

# The Sentinel Universal Portfolio, a sub-fund of the Sentinel Funds

## Interim Short Report for the period from 13th May 2008 to 31st January 2009

The information in this report is designed to enable investors to make an informed judgement on the activities of the Fund during the year. Copies of the Long-Form Interim Report & Accounts are available free of charge by calling Premier on 01483 306 090, or can be downloaded from the Fund's website at [www.thesentinel fund.co.uk](http://www.thesentinel fund.co.uk).

### Investment Objective and Policy

The investment policy of the Fund is to invest mainly in units of collective investment schemes. The Fund may also invest in equities, fixed interest securities, money market instruments, structured products and other derivative instruments, deposits, warrants, cash and near cash. Investment may be made indirectly in immovable property typically through units in collective investment schemes and/or shares in property companies. The Fund may also invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective and policy of the Fund). Derivatives may be used by the Fund for both investment purposes and for the purposes of efficient portfolio management (including hedging).

### Fund Facts

Launch date: 13 May 2008  
 Ex-dividend dates: 31 January and 31 July  
 Income dates: 31 March and 30 November  
 IMA sector: IMA Unclassified

### Total Expense Ratio (TER)

31/01/2009  
 2.19 %

The TER shows the annual operating expenses of the Fund including the annual management charge and other expenses. It does not include transaction charges. Funds highlight the TER to help you compare the annual operating expenses to different schemes. The TER for income and accumulation shares is the same. As this Fund has not reached its first accounting year end (28/07/09), the TER is estimated based on projected fund sizes and expenses.

### Investment Risks

There is a market risk. This is the risk that the value of investments and any income from them, can fall as well as rise. Neither capital or income is guaranteed.

This Fund may invest in derivatives for investment purposes. Although this may mean that the value of the Fund could be subject to volatility from time to time, investing in derivatives is not expected to alter the risk profile of the Fund.

Investment in smaller companies and newer markets offers the possibility of higher returns but may also involve a higher degree of risk.

There is a currency risk. The value of your shares or units, and any income received from them, may be affected by changes in exchange rates.

The Fund may have significant holdings in collective investment vehicles and these collective investment vehicles may also be subject to the other risks listed on this page.

Since this Fund has been launched recently, or is small in size, there is a risk that the charges and expenses allocated to the Fund may be higher than expected if the Fund does not grow as much as planned. This would have an effect on the fund's performance.

### Net Asset Values (in pence per share)

As at	Share Class	Distribution
31/01/2009	Income	88.79
	Accumulation	88.81

### Performance Record (in pence per share)

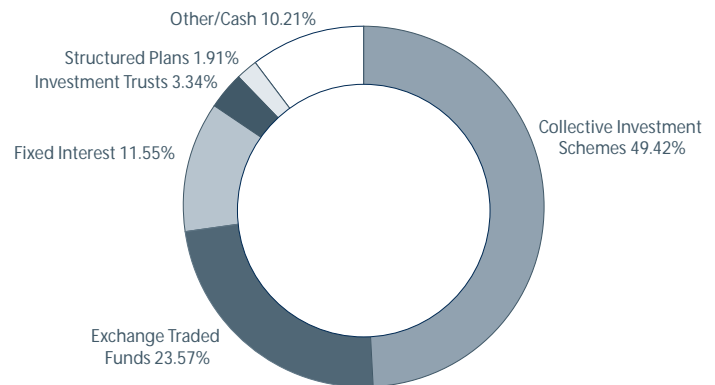
Year	Share Class	Highest Price	Lowest Price
2008 <sup>1</sup>	Income	100.00	84.24
	Accumulation	100.00	84.59
2009 <sup>2</sup>	Income	91.53	88.26
	Accumulation	92.03	88.74

<sup>1</sup>14th May 2008 to 31st December 2008.

<sup>2</sup>To 31st January 2009.

Past performance is not a guide to future returns. The price of shares and the income from them may go down as well as up and you may get back less than you invested.


### Asset Allocation as at 31/01/2009



There are no comparative figures as the Fund launched on 13th May 2008.

