

Sentinel Asset Management, Inc.
P.O. Box 3069
Del Mar, California
92014-6069

858-356-9860

January 3, 2012

This brochure provides information about the qualifications and business practices of Sentinel Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 858-356-9860. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Material Changes

There are no material changes since the last filing of the brochure.

Table of Contents

Advisory business	Page 3
Fees & Compensation	Page 4
Performance-Based Fees	Page 4
Types of Clients	Page 4
Methods of Analysis, Investment Strategies And Risk of Loss	Page 5
Disciplinary Information	Page 6
Other Financial Industry Activities And Affiliations	Page 6
Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	Page 7
Brokerage Practices	Page 8
Review of Accounts	Page 9
Client Referrals	Page 9
Custody	Page 9
Investment Discretion	Page 9
Voting Client Securities	Page 10
Financial Information	Page 10
Requirements for State-Registered Advisors	Page 10

Advisory Business

Sentinel Asset Management, Inc. ("SAM") is a California corporation, established in 1990. The company has one shareholder: John G. Wells, CFA. Mr. Wells is the President, Chief Financial Officer, and Chief Compliance Officer of SAM. He began his career in the investment business in 1970, the year he earned his undergraduate degree from the University of Illinois-Chicago. Mr. Wells also has an MBA degree from the University of Chicago. He began his career as a stock analyst with Continental Bank in Chicago, later becoming a portfolio manager for personal and charitable trusts. In 1985 Mr. Wells joined Security Pacific Bank in San Diego as a trust investment officer. In 1990 he founded Sentinel Asset Management, Inc. Mr. Wells holds the Chartered Financial Analyst (CFA) designation, and he is involved with that designation's governing body, the CFA Institute.

Mr. Wells is the sole provider of investment services for SAM. We provide investment advisory services to individuals as well as to retirement plans, such as defined-contribution profit-sharing plans. As of its fiscal year-end, September 30, 2011, SAM managed just under \$40 million in client assets.

SAM limits the types of investments it supervises to a) common stocks traded on U.S. exchanges or NASDAQ, b) bonds, both taxable and tax-exempt, and c) mutual funds and Exchanged Traded Funds (ETFs) that are invested in common stocks of both U.S. and foreign companies. We use fundamental analysis, studying income statement and balance sheet data, to select and monitor investments for our clients. We supplement those efforts with technical analysis, using computer software and graphics to monitor the entry into and exit from securities for our clients. Before any investments are made on behalf of a client, we develop an Objective for the client, then create a Strategy to meet that Objective. That Strategy will determine what mix of stocks, bonds, mutual funds, and ETFs are appropriate for the client. Factors for the client to consider in their Objective are a) time horizon, b) risk tolerance, c) near-term cash flow needs, d) any personal preferences they may have. SAM provides discretionary management of assets, meaning we Select, Purchase and Sell the individual securities without prior client authorization. Presently, we do not manage assets that are non-discretionary, that is, where the client controls the decision-making process. In all investment categories, we limit trading activity to a minimum. Short-term trading is never undertaken. This keeps commission costs low for our clients.

Fees and Compensation

SAM is a fee-only advisor, charging a fee for its services to clients. There is no other revenue received by us. SAM does not sell products and it does not receive commissions or any other form of compensation. Fees are billed to clients in arrears, not up-front, at the end of each calendar quarter. While a few fees may be fixed, most fees are based upon a) the amount of dollars under management, and b) the type of securities involved (stock only, bond only, balanced stock/bond). Fee scales range from .30% to 1.00%, and fees are negotiable. Fees are pro-rated back to the beginning of service or to the end of service. Services are terminable at will by SAM or the client upon 30 days written notice. Most of our fees are paid directly out of the client's account by the custodian, with a concurrent presentation of an invoice to the client. Some clients prefer to be billed directly for payment themselves. The client may have to pay other fees, such as brokerage commissions, custody fees, and other transaction fees, all of which go to the broker or custodian, not to SAM.

Performance-Based Fees

SAM does not employ performance-based fees, nor are we involved with so-called *Wrap Fee* programs.

