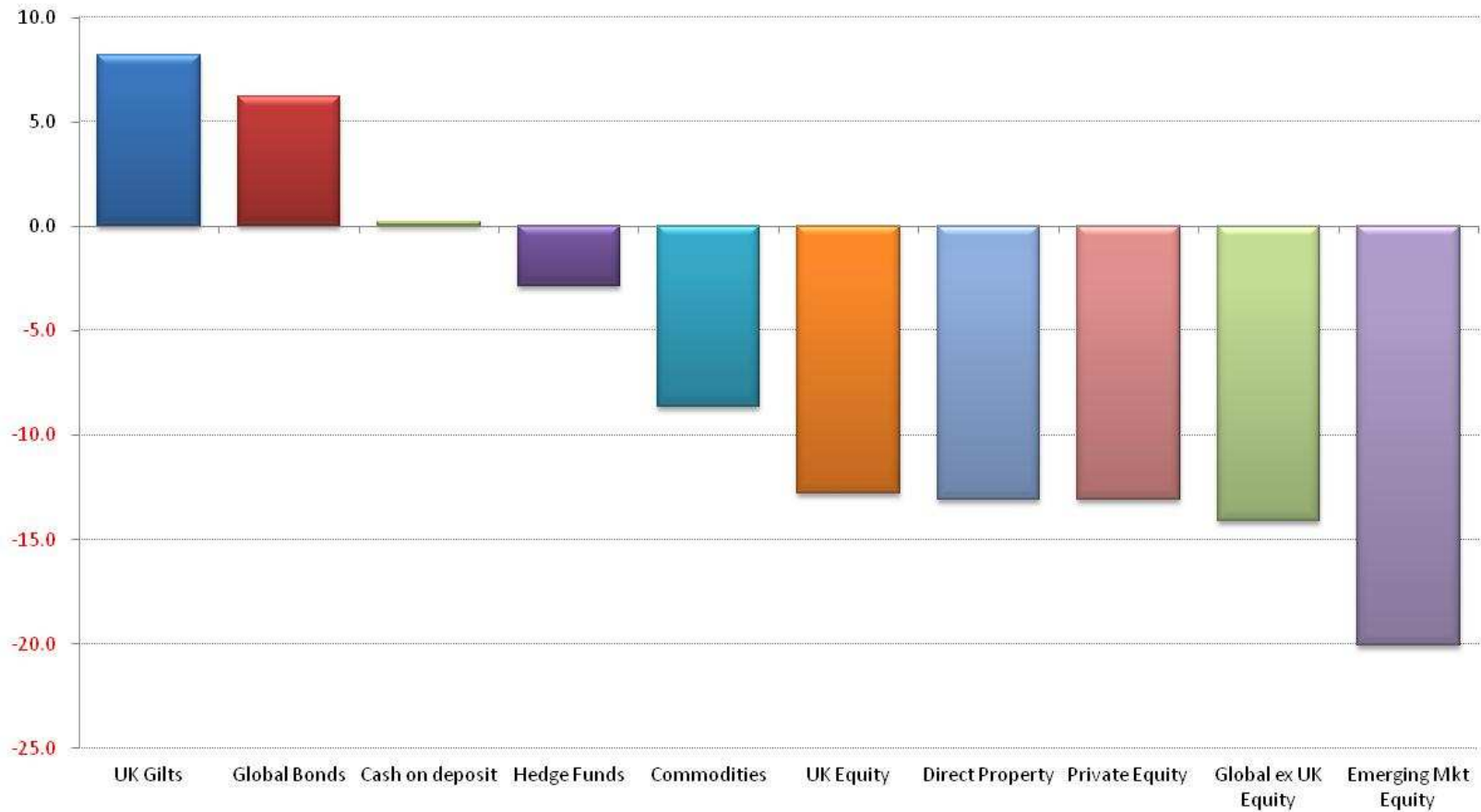
Reporting period: Q3 2011

October 2011

## Highlights of Q3 2011

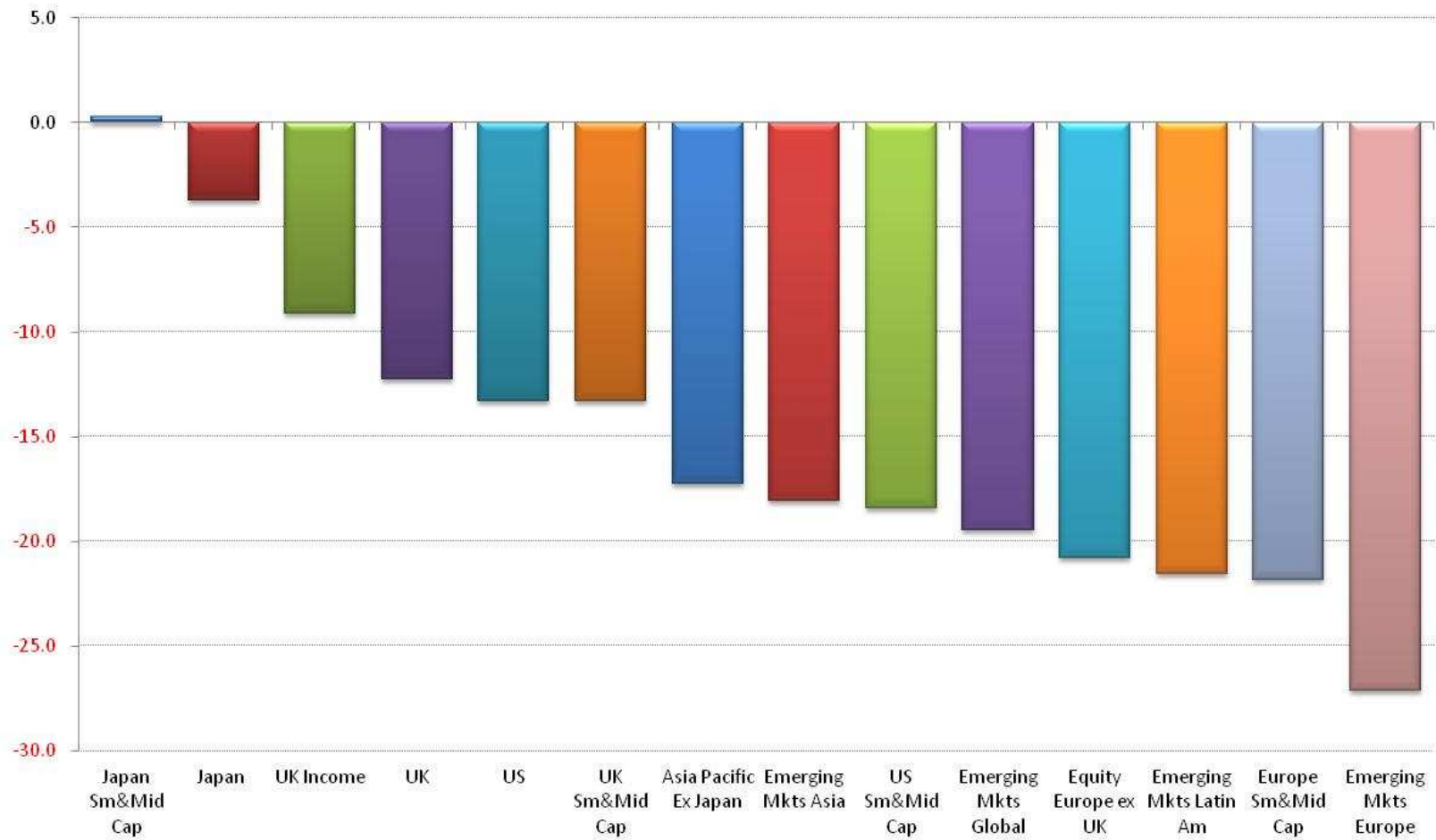
- Fund size £76.3m, down from £80.8m as at 30<sup>th</sup> June 2011
- Worst quarter since 2008, FTSE All Share Index down over 14%
- Risk aversion as optimism swings to pessimism on uncertainty
- US/ Global economic slowdown and EZ sovereign contagion
- Greece potential default at the epicentre of risk
- US Debt Ceiling agreement but S&P downgrade AAA to AA+
- Fears of US budget divide and DM deficits ongoing
- Government bonds are a safe haven with deflationary fears
- US Dollar and Gold benefit from carry trade unwinding
- More unconventional policy implemented – Operation Twist
- Fed lowers the tone, but action fails to reignite risk appetite
- Investors do not trust or believe political leaders can resolve the current financial crisis

