Under Review Presentation

Sentinel Universal Portfolio

October 2011

Reasons for underperformance

- Underweight bonds, in particular no gilts
- Avoided gilts – too much supply and rising inflation
- Negative real yields are not attractive opportunity
- Gilts rally as investors focus on growth and the potential of further QE
- Gilts join Treasuries & Bunds as safe haven assets with US/ Global economic growth slows and EZ sovereign debt issues re-ignite
- Slightly overweight equities but defensively positioned
- Other asset classes underperform Gilts
- Raised cash in May but this provided little protection against the benchmark
- Political risk dominates market conditions causing increased volatility

Underperformance in last two quarters

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
Difference	*-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 30th September 2011.

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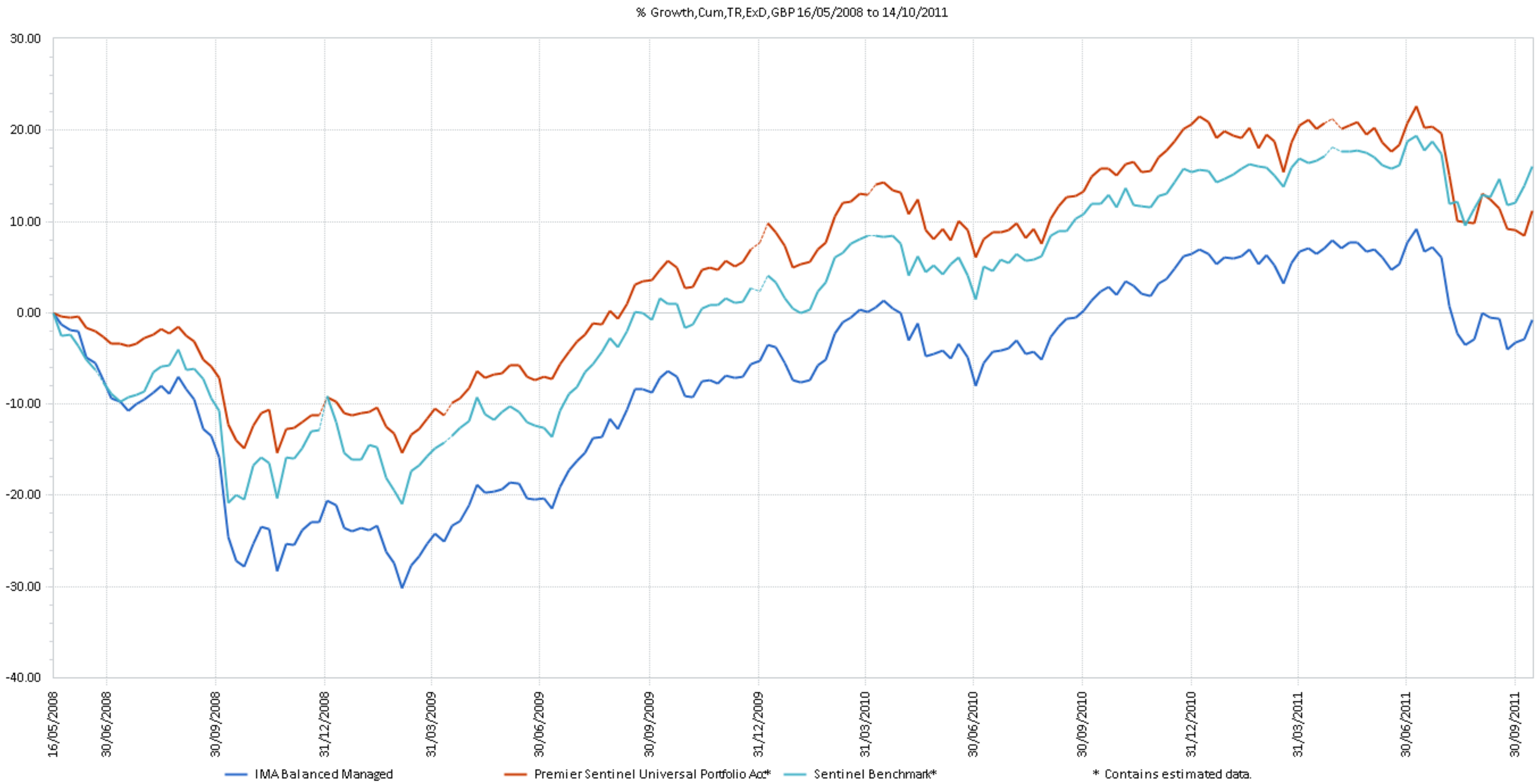
Sentinel Universal since launch



