

# SWIP Sterling Index-Linked Bond Fund

## Fund Manager Strategy

The Fund is benchmarked against a portfolio of bonds representative of the UK index linked bond market. As well as the base total return achieved from investing in a portfolio of inflation linked bonds, we aim to add excess returns through selective tactical and strategic positions in the areas of duration management, yield curve analysis, allocations to corporate bonds including higher yielding bonds and non-sterling denominated debt including emerging market debt. This is achieved by harnessing SWIP's bond expertise within a structured process which captures both top down and bottom up research.

## Fund Objective

To provide a total return by investing in a portfolio of predominantly bonds.



**Graeme Caughey, Fund Manager** has managed the SWIP Sterling Index-Linked Bond Fund since its launch in July 2004

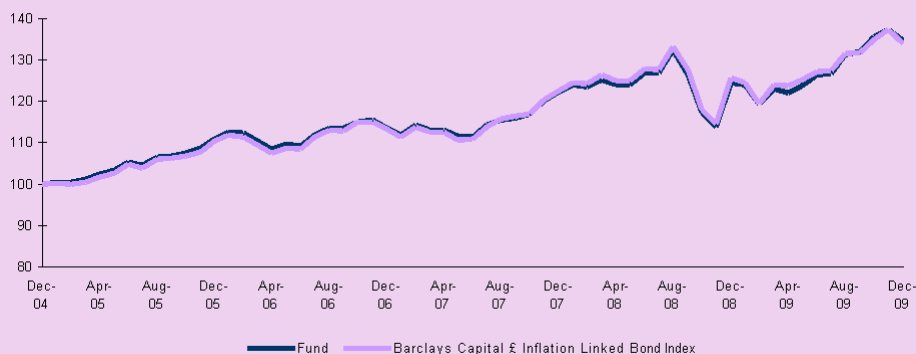
Graeme has been with the group since July 2001

## Performance

	Q4 2008 - Q4 2009	Q4 2007 - Q4 2008	Q4 2006 - Q4 2007	Q4 2005 - Q4 2006	Q4 2004 - Q4 2005
Fund Return (%)	8.29	1.68	7.79	2.42	N/A
Index Return (%)	6.67	2.61	8.11	2.61	N/A

Source: SWIP, Barclays Capital, gross of fees

## Fund Versus Index (Percentage Change)



Source: SWIP, Barclays Capital, gross of fees (rebased to 100)

**Past performance is not a guide to future performance**

## Dealing Information

**Minimum Investment:** £1,000

**Valuation Point:** 12 noon

**Settlement Terms:** T+4

**Accounting Period End Dates:**

31 December (Final)

30 June (Interim)

**Sedol Codes:**

A - B019HS2

**ISIN:**

A - GB00B019HS24

**Bloomberg:**

A - SCSILAA LN

## Contact us

For further information or to purchase shares please contact us on:

Tel: 0800 336600

Visit: [www.swip.com](http://www.swip.com)

**Fund Commentary**

Gilt yields rose and prices fell sharply in December. In part, this was caused by growing concerns over sovereign risk, and the threat of a ratings downgrade for the UK. At the same time, investors grew more confident that the recession was past its worst, and were happy to switch from the safety of government bonds into riskier assets such as equities and corporate bonds.

Throughout December, the Fund maintained a duration position shorter than the benchmark. This was expressed at the very long end of the yield curve, with an underweighting of 50-year index-linked bonds. The portfolio has a 10% weighting in Japanese index-linked bonds.

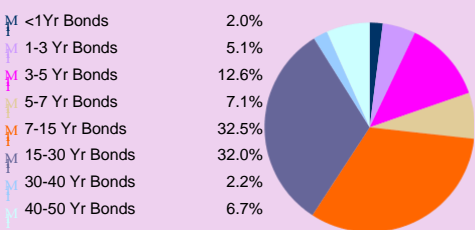
The Fund was ahead of benchmark with our short duration position driving performance as nominal yields rose during the month. Our allocation to the securitized sector also impacted performance positively although our holding in this sector, Road Management, underperformed resulting in a negative impact overall from security selection.

**Key Exposures**

Company	% of portfolio
Treasury 4.125% 2030	12.6
Treasury 2.5% 2013	12.6
Treasury 1.125% 2037	11.1
Treasury 2.5% 2024	9.6
Treasury 2.5% 2020	9.2
Japan (Govt of) 1.2% 2017	7.6
Treasury 2.5% 2016	7.1
Treasury 1.25% 2055	6.3
Treasury 2.5% 2011	5.1
Road Management 3.642% 2028	2.8

Source: SWIP

**Maturity Breakdown Split**



Source: SWIP

**Fund Information**

**Launch Date:**

5 July 2004

**Benchmark:**

Barclays Capital £ Inflation Linked Bond Index

**IMA Sector:**

IMA Unclassified

**Fund Size:** £35.9 million

**Initial Charge:** Class A 3.75%

**Annual Charge:** Class A 1.00%

**Base Currency:** Sterling

**Distribution/Underlying Yield:**

0.9% p.a (gross)

**No of Holdings:** 22

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions. The value of the Fund can go up and down and investors may not receive back the money they invested. **This publication only contains brief information on the Fund. The Fund Prospectus and the Simplified Prospectus provide more detailed information as well as the risks of investing. Both these documents are available on our website [www.swip.com](http://www.swip.com) or by telephoning 0800 33 66 00.**

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