# Q3 2011 - asset class returns



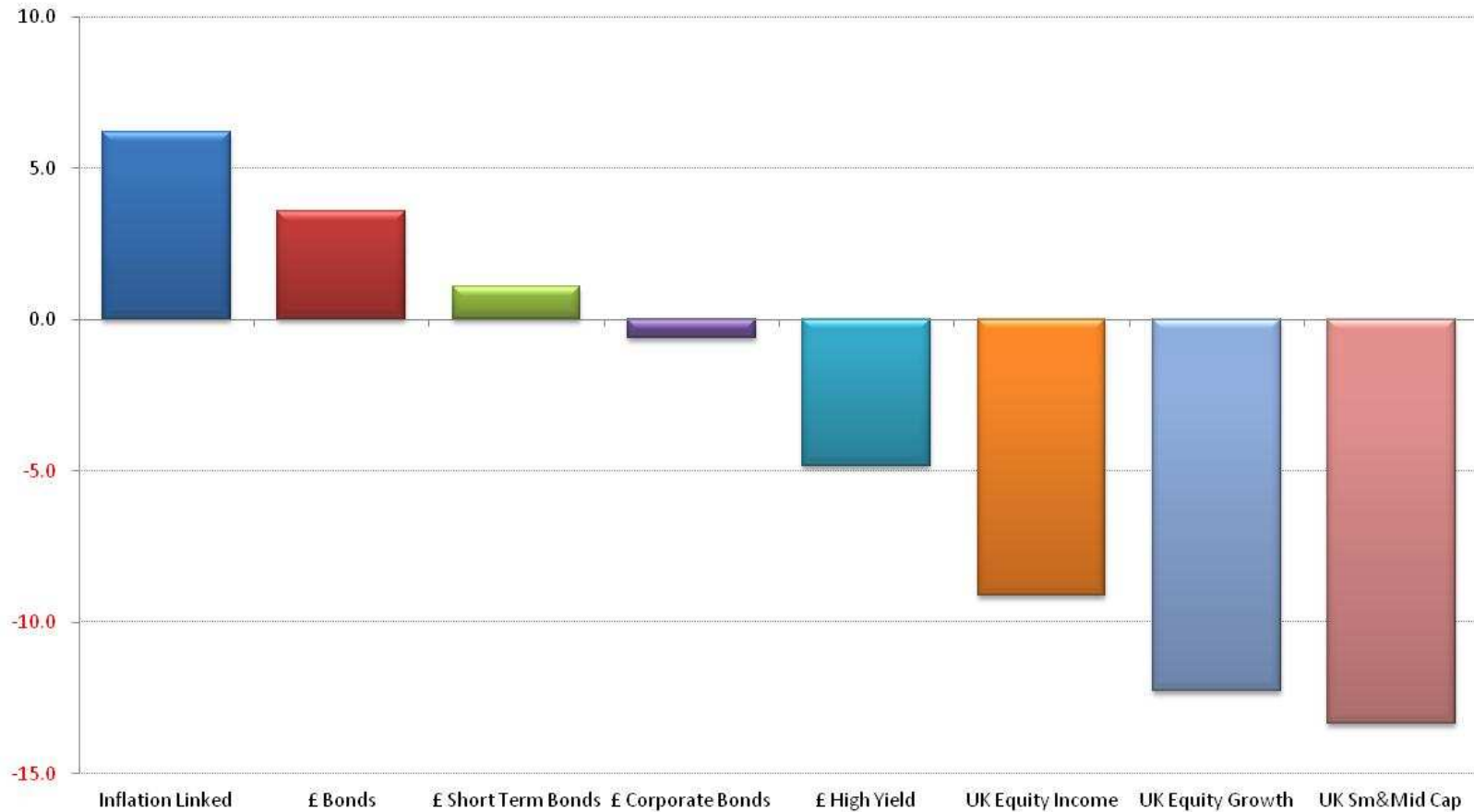
Source: Lipper. Total Returns in £ terms period from 1<sup>st</sup> July to 30<sup>th</sup> September 2011.