Source: Lipper

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Ten Year Gilt Yields at record lows

The UK Economy

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Quantitative Easing in the UK

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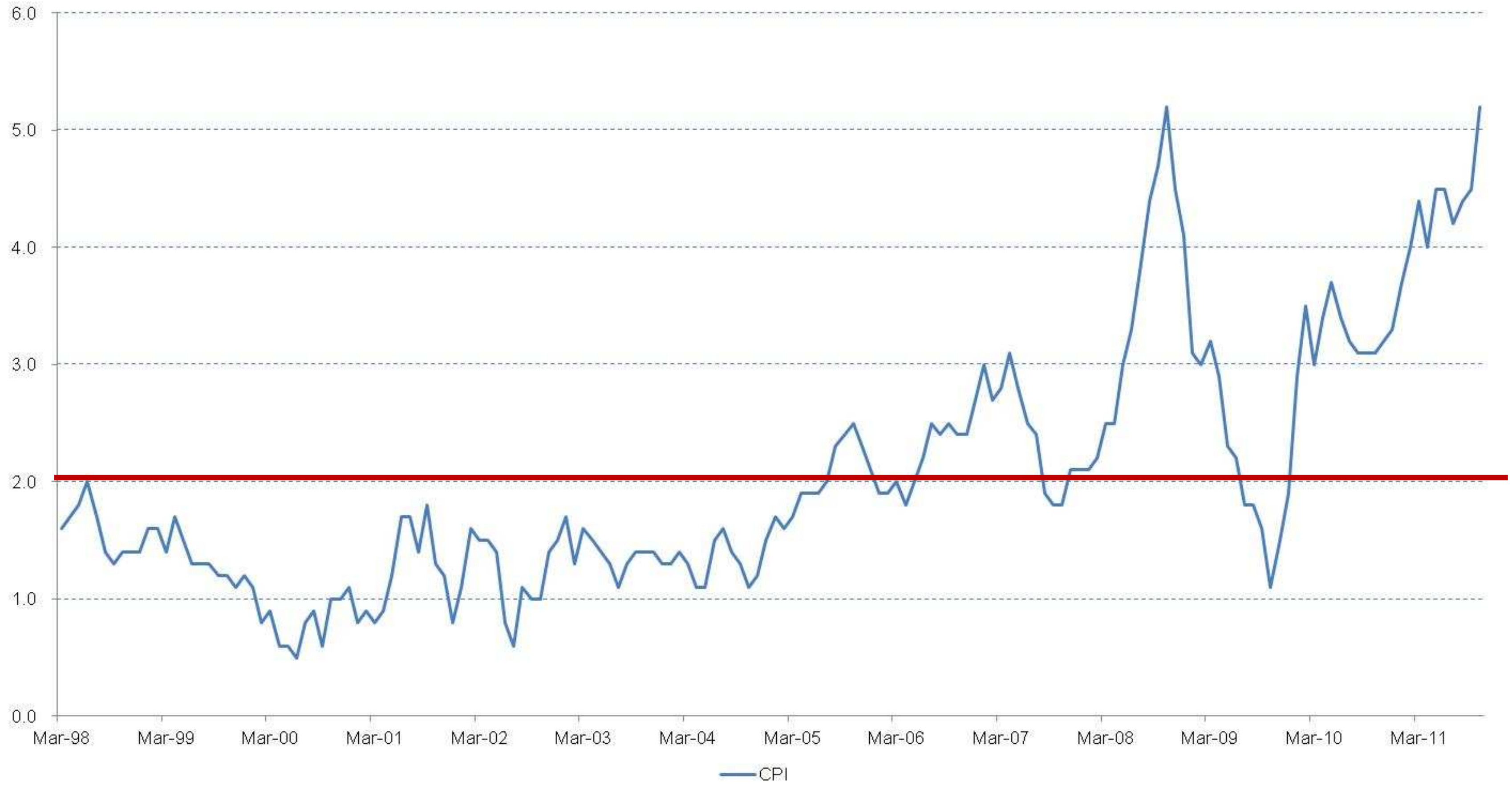
MPC abandon their 2% inflation target



The view of a former MPC member

- Policy-setting no longer consistent with 2% inflation target and mandate
- MPC seems prepared to inject more stimulus even
- when inflation is more than double target level
- Poor forecasting record, yet forecasts critically underpin current policy judgements
- Benign neglect of the pound
- No track record of taking tough monetary policy decisions to underpin credibility
- Dominated by internal consensus around Governor

Source : Andrew Sentance, former MPC Member. M&G Inflation Conference October 2011.

