

Save & Prosper Cautious Total Return Pension Fund

save&prosper

All performance data relates to the Save & Prosper Cautious Total Return Pension Fund

Investment objective

To achieve over a medium-term horizon (2-3 years) higher returns than those available from money market instruments denominated in Sterling, by investing primarily in fixed income securities, convertible bonds, equity securities and short term securities of issuers located in any country.

Fund statistics

Fund launch date	07/07
Fund size (as at 30/06/10)	GBP 20.4m

Additional information

This Fund is 100% invested in the JPM Cautious Total Return Fund. For further details on this Fund please visit our web site www.jpmmorganassetmanagement.co.uk.

Current positioning

(as at 30/06/10)

Weight	
Converts	31.1
Bonds	27.6
Equity	15.7
Cash & MM	25.6
Options	-0.4
Bond Futures	-19.0
Equity Futures	-22.1

Fund review

(as at 30/06/10)

The fund produced a negative return this quarter, driven by a significant drawdown in May, when equity markets fell and investors fled any type of risk assets. The delta of the fund was around 20% at the beginning of the quarter, but this fell dramatically by mid-April, nearly reaching zero by the end of the month. We then added directional equity risk after the announcement of the European Central Bank bailout in May. However, the relief rally was short-lived and markets fell heavily, with previously profitable positions such as dividend futures coming under extreme selling pressure. Fixed income, convertibles and currency positions also detracted during this difficult period. Accordingly, we cut risk towards the end of May and retained low levels of equity exposure for the remainder of the quarter, although we did maintain some of our favoured trades which worked well in June.

Fund outlook

(as at 30/06/10)

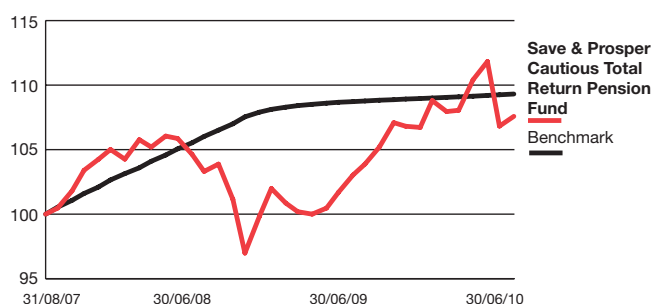
Our outlook remains cautiously optimistic and we think the recent dip in data is a mid-cycle pause from well-above-trend levels of GDP growth. We will look to keep risk in the portfolio low until we gain more clarity on the direction of the economy. We intend to keep the strategic delta of the portfolio at the lower end of permitted ranges over the summer and will look to enter into relative value positions, both in the fixed income and equity markets, rather than directional bets. Additionally, we will keep the underlying cash investment in the most liquid, high quality investments in this uncertain environment.

Benchmark

1 month LIBOR

Cumulative performance

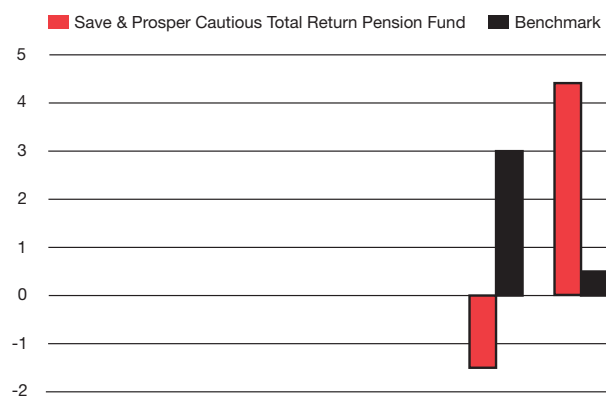
(as at 30/06/10)



%	3M	1 Y	3 Y	5 Y	10 Y
Save & Prosper Cautious Total Return Pension Fund	-2.6	4.4	-	-	-
Benchmark	0.1	0.5	-	-	-

Rolling 12 month performance

(as at 30/06)



%	2006/2005	2007/2006	2008/2007	2009/2008	2010/2009
Save & Prosper Cautious Total Return Pension Fund	-	-	-	-1.5	4.4
Benchmark	-	-	-	3.0	0.5

Returns calculated on an offer to offer, pension fund tax 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.

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.

Total Return Funds do not have a capital guarantee. Performance may show periodic shortfalls against the target return and the fund will not benefit from strong equity market performance to the same extent as a fund which has no limitation on direct equity investing.

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