



## Long-dated Real Return Fund

Third Quarter 2011

### Fund Profile

This fund aims to generate returns in excess of its benchmark on a consistent three-year rolling basis. The fund will invest in actively managed index-linked gilts and passively managed long-duration index-linked gilts. The fund will invest predominantly in the UK, but can take exposure to global bonds and other instruments providing inflation-linked cashflows at the discretion of the appointed asset managers.

### Benchmark

The benchmark is a composite index comprising the FTSE Actuaries Over Five-year Index-linked Gilt Index and the returns of certain long-dated UK index-linked gilts. The underlying benchmark constituents will be adjusted by Investment Solutions from time to time to reflect the prevailing interest rate environment.

### Performance for Quarter 3 2011

	Q3 2011	One year to 30/09/2011	One year to 30/09/2010	One year to 30/09/2009	One year to 30/09/2008	One year to 30/09/2007	Inception* to 30/09/2011
<b>Fund</b>	7.7%	13.6%	10.9%	7.2%	9.5%	2.2%	8.4%
<b>Benchmark</b>	7.8%	13.5%	8.9%	3.5%	10.7%	2.7%	7.9%
<b>Relative</b>	-0.1%	0.1%	2.0%	3.7%	-1.2%	-0.5%	0.5%

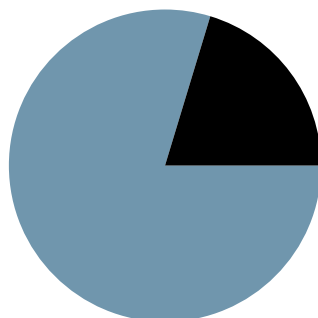
\*Inception date: 1 July 2003 Performance has been annualised.

Past performance should not be seen as a guide to future performance and may not be repeated. The value of investments may go down as well as up and investors may not get back the amount originally invested, are not certain to make a profit and may lose money. Performance is quoted using close of business valuations and may differ from statement values, which use dealing valuations.

### Q3 2011 Underlying Funds

■ 79.8% Active Over  
Five-year Index-linked  
Gilt

■ 20.2% Passive  
Ultralong-duration  
Index-linked Gilt



### Q3 2011 Credit Quality

Bond rating	% Fund
AAA	93.3%
Other/NR	3.2%
AA	2.1%
A	1.2%
BBB	0.2%
<b>Total</b>	<b>100.0%</b>

### Q3 2011 Duration

19.8 Years

## Quarter 3 2011 Fund Commentary

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Gilts had an extraordinary quarter as both conventional and index-linked gilts delivered strong positive absolute returns. The FTSE Actuaries All Stock Gilt Index increased by 8.3% over the third quarter of 2011 and the FTSE Actuaries Over Five-year Index-linked Gilt Index returned 7.8% for the quarter. This performance has been as a result of the safe haven status that Gilts are perceived to hold alongside the increased volatility in the market.

Investment Grade Corporate Bonds provided modest positive returns over the quarter which we believe to be a reflection of the high levels of risk aversion that we are witnessing in the market at the moment. It is our view that going forward corporate bonds are still more attractive than Gilts which carry a negative real yield.

The Bank of England in common with the Federal Reserve and the European Central Bank held interest rates at 0.5%, 0.25% and 1.5% respectively for the quarter.

The Long-dated Real Return Fund marginally underperformed in the second quarter, returning 7.7% compared to the benchmark 7.8%. The Active over five-year index-linked gilt component underperformed its benchmark by 0.2%, although generated 7.7% returns. The passive ultra-long duration index-linked gilt fund performed in line with benchmark, returning 7.7%.

## Technical Information

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<b>Provider</b>	Investment Solutions Limited
<b>Legal Structure</b>	UK Authorised Life Insurance Fund
<b>Currency</b>	Sterling (UK Pounds)
<b>Dealing Frequency</b>	Daily
<b>Lower Threshold (Defined in Policy)</b>	£30,000
<b>Availability</b>	Available through selected GPP, Occupational Defined Contribution and Defined Benefit schemes.
<b>Charges</b>	In addition to the Annual Management Charge, periodic charges may also become payable to the underlying fund managers. As at 30 June 2011, these charges are estimated to be 0.03%.
<b>Benchmark Data</b>	Benchmark data is sourced from Datastream.
<b>Pricing Structure</b>	Single priced. In the event that the total value of units purchased on a particular day exceeds the value of requests to redeem units, the single price may be equal to the higher creation price. Conversely, this single price may be equal to the lower cancellation price.
<b>Tax Treatment</b>	The fund is subject to the tax treatment of pension fund business of a UK authorised life insurance company. Future tax treatment is not guaranteed and may change.

### Disclaimer

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Investors should be aware that investment in emerging markets involves a high degree of risk and should be seen as long term in nature. Where a fund is invested with another life company by means of a reinsurance arrangement, we monitor the way the reinsurer manages the business, but we do not guarantee the solvency of the reinsurer, so the risk of default by the reinsurer is borne by policyholders who invest in the relevant fund. The asset allocation and choice of asset managers are at the discretion of Investment Solutions Limited and may be changed without notification to the investor.

Investment Solutions Limited is unable to provide advice and can only provide information on its own products and services.

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