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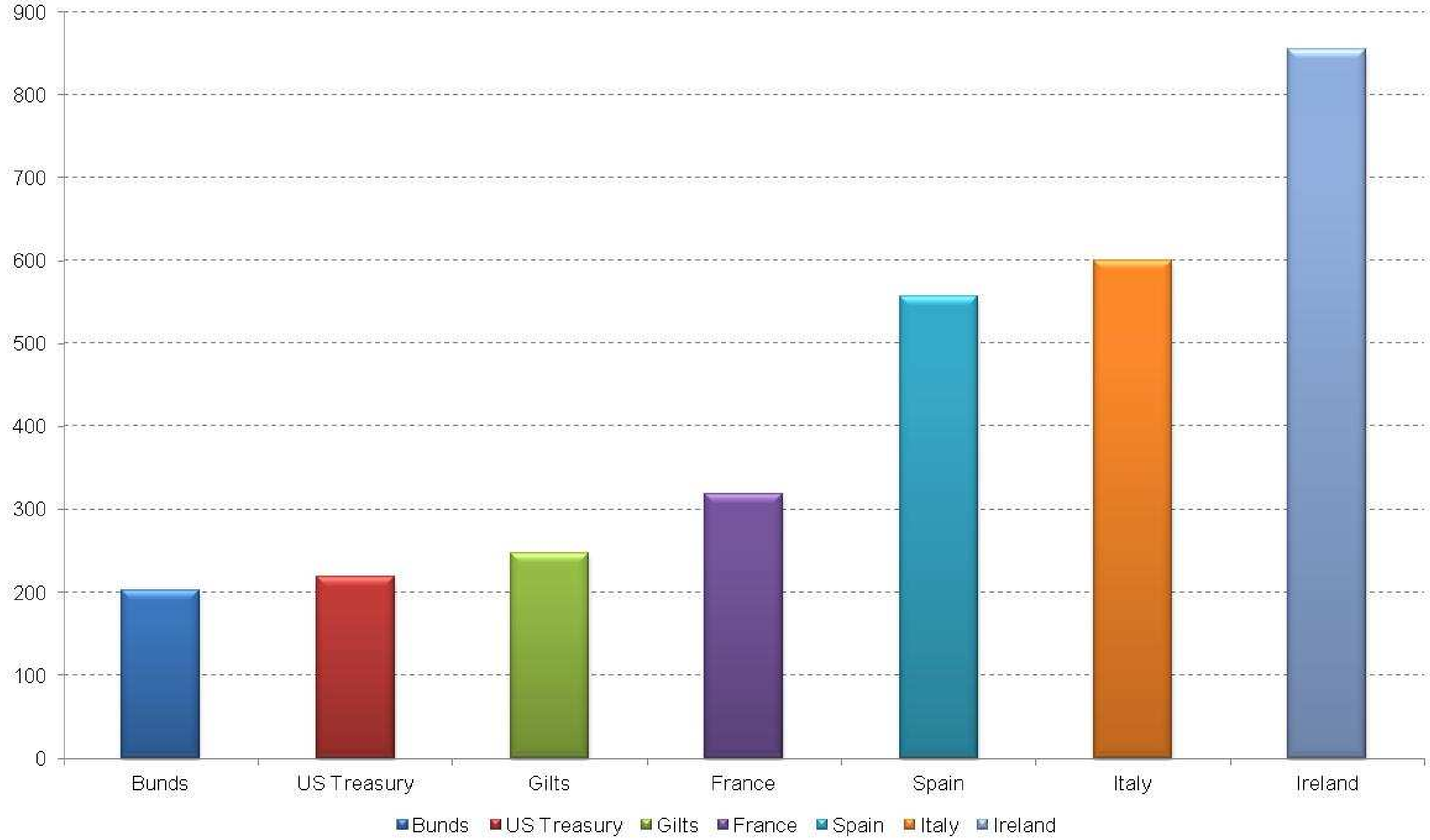
The benefit of being outside the Euro