# Q3 2011 - global equity returns



Source: Lipper. Total Returns in £ terms period from 1<sup>st</sup> July to 30<sup>th</sup> September 2011.

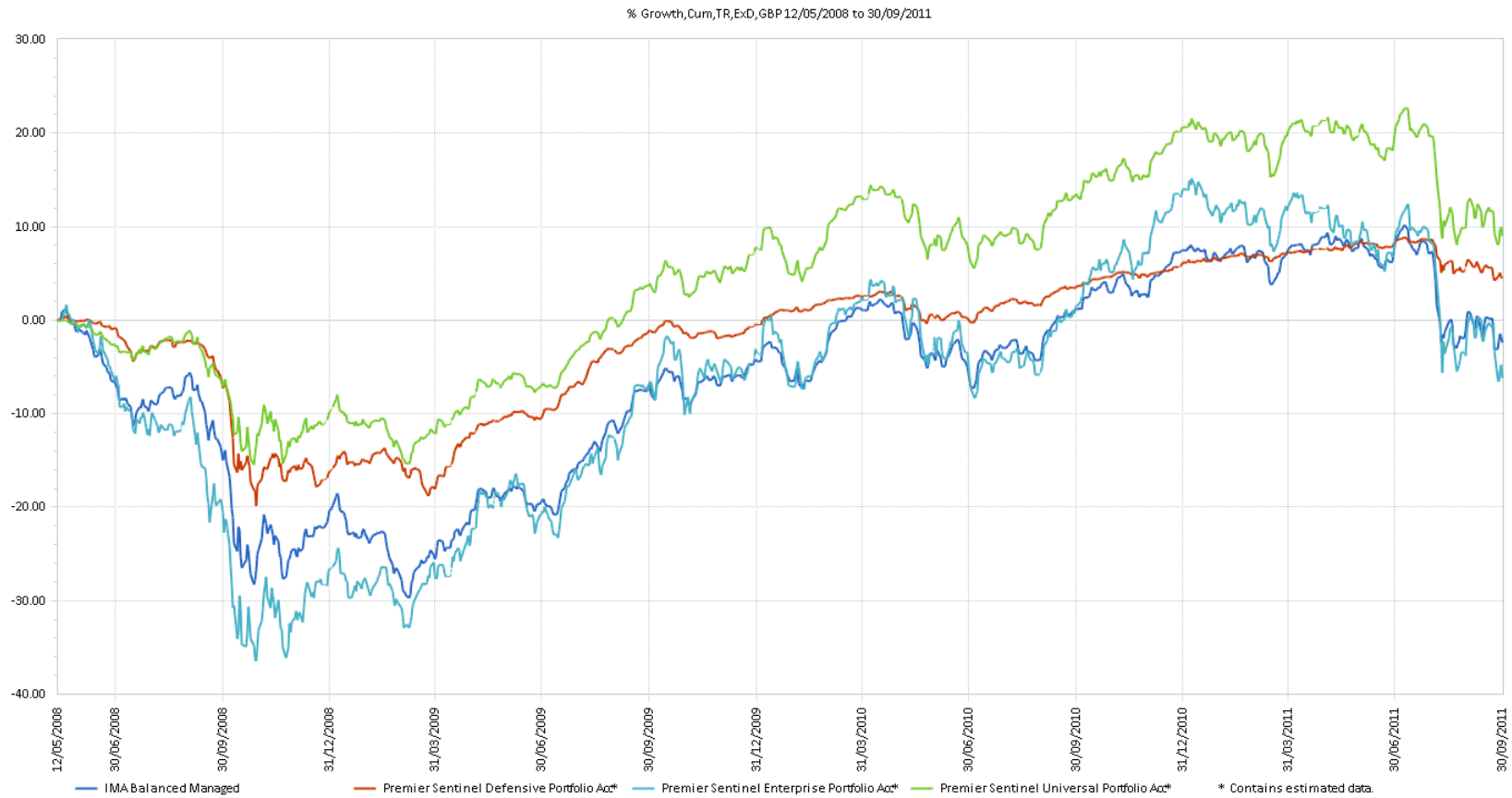
# Q3 2011 – UK asset class returns



Source: Lipper. Total Returns in £ terms period from 1<sup>st</sup> July to 30<sup>th</sup> September 2011.

