

# Fund Manager Quarterly Review



Sentinel Universal Portfolio

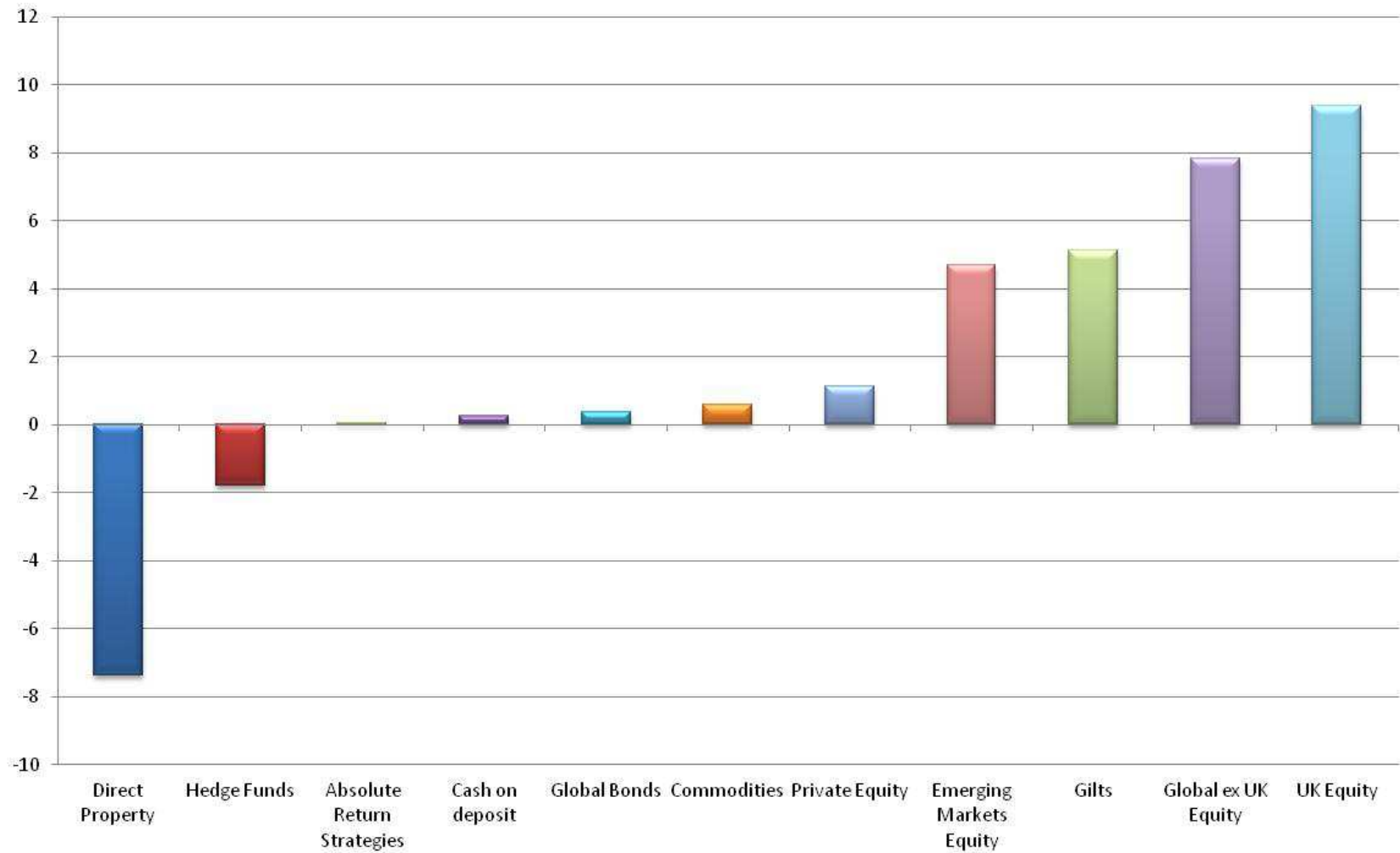
Reporting period: Q4 2011

January 2012

## Highlights of Q4 2011

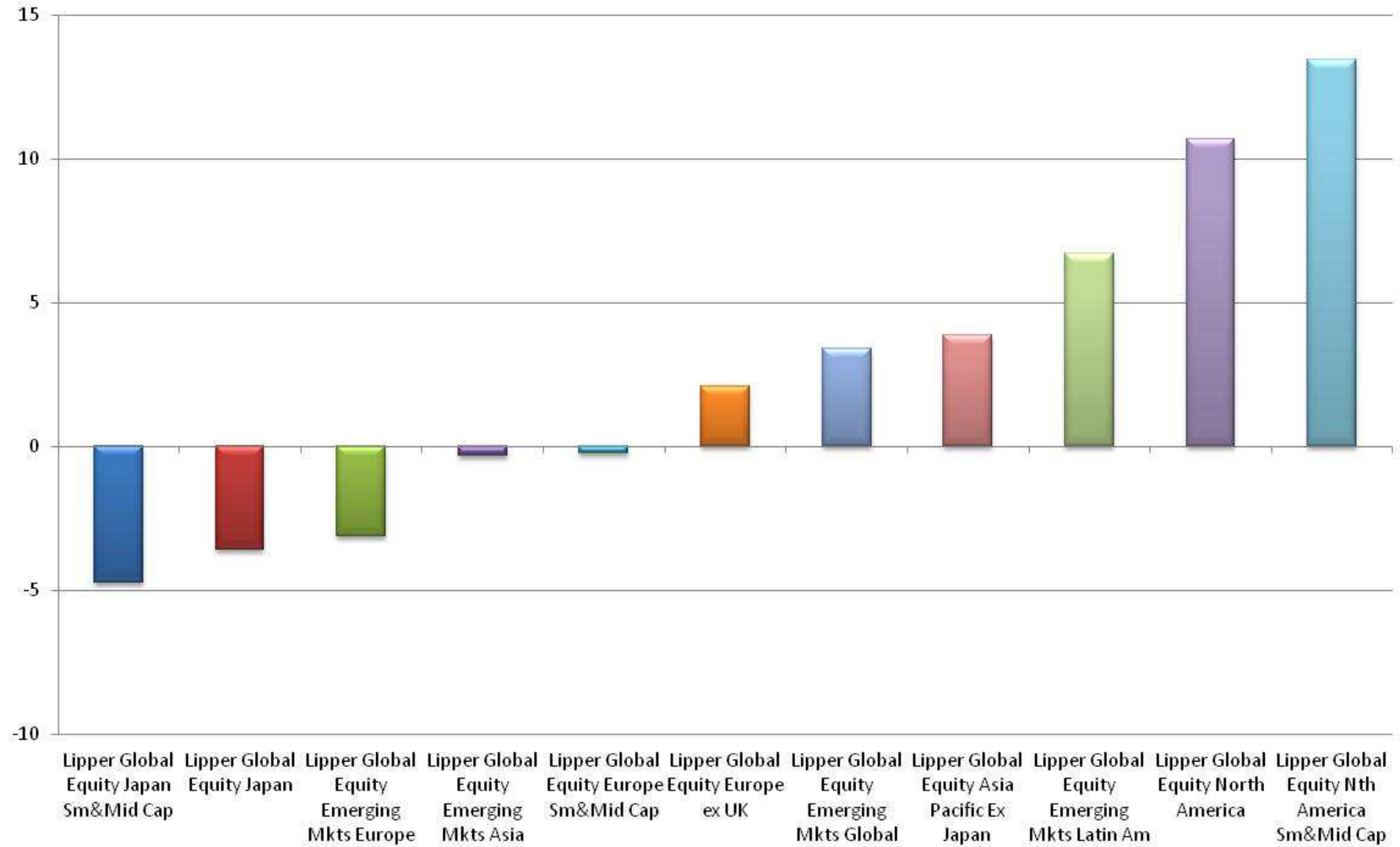
- Fund size £79.4m, up from £76.3m as at 30<sup>th</sup> Sept 2011
- Further summits and meetings but no final solution EZ sovereign debt
- Global central banks provide liquidity to banking system
- ECB cuts interest rates and takes measures to help the banks
- All change in government – Greece, Italy & Spain
- US “Super Committee” cannot agree on long term deficit reduction
- Federal Reserve and private sector continues to support the market
- US Corporate - record margins and high cash balances
- Inflation fears abating in Asia and Emerging Markets
- Interest rate cuts and monetary easing
- Further QE announced in the UK, lower gilt yields!!!