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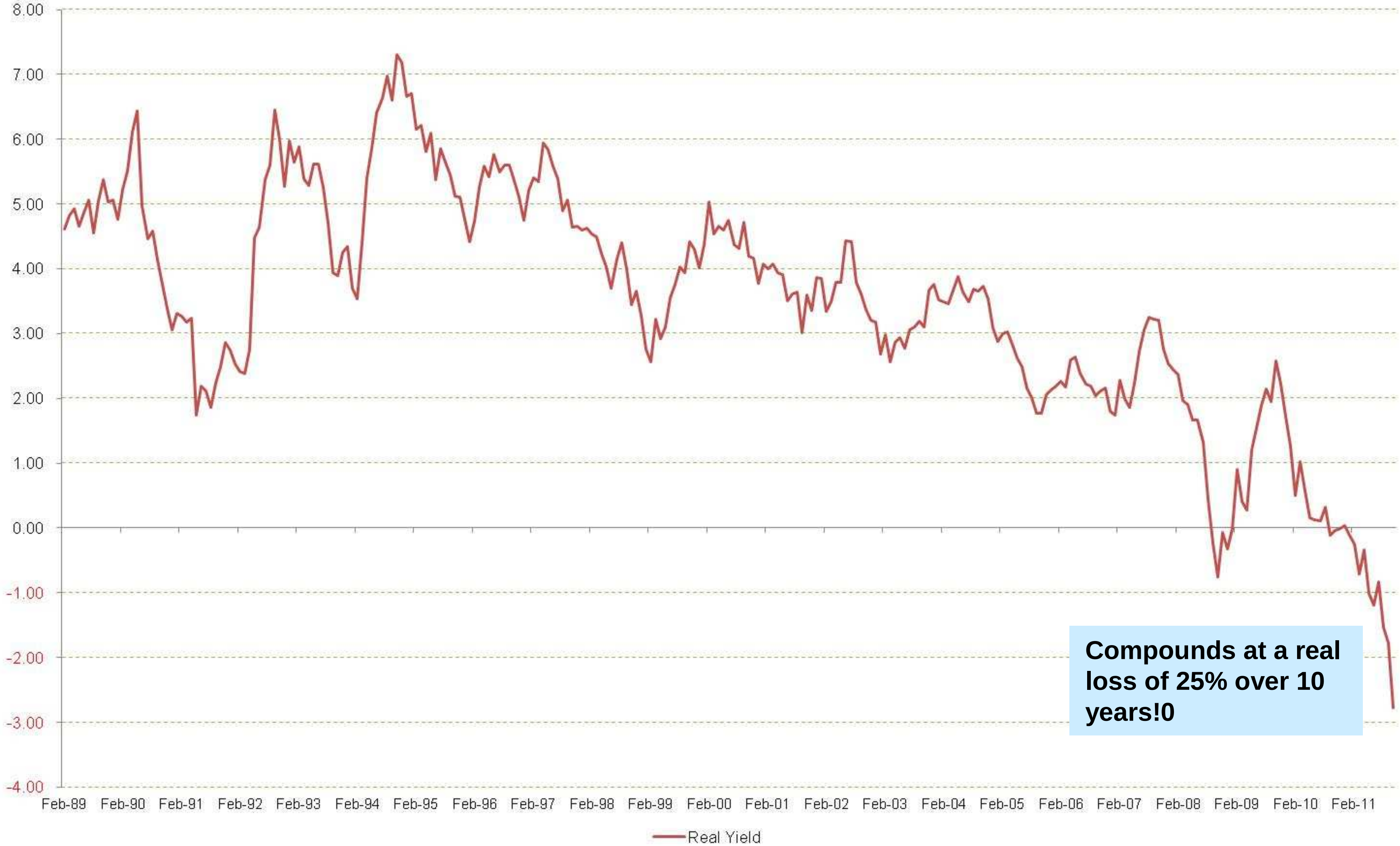
Negative real yields on Ten Year Gilts



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Positioning Sentinel Universal