# Sentinel Universal Portfolio

## Performance since launch



Source: Lipper

# Performance

Discrete Performance	Q3 2011	Q2 2011	Year 2010	Year 2009	Year 2008*	Since Launch**
Sentinel Universal Portfolio	-9.1	-0.3	12.0	19.3	-9.7	9.0
Benchmark	-5.2	1.7	12.2	14.2	-8.5	11.2
<i>Difference</i>	-3.8	-2.0	-0.3	5.0	-1.2	-2.2
IMA Balanced	-9.6	0.4	12.3	20.0	-20.3	-2.4
Gilts	8.3	2.5	7.2	-1.2	12.3	30.9
UK Equities	-13.5	1.9	14.5	30.1	-28.6	-5.3
Global ex UK Equities	-14.9	0.3	16.7	18.9	-16.2	1.5

Benchmark 30% UK Equity (FT All Share), 30% Global ex UK Equity (FT World ex UK) & 40% UK Gilts (FT British Govt All Stocks).

\*Performance period 12/5/2008 to 31/12/2008.

\*\*Launch date 12/5/2008.

Source: Lipper Hindsight. Bid to bid, income reinvested in sterling terms. All data to 30<sup>th</sup> September 2011.

# Performance

Cumulative Performance	Three Months	Six Months	One Year	Year to date	Since Launch**
Sentinel Universal Portfolio	-9.1	-9.4	-9.6	-4.0	9.0
Benchmark	-5.2	-3.6	-3.1	0.6	11.2
<i>Difference</i>	-3.8	-5.8	-6.5	-4.6	-2.2
IMA Balanced	-9.6	-9.3	-9.1	-3.5	-2.4
Gilts	8.3	10.9	10.1	7.8	30.9
UK Equities	-13.5	-11.8	-10.9	-4.4	-5.3
Global ex UK Equities	-14.9	-14.6	-12.7	-4.0	1.5

Benchmark 30% UK Equity (FT All Share), 30% Global ex UK Equity (FT World ex UK) & 40% UK Gilts (FT British Govt All Stocks).

\*\*Launch date 12/5/2008.

Source: Lipper Hindsight. Bid to bid, income reinvested in sterling terms. All data to 30<sup>th</sup> September 2011.

## Changes to asset allocation in Q3 2011

	30th June	30th September	
Asset Class	2011	2011	Difference
	%	%	%
UK Equities	26.1	25.3	-0.8
Global ex UK Equities	38.5	36.8	-1.7
UK Fixed Interest	7.7	14.8	7.1
Private Equity	1.4	1.4	0.0
Absolute Return	7.3	5.4	-1.9
Commodity	5.7	5.6	-0.1
Property	2.5	2.3	-0.2
Cash	10.8	8.2	-2.6
Total	100.0	100.0	