# Q4 2011 - asset class returns



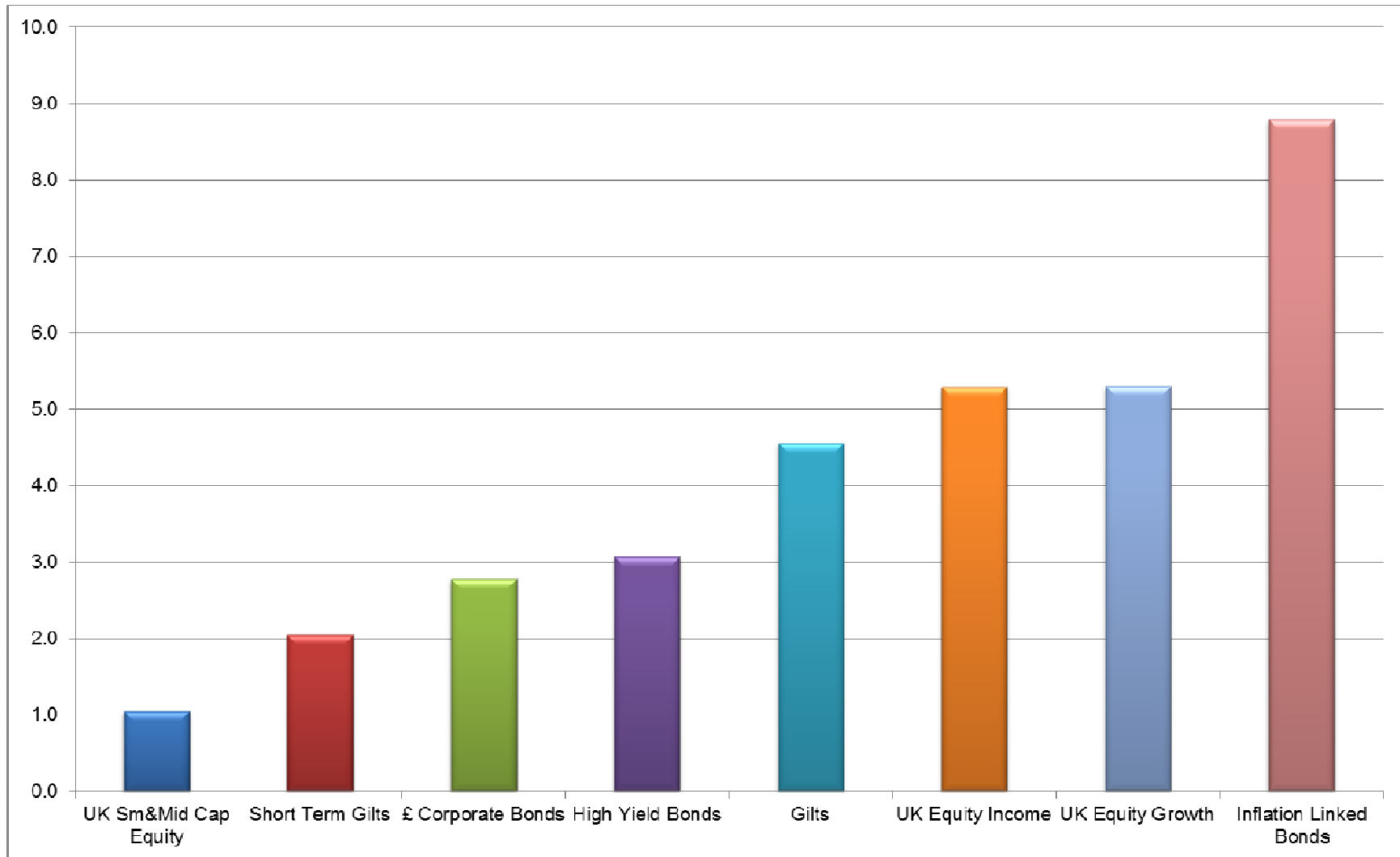
Source: Lipper. Total Returns in £ terms period from 1<sup>st</sup> October to 31<sup>st</sup> December 2011.

# Q4 2011 - global equity returns



Source: Lipper. Total Returns in £ terms period from 1<sup>st</sup> October to 31<sup>st</sup> December 2011.