Types of Clients

SAM provides its services primarily to individuals, either through their trusts or their retirement accounts, such as IRAs. Presently we also manage the funds for a corporate profit-sharing plan, maintained for the benefit of its employees and shareholders. For new accounts, the minimum account size is \$1 million in cash or tradable securities. Some accounts are smaller than \$1 million, having been previously allowed or being part of a larger client relationship.

Methods of Analysis, Investment Strategies and Risk of Loss

SAM uses both fundamental analysis and technical analysis in creating and monitoring its stock portfolios. We tend to invest in growth stocks but we also invest in stocks that may fall outside growth stock parameters. We scrutinize income statements and balance sheets to look for prospective investments. We use *Value Line Investment Survey*, delivered via the internet, to assist us in these efforts. After locating interesting companies, we use technical analysis to see what the current and historic price patterns of the stock are. We use a charting software service, *TC2000*, to do this. We also look at macro-economic factors to see what industries are attractive. We then build a portfolio of growing companies that operate within growing industries. Again, the portfolio is built around the needs of the client. Stocks can fluctuate widely, both up and down. Clients who agree to invest in stocks accept the tradeoff that they may make more money over time than with bonds, but that their portfolio can and will decline in value as well.

For bond investments, we use the credit ratings provided by Moody's and Standard & Poors. IRAs and retirements plans are invested primarily in corporate bonds that would otherwise be taxable. Individuals are largely invested in tax-exempt municipal bonds. Bonds do not trade like stocks, as availability often determines what bond is going to be purchased. New issues may be purchased or we buy bonds in the secondary market. Most bond portfolios are constructed using a *ladder* approach. After a range of maturities is agreed upon with the client, be it 10 years or 20 years or less, we add bonds that will mature in each year along the *ladder*, re-investing maturing bonds out at the new end of the maturity range. Bonds fluctuate in value, but generally they are more stable than stocks. With the exception of zero-coupon bonds (which we do buy to a very limited extent), bonds also pay interest on a periodic basis. That helps to smooth the return on investment. A drop in a bond's credit rating can result in loss of principal value, sometimes quite substantial.

Mutual fund and ETF investments are generated by several factors. First we use ratings provided by the *Morningstar* service. From there, selection depends upon creating exposure to a sector of the economy, a geographic region, or some other investment theme. We then look at factors such as rate of return history and fund expenses to make a decision. We do not invest in mutual funds or ETFs that invest in bonds....only stocks. We use only individual bond securities. Mutual funds and ETFs move with the markets in which they're invested, and they can be very volatile. Offsetting this is the fact they are invested in many securities, so the impact on a portfolio of an individual loss is greatly limited.

Disciplinary Information

Neither Sentinel Asset Management, Inc. nor its principal, John G. Wells, are presently involved in any kind of disciplinary action. Furthermore, since its founding in 1990, neither SAM nor any present or past employee (while employed by SAM) has been the subject of review or disciplinary action by any state or federal regulatory body, any self-regulatory body, or any judicial entity. We have never been the subject of lawsuit or arbitration with any clients, past and present, or with any service-providers, past and present.

Other Financial Industry Activities and Affiliations

SAM is not involved in any business activity other than those described in this brochure. We are not registered as a broker-dealer, and John G. Wells is not registered to sell securities.

Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

SAM has adopted and abides by the Code of Ethics & Standards of Professional Conduct, as well as the Asset Manager Code of Professional Conduct, both of which are formulated by the CFA Institute [www.cfainstitute.org]. Complete copies of these will be sent to clients or prospective clients upon request. The essence of these codes are:

- A) To act in a professional and ethical manner at all times
- B) To place the interests of the client above those of SAM or its employees
- C) To act with skill, competence, diligence, objectivity and independence
- D) To communicate with clients in a timely and accurate manner
- E) To abide by the laws governing all capital markets

Neither SAM nor John G. Wells has a material financial interest in any client investments. That means we are not principals in any stock, bond, mutual fund, or ETF issuer in which our clients are invested. SAM does not purchase securities for its own account. The president, John G. Wells, can own and currently does own, some of the same securities that our clients own. Clients have said many times they feel more secure knowing their advisor's money is invested in the same vehicles as they are. To avoid the appearance of any timing conflict, Mr. Wells does not buy something until after it is purchased for the clients. Conversely, he does not sell something until after it is sold from client portfolios.