## Transactions in Q3 2011

Date	Trade	Fund/ Stock Name	Value
29-Jul	SELL ALL	SALAR CONVERTIBLE ABSOLUTE RETURN B DIST GBP	-£1 434,752
03-Aug	SELL	ALLIANZ ROM BRC STARS C ACC SHS	-£1 518,298
03-Aug	SELL	ISHARES MSC EMV MK INC	-£1 840,204
03-Aug	SELL	JPM GLOBAL CONSUMER TRENDS C ACC	-£3 409,328
03-Aug	SELL	MARTIN CURRIE JAPAN ALPHA 'H' SHARES	-£3 749,737
03-Aug	BUY	MARTIN CURRIE JAPAN ALPHA 'B' SHARES	£4 077,888
03-Aug	BUY	JUPITER JAPAN INCOME LH INC	£1 078,110
03-Aug	BUY	THREADNEEDLE AMERICAN EXTENDED ALPHA	£2 447,947
17-Aug	SELL	JPM INCOME OPPORTUNITY C (DIST) GBP (HEDGED)	-£1 639,549
17-Aug	BUY	INSIGI IT ABSOLUTE CREDIT Class D1p Sterling	£4 500,000
17-Aug	BUY	S&P STRATEGIC BOND B INC	£2 447,360
13-Aug	SELL	F&C PRIVATE EQUITY ZEROS PLC (FPEZ)	-£1 129,793
25-Aug	BUY	Muzinich Short Duration High Yield	£2 248,480
01-Sep	SELL	GOLDMAN SACHS 5Y £ DIGITAL RANGE ACCRUAL ON GBP BUY SWAP RATE (GB2B)	-£ 743,359
03-Sep	SELL	F&C PRIVATE EQUITY ZEROS PLC (FPEZ)	-£1 129,793
13-Sep	BUY	AXA FRAMLINGTON UK SELECT OPPS INC	£981,788
13-Sep	SELL	ISHARES FTSE 250	-£2 694,556
13-Sep	SELL	ISHARES FTSE 100	-£2 332,000
13-Sep	SELL ALL	L&G GROWTH TRUST 1' INC	-£2 261,504
13-Sep	SELL ALL	ARTEMIS INCOME I FUND GBP	-£3 408,006
13-Sep	SELL ALL	JOHNSON UK EQUITY INCOME FUND - INCOME	-£7 589,188
13-Sep	SELL ALL	SCHRODERS INC MAXA INC	-£1 585,845
13-Sep	BUY	BlackRock UK Income D Inc	£3 893,700
13-Sep	BUY	Jupiter Growth & Income	£5 839,820
13-Sep	BUY	OF Listed Train UK Equity Inc	£4 671,080
22-Sep	SELL	F&C PRIVATE EQUITY ZEROS PLC (FPEZ)	-£1 129,793
25-Sep	SELL ALL	FIRST STATE INDIAN SUBCONTINENT	-£623,687
25-Sep	SELL ALL	FIRST STATE GREATER CHINA GROWTH 'B' ACC	-£2 154,505
25-Sep	SELL ALL	ISHARES MSC EMV MK INC	-£918,120
25-Sep	BUY	Aberdeen Emerging Markets I Acc	£2 727,340
25-Sep	BUY	IM Hexarr Global Emerging Markets I Acc	£1 170,000
30-Sep	BUY	HARRIS US CONCENTRATED VALUE	£2 680,000
30-Sep	SELL ALL	VANGUARD US EQUITY	-£961,024
30-Sep	SELL ALL	ISHARES S&P 500 INDEX	-£897,260
30-Sep	SELL ALL	F&C UK PROPERTY FUND INC GBP	-£846,600