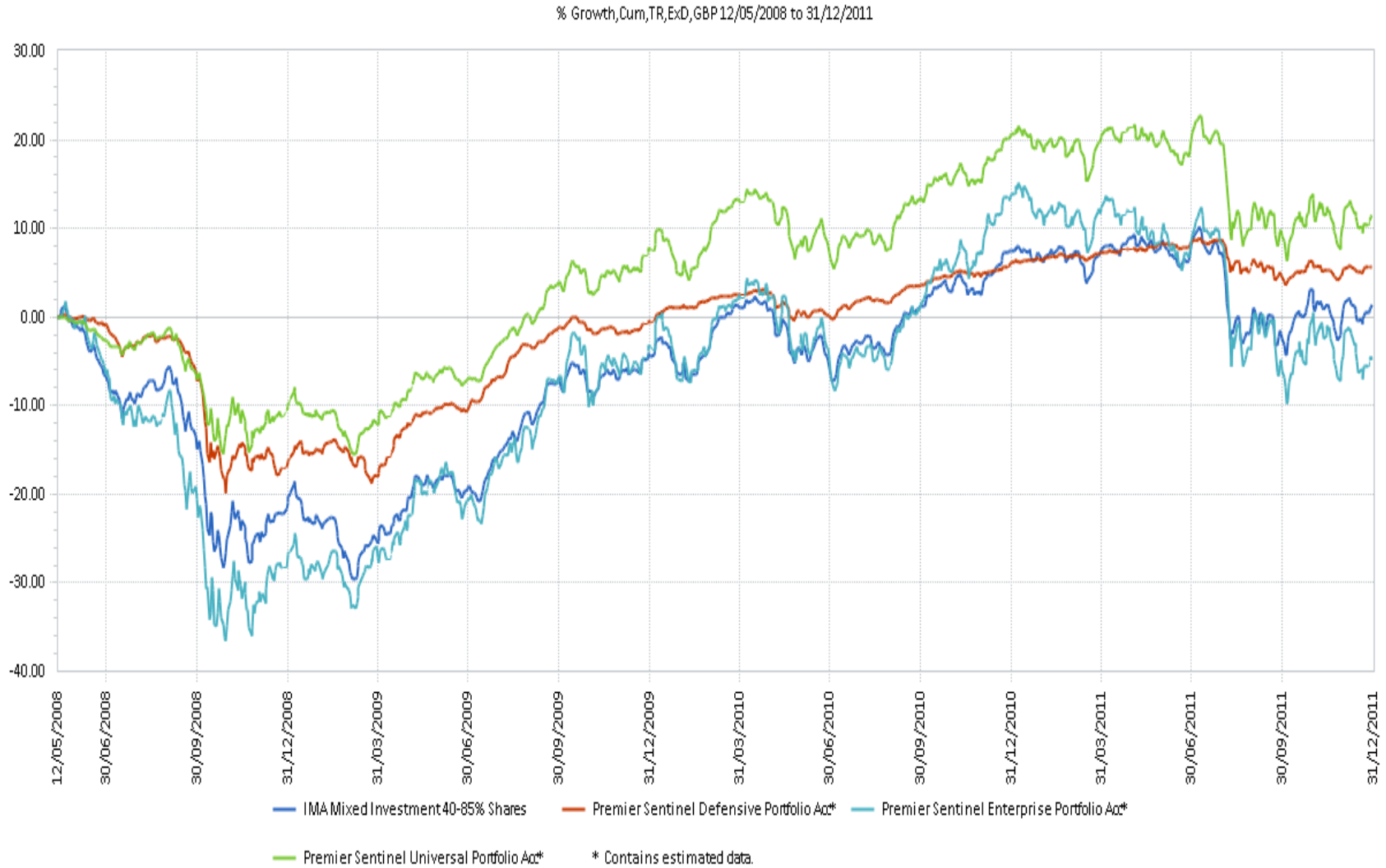
## Q4 2011 – UK asset class returns



Source: Lipper. Total Returns in £ terms period from 1<sup>st</sup> October to 31<sup>st</sup> December 2011.

