

Save & Prosper Managed Pension Fund

save&prosper

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

Investment objective

To provide a balanced portfolio invested in a combination of fixed-interest securities, property, equities and deposits suitable for provision of pension benefits.

Fund statistics

Fund manager(s)	Valerio Salvati and David Chan
Fund launch date	02/74
Fund size (as at 30/06/10)	GBP 421.0m

Portfolio breakdown

(as at 30/06/10)

	%
UK Equity	36.2
Europe Equity	9.7
US Equity	8.9
UK Bonds	8.2
Pacific Equity	6.6
Property	6.5
Japan Equity	4.4
Global Bonds	3.5
Emerging Markets Equity	2.4
Cash	13.6

Fund review

(as at 30/06/10)

The second quarter was an unhappy one for global equity markets, as investors worried about the threat to growth posed by European austerity budgets and weak data in the US and China. Bond investors found safe havens in the US and other major government bond markets.

The fund produced a negative absolute return over the quarter but was slightly ahead of its peer group median. The decision to begin the quarter overweight equities versus bonds detracted; however, this overweight was reduced in May and reversed to an underweight in June. By region, equity overweights in Japan and Pacific ex-Japan were beneficial, as was an underweight in Europe ex-UK, the worst performing region. As equity markets fell, bond exposure provided some support and an underweight in property relative to equities detracted.

Relative performance of some of the underlying funds was disappointing, with UK and Asian funds generally underperforming. Lower-risk holdings in the Cautious Total Return Fund and the Global ex-UK Bond Fund were also behind benchmark. Two of the three Japanese fund holdings outperformed their benchmarks, as did the Global Equity Income Fund, which produced a very strong relative return despite the difficult markets.

Fund outlook

(as at 30/06/10)

Fiscal policy is being tightened across much of the G20 group of nations, which carries risks for growth in 2011. Monetary conditions have become very easy in Europe, but have tightened in the US, China and Japan. We maintain our longstanding thesis of a sub-par economic recovery in 2010/11 and acknowledge that there is risk of disappointment.

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.

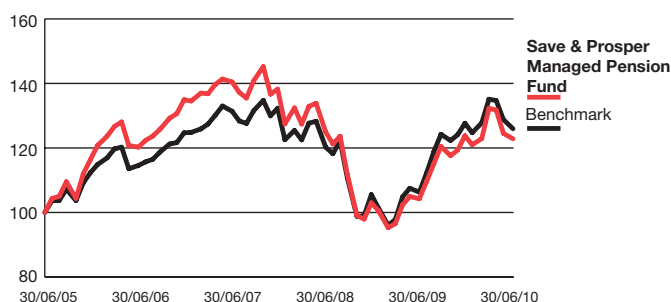
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Benchmark

Microcapal IP Fd Balanced Managed

Cumulative performance

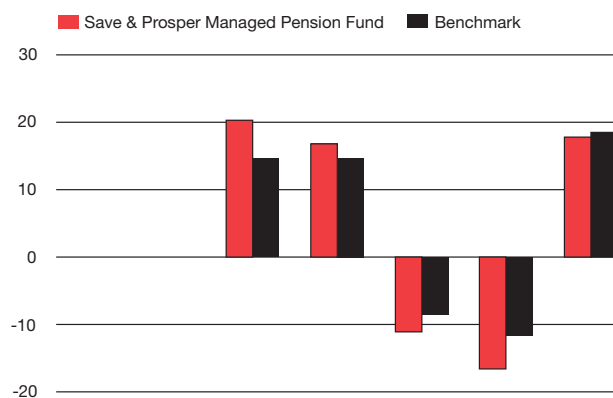
(as at 30/06/10)



%	3M	1 Y	3 Y	5 Y	10 Y
Save & Prosper Managed Pension Fund	-7.1	17.8	-12.6	22.8	29.0
Benchmark	-6.8	18.5	-4.1	26.0	23.0

Rolling 12 month performance

(as at 30/06)



%	2006/2005	2007/2006	2008/2007	2009/2008	2010/2009
Save & Prosper Managed Pension Fund	20.3	16.8	-11.1	-16.6	17.8
Benchmark	14.6	14.7	-8.5	-11.6	18.5