	Dec-10	Mar-11	Jun-11	Sep-11
	%	%	%	%
UK Equity	28.7	27.4	26.1	25.3
Global ex UK Equity	36.7	39.4	38.6	36.9
Fixed Interest	7.4	7.0	7.7	14.9
Private Equity	1.5	1.4	1.4	1.4
Absolute Return	6.0	7.6	7.2	5.4
Commodity	10.3	9.6	5.7	5.6
Property	3.6	2.6	2.5	2.3
Cash	5.8	5.0	10.8	8.2
Total	**100.0**	**100.0**	**100.0**	**100.0**
	Dec-10	**Mar-11**	**Jun-11**	**Sep-11**
	%	%	%	%
Equity	65.4	66.8	64.7	62.2
Fixed Interest & Cash	13.2	12.0	18.5	23.1
Other	21.4	21.2	16.8	14.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

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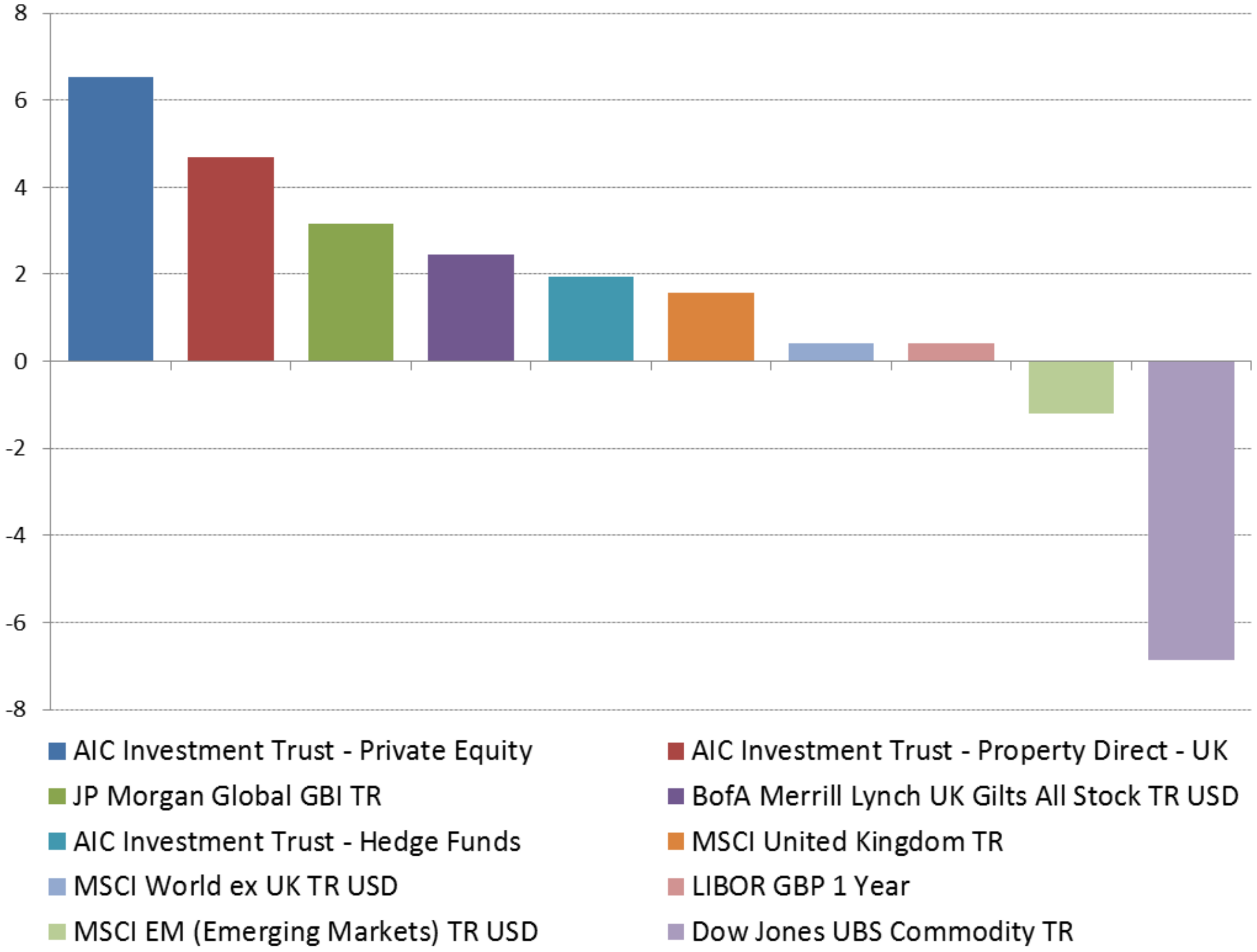
Asset class performance in Q2 2011