### Top Ten Holdings as at 31/01/2009

M&G Optimal Income .....	11.14%
BNP Paribas Insticash.....	10.78%
iShares FTSE 100.....	10.67%
Invesco Corporate Bond.....	10.62%
Goldman Sachs Sterling Liquid Reserves.....	8.87%
Insight Liquidity.....	8.35%
iShares S&P 500.....	5.89%
iShares FTSE UK Diversified Plus .....	3.57%
Veritas .....	1.91%
Quorum Oil & Gas .....	1.67%



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### Investment Review

#### Performance

The World's global financial system faced almost near collapse in 2008, and this one factor lies behind the negative portfolio returns since launch. We, like many others, did not anticipate nor predict the credit crisis which followed the bankruptcy of Lehman Brothers. The authorities' decision not to rescue Lehmans caused a crisis of confidence; credit quality was immediately reassessed and all risky assets plunged in the final quarter of last year. Although the Fund is not ranked within an IMA Managed Sector, the IMA Balanced Managed Sector provides a guide and this sector average recorded a fall of 22.668% over the period. Against this backdrop, the Sentinel Growth Universal Portfolio fell by 11.0% for the period under review.

#### Portfolio Activity

The portfolio is a well diversified portfolio with the aim being to offset equity exposure risk through investing in other asset classes such as cash, commodities, property, private equity and absolute return strategies. We raised some cash by cutting back on equities just before the Lehman bankruptcy in early September and have maintained a high cash weighting throughout the period. We felt that the rest of the portfolio would be protected by the diversification in the portfolio across asset classes, as history suggests is usually the case. However in this 'perfect storm' all asset classes plunged as investors deleveraged their portfolios at any price. There were those investors who were forced to sell even quality assets at deeply discounted prices. Much of the recent activity has been restructuring the portfolio to adjust for a recession and falling inflation. Lower inflation supports bond prices and we have increased our corporate bond weighting through buying Invesco Perpetual Corporate Bond and M&G Optimal Income. We also bought in a new fund launch, Chirin Asia Absolute, and a Goldman Sachs Range Accrual structured product via Goldman Sachs which seeks an absolute return from ranging range-bound equity markets.

#### Outlook

The economic and corporate news continues to be bleak both here in the UK and around the world. Governments and central banks have been throwing liquidity at the financial markets in order to reflate the economy. Investors fear a global depression rather than 'just' a severe recession, and are desperately looking for evidence that the government stimulus packages are beginning to work. However, it is well known that economic data is a lagging indicator and there is a tendency for equities to recover before such evidence is reported. Deleveraging has slowed and the credit markets are slowly beginning to function once more.

It takes time to restore investor confidence but we believe that the portfolio is well positioned to capture a recovery in the financial markets.

Source: North Investment Partners, February 2009. Performance figures are taken from Lipper Hindsight, Financial Express Analytics and are quoted on a bid to bid, total return, UK sterling basis.

The full Investment Review is available in the Long-form Interim Report & Accounts, which is available on request, or from the Fund's website at [www.thesentinel fund.co.uk](http://www.thesentinel fund.co.uk).

### Dividend Distribution (in pence per share)

Period End	Paid	Share Class	Distribution/Accumulation
31/01/2009	31/03/2009	Income	0.5103
		Accumulation	0.5800

### Other Information

*Authorised Corporate Director:* **Premier Portfolio Managers Limited**,  
Eastgate Court, High Street, Guildford,  
Surrey, GU1 3DE

*Auditors:* **Grant Thornton UK LLP**,  
30 Finsbury Square, London, EC2P 2YU

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You should remember that past performance is not a guide to future returns and the price of shares and the income from them may go down as well as up and you may get back less than you invested. Investment in these funds should be viewed as a long term investment. Exchange rates will also cause the value of underlying investments to fall as well as rise. Tax concessions are not guaranteed and may be changed at any time, their value will depend on your individual circumstances. Reference to any particular stock does not constitute a recommendation to buy or sell the stock. Details of the nature of the investments, the commitment required and fund specific risk warnings are described in the Simplified Prospectus document which is available on request. Monthly cash withdrawals may lead to erosion of the capital value of your investment should you take a higher cash withdrawal than the growth or income generated. 3003095576