# Sentinel Universal Portfolio

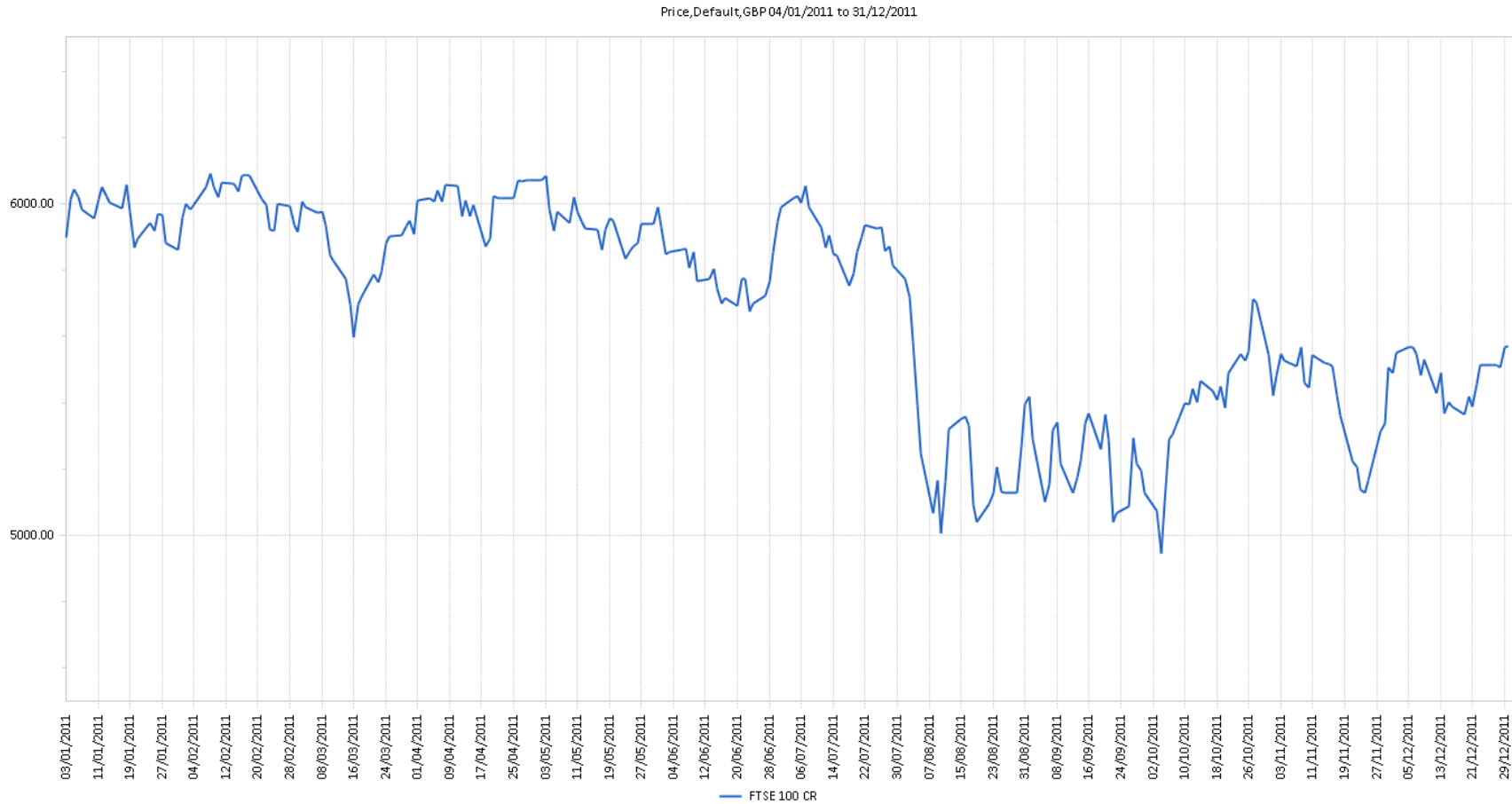
## Performance since launch



Source: Lipper. Total Returns in £ terms period from 12<sup>th</sup> May 2008 to 31<sup>st</sup> December 2011.

Source: Lipper

# FTSE 100 Index in 2011



Source: Lipper

Source: Lipper. Total Returns in £ terms period from 1<sup>st</sup> January to 31<sup>st</sup> December 2011.