## TER Analysis

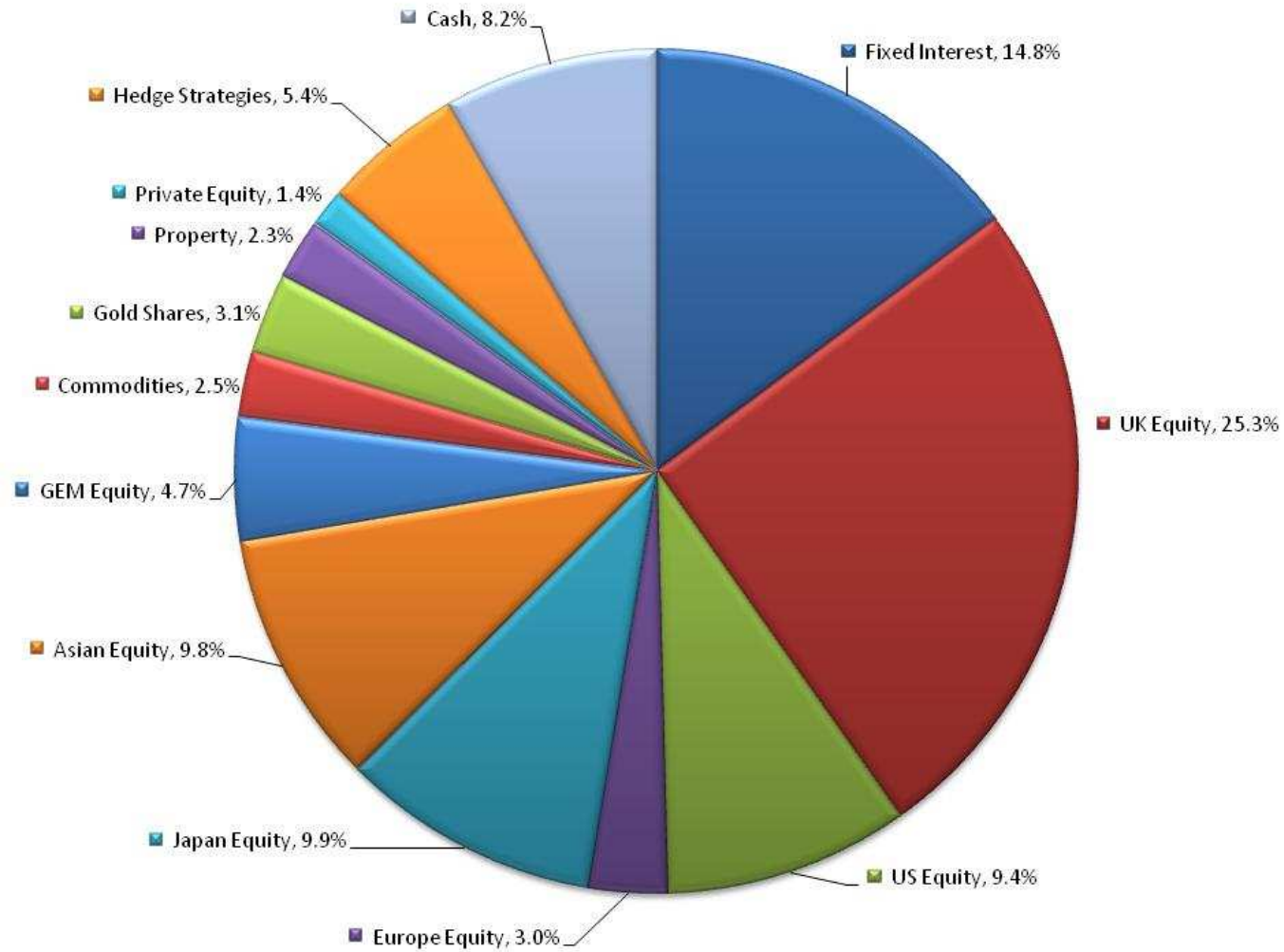
Please list any underlying funds with a TER greater than 1.5% net of any rebate. Investment committee require a brief explanation of the reason for selecting this fund(s)

Fund	TER	Reason for selection
Investec Enhanced Natural Resources	1.17% excl performance fee; 3.59% incl performance fee as at 31.03.11	Low volatility exposure to commodities that is able to invest in both direct & equity commodity exposure dependent on the opportunities

# Current Asset Allocation

Asset Class	Benchmark	Current Portfolio	Difference
	%	%	%
UK Equities	30.0	25.3	-4.7
Global ex UK Equities	30.0	36.8	6.8
UK Fixed Interest	40.0	14.8	-25.2
Private Equity	0.0	1.4	1.4
Absolute Return	0.0	5.4	5.4
Commodity	0.0	5.6	5.6
Property	0.0	2.3	2.3
Cash	0.0	8.2	8.2
Total	100.0	100.0	

# Asset Allocation



Source: North Investment Partners 30<sup>th</sup> September 2011.

## Outlook

- Half full or half empty outlook – investors too pessimistic
- Developed Markets will continue to skirt with recession
- Emerging Markets start to ease tightening as inflation fades
- Expect further stimulus to support global recovery
- Not turning Japanese
- EZ sovereign debt remains the epicentre of global risk
- ECB will be forced to reduce interest rates
- EZ governments need to dig deeper into their pockets
- Gilts are expensive unless recession/ deflation continues
- Equities are cheap and yield more than bonds
- Volatility set to continue, aware of policy mistake