



## Short-dated Horizon Gilt Fund

Third Quarter 2011

### Fund Profile

This fund aims to replicate the returns of a mix of short-dated and all stock fixed interest and index-linked gilts. The fund aims to be invested wholly in instruments issued in the UK.

### Benchmark

The benchmark is a composite index comprising the Seven-day LIBID, the FTA 0-5 year Fixed Interest Gilt Index, the FTA All Stock Fixed Interest Gilt Index, the FTA 0-15 year Index-linked Gilt Index and the FTA Over Five-year Index-linked Gilt Index. 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

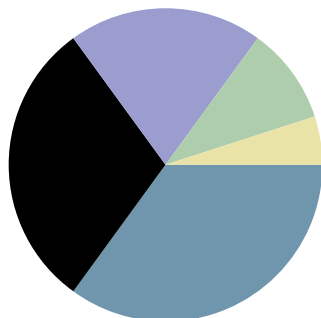
	Q3 2011	One year to 30/09/2011	One year to 30/09/2010	One year to 30/09/2009	One year to 30/09/2008	One year to 30/09/2007	Inception* to 30/09/2011
<b>Fund</b>	3.1%	5.8%	6.3%	5.9%	7.9%	4.5%	5.5%
<b>Benchmark</b>	3.1%	5.8%	6.3%	5.9%	7.8%	4.4%	5.5%
<b>Relative</b>	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%

\*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

- 35.0% Passive Short-dated Fixed Interest Gilt
- 30.0% Passive Short-dated Index-linked Gilt
- 20.0% Sterling Liquidity
- 10.0% Passive Over Five-year Index-linked Gilt
- 5.0% Passive All Stock Fixed Interest Gilt



### Q3 2011 Instrument Allocation

	% Fund
Fixed-Interest	40.0%
Index-Linked	40.0%
Cash	20.0%
<b>Total</b>	<b>100.0%</b>

### Q3 2011 Duration

5.3 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 Short-dated Horizon Gilt Fund performed in line with its benchmark for the quarter, returning 3.1%. During a volatile quarter in which investors faced many potential headwinds, a 'flight to safety' occurred causing gilt yields to fall. Longer-dated Gilts outperformed those of shorter maturing durations over the period as the middle and long end of the curve shifted lower on investor demand. Cash continued to provide minimal returns as interest rates remained low throughout the quarter.

## 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>	£130,000
<b>Availability</b>	Available through selected 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 0.00%.
<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.

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