# The twists & turns of 2011

	31/12/2010 to 16/03/2011		16/03/2011 to 03/05/2011		03/05/2011 to 04/10/2011		04/10/2011 to 28/10/2011		28/10/2011 to 24/11/2011		24/11/2011 to 31/12/2011		31/12/2010 to 31/12/2011		31/12/2011 to 11/01/2012	
	Ret%	Pos	Ret%	Pos	Ret%	Pos	Ret%	Pos	Ret%	Pos	Ret%	Pos	Ret%	Pos	Ret%	Pos
IMA UK Gilt	-0.3	5	1.4	21	10.6	2	-2.3	19	4.4	2	1.1	19	15.3	2	-0.6	21
IMA UK Index Linked Gilt	0.0	4	2.4	16	10.7	1	-3.7	21	9.4	1	1.9	15	21.8	1	-0.1	19
IMA £ Corporate Bond	1.1	3	2.1	17	-1.1	4	0.4	17	-0.1	4	1.4	17	3.8	3	-0.2	20
IMA £ High Yield	2.2	1	2.0	18	-12.3	9	7.0	13	-4.0	7	2.0	14	-4.2	9	0.9	14
IMA £ Strategic Bond	1.3	2	1.8	20	-3.7	7	2.3	15	-0.7	5	1.4	18	2.2	4	0.2	18
IMA Absolute Return	-0.3	6	1.8	19	-2.8	5	0.4	18	-0.0	3	-0.2	20	-1.3	5	0.4	17
IMA Property	-1.7	9	4.2	14	-11.1	8	7.5	11	-5.5	9	2.9	11	-4.8	10	0.6	16
IMA UK Equity Income	-3.4	13	7.4	5	-14.4	12	11.3	9	-7.4	16	6.0	4	-3.1	7	1.1	13
IMA UK All Companies	-3.6	14	7.2	6	-18.2	15	13.5	7	-8.9	19	6.2	3	-7.1	13	2.3	8
IMA UK Smaller Companies	-0.9	8	6.5	7	-16.7	14	7.4	12	-5.8	10	2.2	13	-9.1	14	2.0	9
IMA North America	-2.2	11	3.9	15	-14.9	13	11.8	8	-6.0	11	8.0	2	-1.9	6	3.2	4
IMA Technology & Telecoms	-0.9	7	4.9	12	-13.5	10	10.0	10	-6.6	13	4.7	6	-3.2	8	2.8	7
IMA North American Sm Companies	-2.0	10	4.9	11	-22.3	16	17.5	2	-7.0	15	8.6	1	-5.2	11	3.0	5
IMA Europe Excluding UK	-3.1	12	11.3	1	-27.4	20	17.2	3	-12.7	21	5.4	5	-15.6	17	1.1	12
IMA European Smaller Companies	-4.2	15	11.1	2	-26.9	19	14.4	5	-11.0	20	3.6	8	-17.9	19	1.3	10
IMA Japan	-11.4	20	5.1	10	-2.9	6	1.3	16	-6.6	14	3.4	10	-11.6	15	1.3	11
IMA Japanese Smaller Companies	-13.7	21	9.1	3	4.4	3	-2.4	20	-5.4	8	3.9	7	-5.8	12	0.8	15
IMA Asia Pacific Excluding Japan	-9.0	19	8.1	4	-22.6	17	15.5	4	-7.6	17	2.8	12	-16.4	18	3.4	3
IMA China/Greater China	-6.2	17	4.7	13	-29.6	21	19.2	1	-6.5	12	1.4	16	-21.9	21	4.3	1
IMA Global Emerging Markets	-8.7	18	6.0	9	-23.1	18	14.2	6	-7.8	18	3.4	9	-19.1	20	3.8	2
Dow Jones UBS Commodity TR	-5.1	16	6.1	8	-14.0	11	4.1	14	-1.7	6	-1.5	21	-12.7	16	3.0	6

Source: Lipper

Source: Lipper. Total Returns in £ terms period from 1<sup>st</sup> January to 31<sup>st</sup> December 2011.

# Performance

Discrete Performance	Q4 2011	Q3 2011	Year 2011	Year 2010	Year 2009	Year 2008*	Since Launch**
Sentinel Universal Portfolio	2.2	-9.1	-7.6	12.0	19.3	-9.7	11.4
Benchmark	6.8	-5.2	3.4	12.2	14.2	-8.5	15.7
<i>Difference</i>	<i>-4.6</i>	<i>-3.8</i>	<i>-11.0</i>	<i>-0.2</i>	<i>5.0</i>	<i>-1.2</i>	<i>-4.3</i>
IMA Mixed Investment 40-85% Shares	3.9	-9.6	-5.6	12.3	20.0	-20.3	1.4
Gilts	5.0	8.3	15.6	7.2	-1.2	12.3	30.5
UK Equities	8.4	-13.5	-3.5	14.5	30.1	-28.6	2.7
Global ex UK Equities	7.5	-14.9	-6.1	16.7	18.9	-16.2	9.1

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 31<sup>st</sup> December 2011.

