

FACTSHEET -- 31 JANUARY 2010

## FUND AIM

The aim of the fund is to provide an above average income from a diversified portfolio of interest bearing securities.

## INVESTMENT APPROACH

The policy is to invest in a wide range of investment grade interest-bearing securities, mainly in the UK and Europe, to obtain a yield in excess of the FTSE Government Securities All Stocks Index.

## PERCENTAGE ANNUAL PERFORMANCE %

Q4 †	Q4 2004 - Q4 2005	Q4 2005 - Q4 2006	Q4 2006 - Q4 2007	Q4 2007 - Q4 2008	Q4 2008 - Q4 2009
OEIC	7.1	0.2	-1.6	-16.5	16.0

Source of all returns : Lipper, a REUTERS company. Returns are shown after the deduction of annual management charges only, with net income reinvested. OEIC fund returns are calculated using share class C, launched on 12/10/2000.

Past performance is not a guide to future performance. Market and exchange rate movements may cause the value of investments to go down as well as up and you may get back less than you invested. Cash on deposit is secure, generally more accessible and provides greater certainty of growth.

## FUND MANAGER'S COMMENTS

Corporate bonds enjoyed a strong start to 2010, with sector gains led by real estate and financials (particularly lower tier 2 banks and insurance). Utilities continued to lag the rally. Spreads narrowed over the month, falling from 189bps to 166bps. The sterling new issue market was more muted due to volatility in the gilt market, though issues that came to market included supranationals EIB and KfW, and financial institutions UBS and Prudential. Overall UK bond markets began the year on a positive note, supported by a number of factors, notably mixed economic data and a 'flight to quality' from tumbling Greek and Portuguese bond markets. In terms of UK monetary policy, the Bank of England left rates unchanged at 0.5% and decided against extending its £200 billion asset-purchase facility, which expired at the end of the January. Economic data for the UK was mixed over the period. The UK economy officially exited recession with a positive Q4 GDP figure, the first positive quarter in more than a year. However, at only +0.1%, this was significantly weaker than expected, and 2009 GDP therefore shrank by 4.8%, the largest annual fall since records began in 1949.

## FUND FACTS

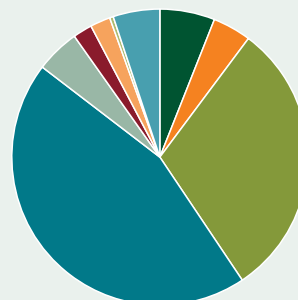
Fund manager	Peter Bentley	IMA Sector	UK Corporate Bond
Launch date	12 Oct 2000	Distribution dates	31 March
Annual Management Charge (Dependent on product)	0.75% to 1.0%	Net Red. Yield/Inc. Yield	4.4% / 5.1%
		Availability	OEIC

† as at 31 January 2010

† 31 December to 31 December

HBOS Investment Fund Managers Limited (Registered in England No. 941082) and Halifax Life Limited (Registered in England No. 2233654). Registered offices: Trinity Road, Halifax, West Yorkshire, HX1 2RG. Clerical Medical Investment Group Limited. Registered Office: 33 Old Broad Street London EC2N 1HZ. Registered in England No. 3196171. St. Andrew's Life Assurance plc. Registered Office: St Andrews House, Portsmouth Road, Esher Surrey KT109SA. Registered in England No. 3104670. Authorised and regulated by the Financial Services Authority.

OEIC Size: £2,913.7m<sup>1</sup>



## FUND CREDIT BREAKDOWN

AAA	6.0%
AA	4.2%
A	30.4%
BBB	44.8%
BB	4.8%
B	2.1%
No rating	2.2%
Other	0.4%
Cash	5.1%

## TEN LARGEST HOLDINGS

Unicredito Italian	1.3%
European Investment Bank	1.2%
Edf Energy Networks	1.0%
Banca Intesa Spa	1.0%
Glencore	0.9%
Santander	0.9%
Gazprom	0.9%
Morgan Stanley	0.9%
Hutchison Ports Finance	0.9%
HSBC Bank	0.9%
<b>Total % of Funds</b>	<b>9.9%</b>

For details on all our fund ranges or to obtain any literature please contact Adviser Services on 0870 607 6771 or visit [www.bankofscotland.co.uk/privateclients](http://www.bankofscotland.co.uk/privateclients)