

# Save & Prosper Distribution Bond Fund

**save&prosper**

All performance data relates to the Save & Prosper Distribution Bond Fund

## Investment objective

The objective of the fund is to be invested 80% in JPM UK Equity & Bond Income Fund, 15% S&P Property Fund and 5% in cash. The fund is realigned to these proportions on a regular basis.

### Fund statistics

Fund launch date	11/97
Fund size (as at 30/09/11)	GBP 4.3m

### Portfolio breakdown (as at 30/09/11)

	%
JPM UK Equity & Bond Fund	78.0
Property Fund	16.5
Deposit Fund	5.5

### Fund review (as at 30/09/11)

UK share prices fell sharply over the third quarter on uncertainty over the global and domestic economic outlook. Investment grade sterling corporate bonds also recorded falls as spreads widened amid rising risk aversion, but Gilts performed strongly as investors sought out safe havens. UK property meanwhile produced a modest positive return, boosted by the office sector, while retail properties lagged, reflecting difficult high street trading conditions.

The fund's investment in the JPM UK Equity & Bond Income Fund produced a negative return in the quarter and underperformed its benchmark. In the equity portfolio, positive contributors to relative returns included underweight positions in the mining and banks sectors. Stock selection and an overweight position in industrial engineering detracted, along with stock selection in support services. At the stock level, an underweight position in mining company Xstrata contributed positively to relative returns as mining stocks fell on concerns that slowing global growth may weigh on commodity prices and demand.

An underweight position in Lloyds Banking Group was also beneficial as the UK banking sector was hit by worries over regulation and exposure to eurozone sovereign debt. Stock-level detractors included an overweight position in specialist engineer IML, which fell on concerns the deterioration in global growth may weigh on demand.

In the bond portfolio, with AAA-rated fixed income markets continuing to rally in the quarter relative to the benchmark, we remained long UK sovereign debt, which was supported by the likelihood of another bout of quantitative easing. Within credit we remained underweight financial names, which we offset with longs in consumer cyclical and non cyclical names.

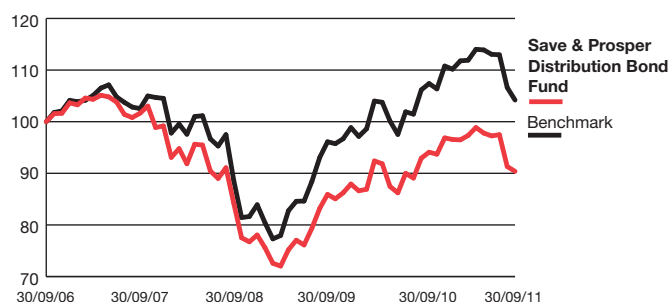
### Fund outlook (as at 30/09/11)

Equity valuations look reasonable, but markets will remain volatile until there is greater clarity on the eurozone debt crisis and the outlook for the global economy. The corporate bond market will also likely not find a bottom until a decisive solution to the eurozone problem can be found and some degree of risk appetite re-established. Going forward we anticipate reducing our long sovereign positions and adding more credit as valuations in the former look very stretched. In the UK property market, meanwhile, it is important to note that despite the generally difficult economy, there is healthy demand from investors and occupiers alike for well located 'prime' property.

### Benchmark

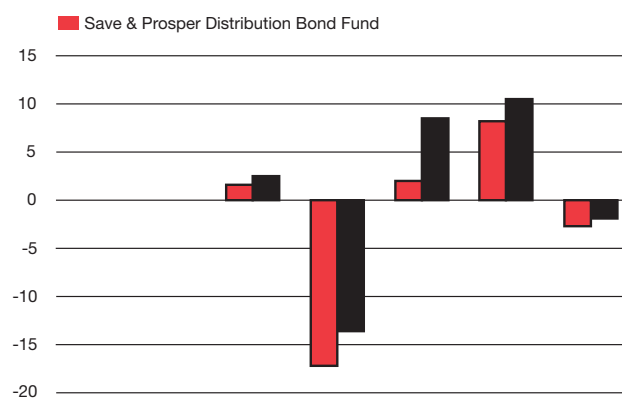
S&P DBF

### Cumulative performance (as at 30/09/11)



%	3M	1 Y	3 Y	5 Y	10 Y
Save & Prosper Distribution Bond Fund	-7.1	-2.7	7.3	-9.6	28.8
Benchmark	-7.8	-1.9	17.6	4.2	56.4

### Rolling 12 month performance (as at 30/09)



%	2007/2006	2008/2007	2009/2008	2010/2009	2011/2010
Save & Prosper Distribution Bond Fund	1.6	-17.2	2.0	8.2	-2.7
Benchmark	2.5	-13.6	8.5	10.5	-1.9

Returns calculated on an offer to offer, net income reinvested basis.

Source: J.P. Morgan.

For up to date information and performance data please contact our Customer Services Team on 0845 3000144. Telephone lines are recorded to ensure compliance with our legal and regulatory obligations and internal policies. The price of the fund is also published in the Financial Times each day.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may go down as well as up and you may not get back the full amount invested. Investment in emerging markets may involve a higher element of risk due to political and economic instability and underdeveloped markets and systems. Investments in smaller companies may involve a higher degree of risk as markets are usually more sensitive to price movements. Exchange rate changes may cause the value of underlying overseas investments to go down or up. The value of property assets is a matter of valuer's opinion, not fact. These assets may be more difficult to realise and may not be realisable at all. The level of tax benefits and liabilities will depend on individual circumstances and may change in the future.

Save & Prosper Insurance Limited is authorised and regulated by the Financial Services Authority.

Registered in England No. 322226. Registered Office: Harbour House, Portway, Preston, Lancs. PR2 2PR.