# Performance

Cumulative Performance	Three Months	Six Months	One Year	Three Years	Since Launch**
Sentinel Universal Portfolio	2.2	-7.1	-7.6	23.4	11.4
Benchmark	6.8	1.0	3.4	31.2	15.7
<i>Difference</i>	<i>-4.6</i>	<i>-8.1</i>	<i>-11.0</i>	<i>-7.8</i>	<i>-4.3</i>
IMA Balanced	3.9	-6.1	-5.6	27.3	1.4
Gilts	5.0	13.7	15.6	22.5	30.5
UK Equities	8.4	-6.2	-3.5	43.9	2.7
Global ex UK Equities	7.5	-8.5	-6.1	30.2	9.1

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 31<sup>st</sup> December 2011.

# Changes to asset allocation in Q4 2011

	30-Sep-11		31-Dec-11		Change
	%		%		%
<b>UK Equities</b>	25.4		23.4		-2.0
<b>Global Equities</b>	36.9		33.6		-3.3
<b>UK Fixed Interest</b>	14.8		12.6		-2.2
<b>Private Equity</b>	1.4		1.3		-0.1
<b>ARF</b>	5.4		6.2		0.8
<b>Commodities</b>	5.6		5.3		-0.3
<b>Property</b>	2.3		1.2		-1.1
<b>Reinsurance</b>	0.0		5.2		5.2
<b>Cash</b>	8.2		11.2		3.0
<b>Total</b>	<b>100.0</b>		<b>100.0</b>		

# Transactions in Q4 2011

Date	Trade	Security/ Fund Name	Value
12-Oct	Sell All	JUPITER GROWTH & INCOME INC	Aprx £5,925,973
12-Oct	Buy/ Switch	JUPITER GROWTH & INCOME INST INC	Aprx £5,925,973
20-Oct	Sell	Invesco Asia plc	-£734,303
20-Oct	Sell	Schroder Asia Pacific Fund	-£946,360
20-Oct	Sell	Schroder Asia Pacific 2012 Subs	-£1,615
20-Oct	Sell	Invesco Asia 2012 Subs	-£7,315
30-Nov	Sell	AXA Framlington UK Select Opps Inc	-£422,816
30-Nov	Sell	CF Lindsell Train UK Equity Inc	-£419,580
30-Nov	Sell	Jupiter Growth & Income I Inc	-£517,668
30-Nov	Sell	BlackRock UK Income D	-£376,794
30-Nov	Sell	BlueCrest AllBlue	-£1,213,107
30-Nov	Buy	Eclectica Absolute Macro GBP Acc	£3,856,562
09-Dec	Sell	AXA Framlington American Growth Inc	-£891,891
09-Dec	Sell	Harris Associates Concentrated US Value S A GBP	-£831,096
09-Dec	Sell	Threadneedle American Extended Alpha I GBP	-£570,880
09-Dec	Sell	Jupiter Japan Income I-H Inc	-£381,575
09-Dec	Sell	Martin Currie Japan Alpha B	-£546,932
14-Dec	Sell All	L&G Dynamic Bond Trust I Inc	-£1,458,919
14-Dec	Buy	Catco Reinsurance Opportunities Fund Ltd C Shares	£4,019,057