Brokerage Practices

SAM has the discretion to determine which broker is used in buying/selling stocks or bonds for our clients. We have a long-standing relationship with one broker, Charles Schwab & Co. Clients can direct that their assets be custodied anywhere, but almost all have selected Schwab because of the advantages they afford, all of which help the client, not SAM. The benefits include online access to account data, concise and accurate statements, good execution of trades (rapid execution at competitive prices), ability to block trades for better pricing, and a low commission rate. In the cases where a client is ambivalent about where to put their assets, SAM suggests but does not insist, that the assets be held at Schwab. Currently one client prefers that the assets be held at a bank trust department.

Whether custody is maintained at a designated broker or a trust department, SAM has the discretion to allocate trades to brokers elsewhere. We can and do sometimes allocate trades to so-called third party brokers. They will execute trades and apply the commission toward the purchase of pre-approved services, such as the Value Line, Morningstar, or TC2000 products mentioned earlier in the brochure. These are referred to as “soft dollar” trades and these are allowable under the so-called *safe harbor* in Section 28(e) of the Securities Exchange Act of 1934. There is an explicit financial benefit for SAM in soft dollar trades: it does not have to pay cash for these services. There is an implicit financial benefit to the client in soft dollar trades as well: the client’s portfolio benefits from the advisor’s use of these tools that SAM may not otherwise acquire. Commissions for soft dollar trades are higher than prevailing commissions elsewhere, presently \$.03 per share traded. Given the cost of the services (less than \$2,000 annually) and the generally low level of trades in any given year, the financial cost to the clients is relatively low. Since we can track trading activity in real-time as trade orders are placed, we use limit prices to insure that the client is not paying a higher unit price than they should be paying. All clients, including those that do not pay soft-dollar commissions, may benefit from the research these services afford.

Review of Accounts

Client portfolios are reviewed almost daily. We have access to daily valuations, which includes all securities holdings priced as of the previous day's close as well as cash positions. Changes in portfolios result from this review activity, in conjunction with current events and investment research. Custodians send clients a monthly account statement. In addition, SAM sends an internally generated statement that has some information not found on the custodian statement, such as bond interest that has accrued and rates of return for various time periods. These are sent either monthly or quarterly, depending on the client's preference. Mr. Wells also has a face-to-face meeting with the client in their home or office every 90 days. During such meetings, portfolio changes are reviewed as well as any factors that would alter the Objective or the Strategy being used.

Client Referrals and Other Compensation

Existing clients will occasionally refer a new client to SAM. There is no compensation or fee adjustment for doing so. SAM has no sales people and pays no one for client referrals.

Custody

As previously stated, SAM does not take custody of client assets. Custody services are provided by independent, third-party brokers or trust departments.

Investment Discretion

Currently SAM manages only accounts in which we exert full discretionary authority over client assets. Assets that a client prefers to control are held in a domain other than one controlled by SAM.

Voting Client Securities

SAM does vote, on behalf of its clients, proxies that are sent to us from the issuers of the client's common stock, mutual fund, and ETF holdings. The proxy voting principles used in decision-making are simple: vote for that which is in the best interest of the client, as shareholder. All proxy proposals, whether presented by management or shareholders, are voted in accordance with that principle. Generally, this means that any proposal which has an obvious financial benefit to the company will be voted "Yes" as these have the greatest chance of translating into a higher stock valuation.

Financial Information

SAM has operated on a sound financial basis since its inception in 1990. There are no circumstances, existing or pending, that would impair the performance of SAM's services to our clients.

Requirements for State-Registered Advisors

All elements requested under this heading have been addressed elsewhere in this brochure.