

All data as at 31.12.11

## Pension Information Sheets



Fund Manager  
**Alasdair Ross**  
Since: 03 2009

### Fund aim

The fund invests primarily in corporate bonds issued by UK companies. It aims to achieve yearly returns that are 0.5% or more above the iBoxx Sterling non-Gilt Index.

### Fund facts

Benchmark	iBoxx Sterling Non-Gilts Index
Fund Size	£96.9m
Fund Launch Date	December 2000
Management Charge	Please refer to your company pension scheme booklet

All information is expressed in UK Sterling

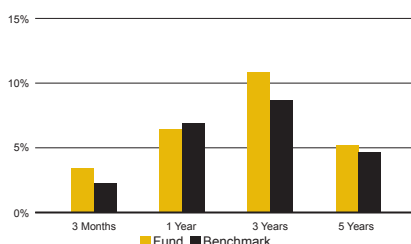
## Corporate Bond Fund

### Commentary and outlook

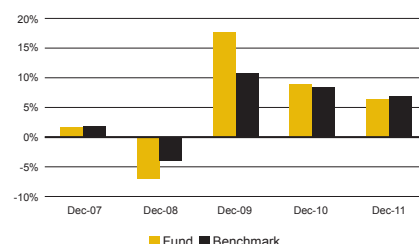
The fund outperformed its benchmark in the fourth quarter. This reflects an overweight in lower-rated credit, which outperformed, and an underweight in supranationals (e.g. EIB), which fared particularly badly. Fund activity was light. Liquidity conditions in the market remained difficult and, consequently, the cost of transacting business was much higher than normal. As a result, we sought to avoid unnecessary dealing expense. The new issue pipeline was also very quiet, although several better known issuers came to market, including Marks and Spencer, Morrisons, KPN and Petrobras, the Brazilian oil company. Additionally, a number of banks sought to exchange outstanding bonds for new issues. The fund retains an overweight in corporate bonds relative to sovereign and supranational issues as spreads remain historically very wide and attractive. Within the fund, lower-rated, higher-yielding bonds are preferred. On a sector basis, banks and financials, consumer goods and services and energy are the key overweights in the portfolio. Telecoms and utilities are underweighted. Gilts and cash are held for liquidity reasons and amounted to around 8% of the fund at the year-end.

### 5 year performance

Performance - Discrete Periods



Performance 12 months ending



### Fund performance

	3M%	1Y%	3Y%	5Y%
Fund	3.4	6.4	10.9	5.2
Benchmark	2.3	6.9	8.7	4.6

### Performance 12 months ending

31 Dec 07	31 Dec 08	31 Dec 09	31 Dec 10	31 Dec 11
1.6%	-7.0%	17.6%	8.9%	6.4%

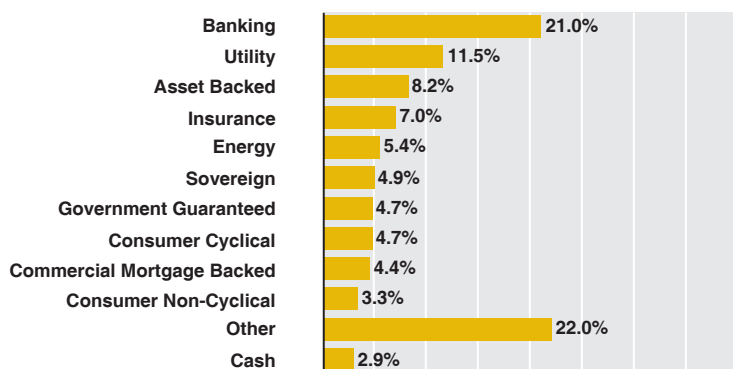
### Top 10 holdings

	%	
UK Treasury 4 1/4% 2040	3.0	Total % in top 10: 12.9
KFW 5.55% 2021	1.8	Total number of issues in portfolio: 226
KFW 5.50% 2025	1.2	
NATL GRID GAS PLC 6.00% 2038	1.1	
TEMASEK FINANCIAL I LTD 5.125% 2040	1.0	
ANHEUSER-BUSCH INBEV SA 9.75% 2024	1.0	
TESCO PLC 6.125% 2022	1.0	
EUROPEAN INVESTMENT BANK 5.375% 2021	1.0	
WAL-MART STORES INC 5.625% 2034	0.9	
JUTURNA EURO LOAN CONDUI 5.064% 2033	0.9	

Source: Factset

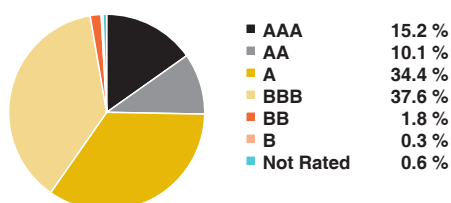
Past performance is not a guide to the future. The value of investments and any income from them can fall as well as rise. The performance returns shown on this factsheet are with income reinvested and gross of annual management charges. The effect of charges will reduce the performance figures accordingly. Please see your scheme booklet for full details on all charges that may apply. Performance source: Threadneedle. Three and five year returns are annualised.

## Sector weightings



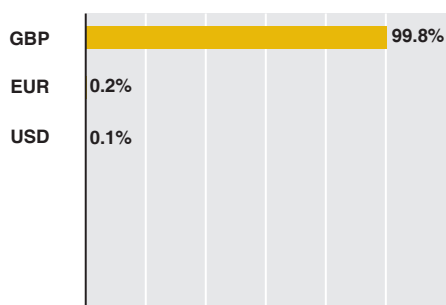
Source: Factset

## Credit rating weightings (ex cash)



Source: Factset

## Net currency exposure



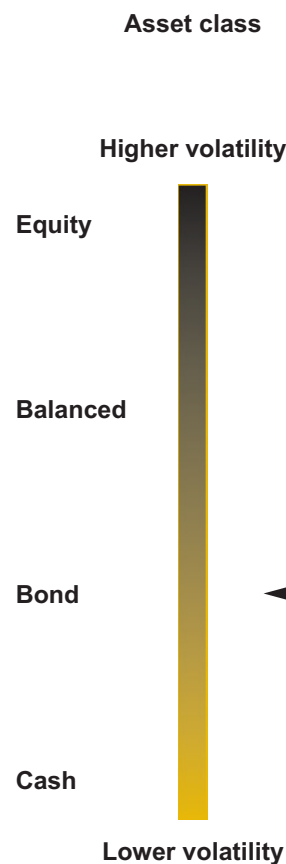
Source: Factset

## Risk warnings

**Market Risk:** Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up, and an investor may not get back the amount invested.

**Fixed Income Fund Risk:** The interest rate on most government and corporate bonds will not increase in line with inflation. Thus, over time, the real value of investor's income could fall.

**Cash risk:** Where a fund holds at any one time a substantial proportion of their assets in cash, near cash or money market instruments, it might not, under such circumstances, participate fully in a rise in market values of the asset classes the fund would otherwise invest in.



## Contact details

Helpline 0845 3001545

Helpline calls may be recorded