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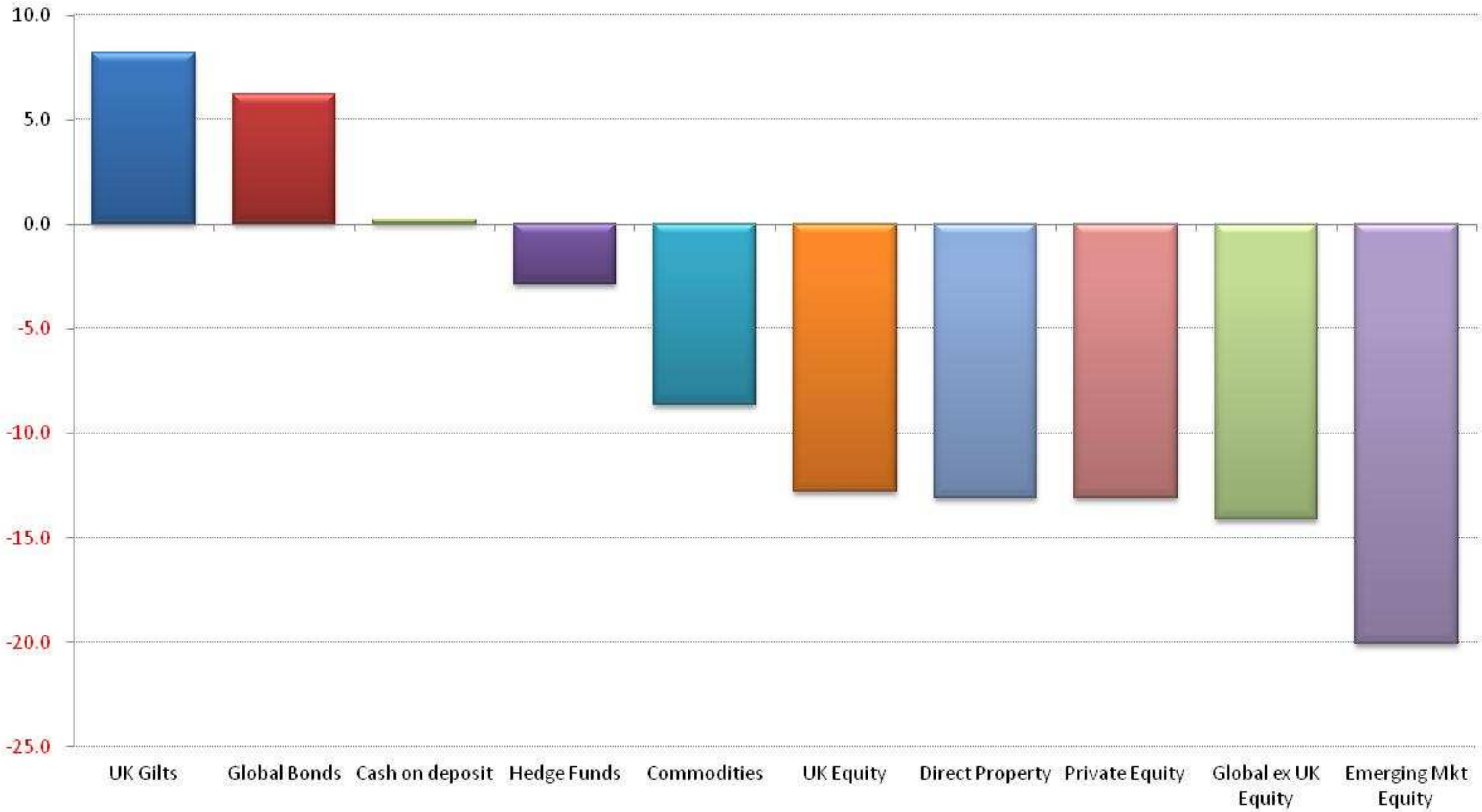
Asset class performance in Q3 2011



