

All performance data relates to the Save & Prosper Gilt Pension Fund

## Investment objective

To provide actively managed investment in UK gilt-edged and fixed-interest securities either by investing directly or through other funds. The Fund seeks to achieve excess return through duration as well as sector and security selection.

The Fund is well diversified and, under normal circumstances, direct cash holdings are kept to a minimum.

## Fund statistics

Fund manager(s)	David Tan and Roger Hallam
Fund launch date	11/77
Fund size (as at 30/09/11)	GBP 5.2m

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

	%
JPM Life UK Bond Fund	100.0

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

The fund outperformed its benchmark in the third quarter. The portfolio was underweight in five- to seven-year maturities, overweight in seven- to ten-year maturities and benchmark weight in longer maturities throughout the quarter. Headline duration remained approximately 0.30 year long and this is what drove outperformance. We are happy maintaining this long duration strategy even with yields at historic lows given our gloomy outlook for global growth and debt sustainability worries in the peripheral eurozone. We plan to continue to scale down the position gradually if yields fall much further, but for the moment we maintain a core long exposure. The allocation to spread products – government-guaranteed bank paper and, in particular, covered bonds – generated modest underperformance as swap spreads came under pressure from the erosion of confidence from weaker data and eurozone sovereign peripheral stress.

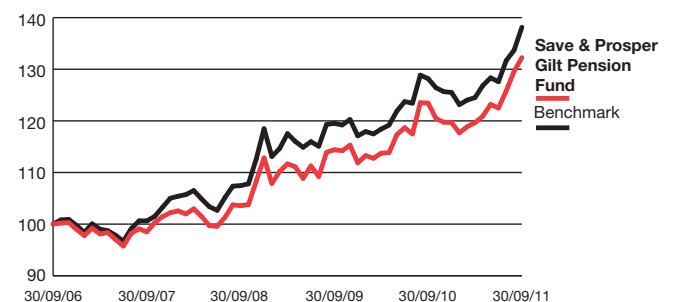
## Fund outlook (as at 30/09/11)

Against the backdrop of declining global demand, it is difficult to judge what effect this monetary expansion will have on inflation. The rationale for long short-dated linked positioning remains in place, although with the steady march higher in short-dated breakevens that we have witnessed over the past year the potential upside is less compelling than it was.

## Benchmark

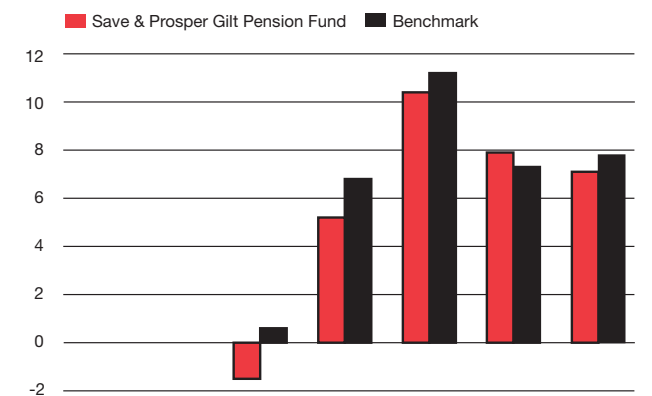
FTSE All-Stocks (gross income reinvested)

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



%	3M	1 Y	3 Y	5 Y	10 Y
Save & Prosper Gilt Pension Fund	8.0	7.1	27.6	32.2	70.3
Benchmark	8.3	7.8	28.6	38.2	79.8

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



%	2007/2006	2008/2007	2009/2008	2010/2009	2011/2010
Save & Prosper Gilt Pension Fund	-1.5	5.2	10.4	7.9	7.1
Benchmark	0.6	6.8	11.2	7.3	7.8

Returns calculated on an offer to offer, pension fund tax basis.  
Source: J.P. Morgan.

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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.

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