## TER Analysis

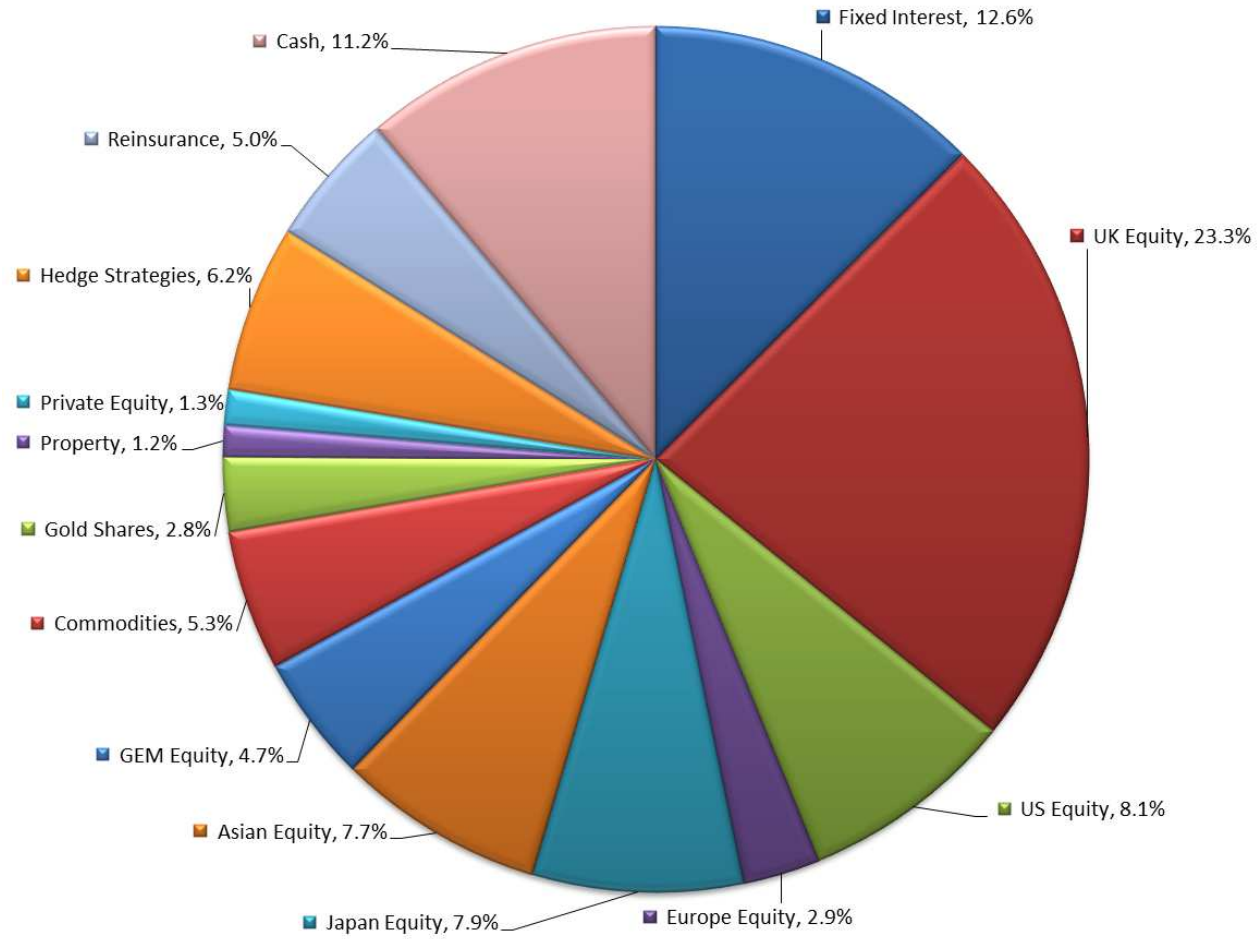
Please list any underlying funds with a TER greater than 1.5% net of any rebate. Investment committee require a brief explanation of the reason for selecting this fund(s)

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

<b>Asset Class</b>	<b>Benchmark</b>	<b>Current Portfolio</b>	<b>Difference</b>
	<b>%</b>	<b>%</b>	<b>%</b>
UK Equities	30.0	23.4	-6.6
Global ex UK Equities	30.0	33.6	3.6
UK Fixed Interest	40.0	12.6	-27.4
Private Equity	0.0	1.3	1.3
Absolute Return	0.0	6.2	6.2
Commodity	0.0	5.3	5.3
Property	0.0	1.2	1.2
Reinsurance	0.0	5.2	5.2
Cash	0.0	11.2	11.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

# Asset Allocation



Source: North Investment Partners 31<sup>st</sup> December 2011.

## Outlook

- EuroZone (EZ) remains at the centre of global risk
- Continue to stumble along in a political sense
- EZ needs an overwhelming plan and stick to it!
- EZ cannot avoid recession and other OECD be dragged in
- US may surprise with stronger growth
- China monetary easing is fast approaching
- Corporate balance sheets are strong globally
- Valuations on risk assets discount a lot of bad news
- Equity offers greater yield & inflation protection than bonds
- Poor value in the safe havens
- The political fog needs to clear for progress