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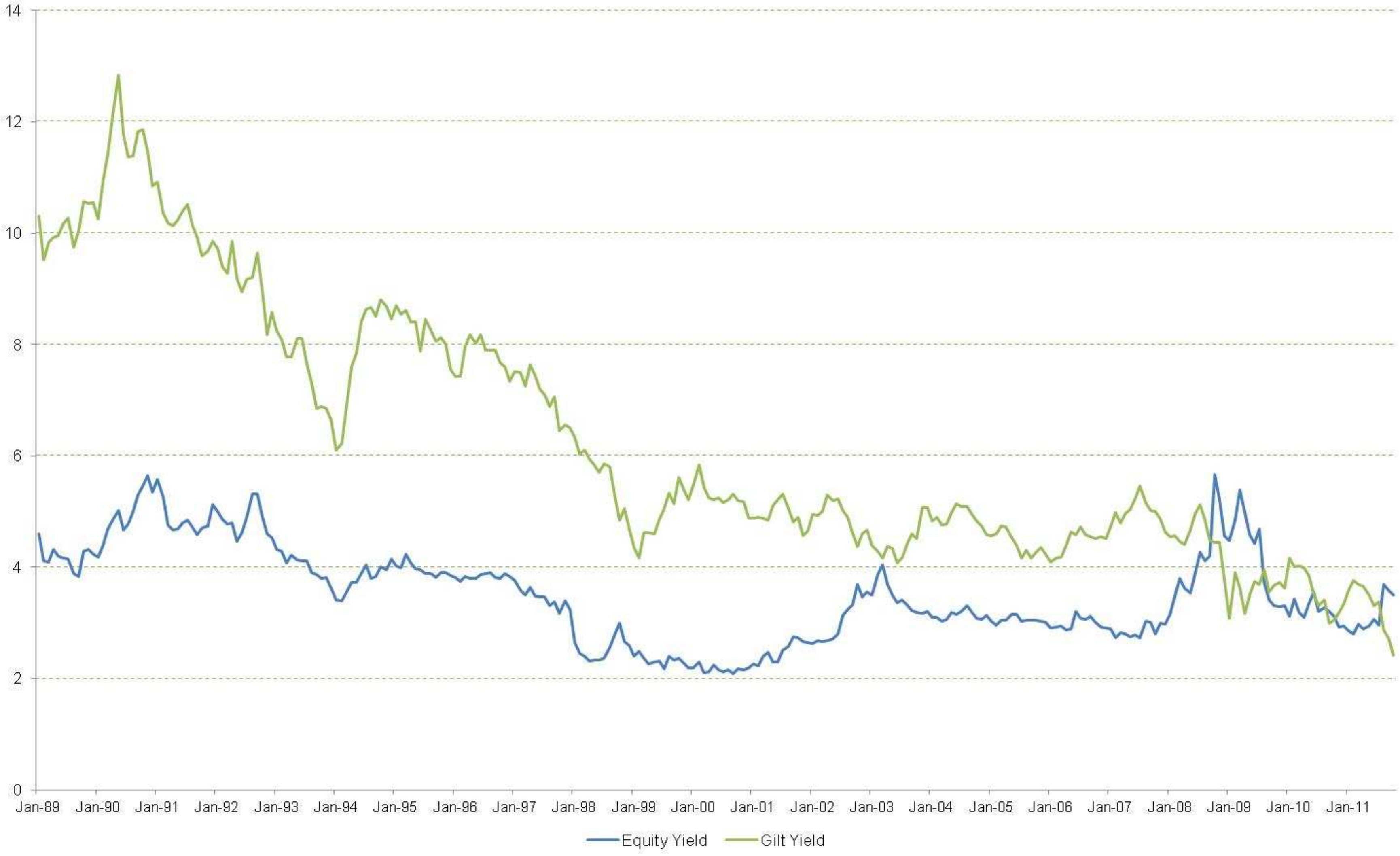
Equities cheap, Gilts are expensive



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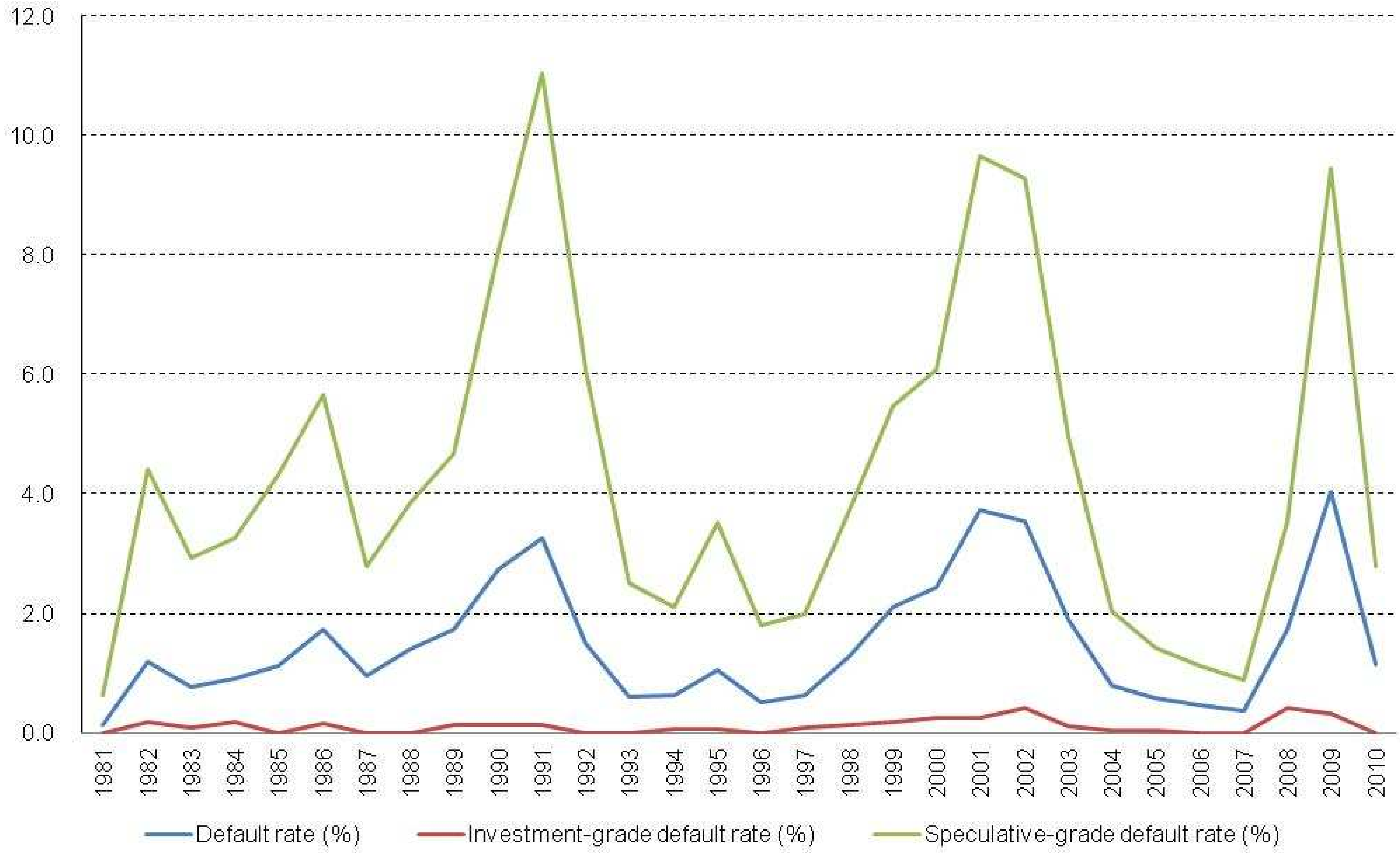
Global default rates



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Changes to address underperformance

- Carried out a comprehensive review of TAA and fund selection
- Increase to fixed interest holdings but prefer high yield rather than Gilts
- Gilts continue to offer a safe haven until Politicians resolve EZ sovereign debt issues
- Negative real yield equates to 25% loss compounded
- Risk of downgrade from Credit Agencies
- Interest rates to remain low, drive towards risk assets
- UK/ Europe may fall back into a recession but cannot compare to 2008
- 2008 Corporate/ Banking Debt, 2011 Sovereign/ Banking Debt
- Fear of policy error will continue to drive market volatility