

Teachers Adventurous Investment Fund

Annual Short Report for the year ended 31 October 2012

Fund Investment Objective and Policy

The objective of the Fund is to focus on seeking capital growth from exposure to a range of markets. The Manager's policy to achieve this objective is to invest directly, or indirectly through investment in a range of collective investment schemes, so as to gain exposure to global stock markets normally restricted to approved securities which are traded on or under the rules of an eligible securities market.

Risk Profile and Attitude to Risk

You are willing to take a higher level of risk. You accept that fluctuations in the value of your investment will be commonplace and that you need to remain flexible about when to cash in your plan. You understand that, if stock markets fall, you have a greater chance of losing money than with a Low Risk or Medium Risk investment.

The Teachers Adventurous Investment Fund is classified as Higher Risk. Teachers Assurance will categorise its own investment funds as Higher Risk where the fund invests: Between 90-100% in equity markets (company shares) with the remainder in Cash.

You understand that our Higher Risk funds may carry specialist investment risk.

You understand that our Higher Risk funds may carry significant currency risk.

Manager and Registrar

Sovereign Unit Trust Managers Limited

Registered Office: Tringham House, Deansleigh Road, Bournemouth, BH7 7DT.

Authorised and regulated by the Financial Services Authority and a member of the Association of Financial Mutuals.

Entered on the Financial Services Authority Register, registration number 121998.

Registered in England and Wales number 2072297

Telephone 01202 435000

Investment Adviser

BlackRock Fund Managers Limited

(appointed with effect from 8 August 2012)

12 Throgmorton Avenue, London, EC2N 2DL

Authorised and regulated by the Financial Services Authority

Fund Facts

Launch Date: 10th February 2006

Accounting and distribution dates

	Fund accounting dates	Payment dates
Annual	31 October	31 December
Interim	30 April	30 June

Performance Record

Percentage change to 31 October 2012			
1 Year	5 Years	10 Years	Since Launch
31.10.11 to 31.10.12	31.10.07 to 31.10.12	31.10.02 to 31.10.12	10.02.06 to 31.10.12
5.61%	4.88%	n/a	17.12%

Figures are on a single pricing basis with net income reinvested or accumulated (Source: Teachers Assurance). Past performance is not a guide to future performance. The value of units and the income generated can go down as well as up.

Total Expense Ratio

Expense Type	31.10.12	31.10.11
Manager's Charge	1.25%	1.25%
Other Expenses	0.25%	0.26%
Total Expense Ratio	1.50%	1.51%

The total expense ratio is the ratio of the Fund's total operating costs, excluding custody transaction costs, to its average net assets.

The initial charge of the price of units purchased is 3%.

Price Record

Year	Highest single price per unit p	Lowest single price per unit p
2007 (from 01.11.07)	55.55	52.09
2008	55.28	37.25
2009	51.51	34.70
2010	56.86	48.06
2011	58.22	48.46
2012 (to 31.10.12)	56.60	51.10

Distribution Record

Year	Net income per unit distributed		Net distribution per £1,000 invested on 01.11.07	
	interim p	final p	interim £	final £
2008	0.0000	0.5692	0.00	10.25
2009	0.0967	0.5323	1.74	9.58
2010	0.0551	0.4719	0.99	8.50
2011	0.0374	0.6335	0.67	11.40
2012	0.1064	0.2200	1.92	3.96

The distribution for the period ended 31 October 2012 is 0.2200p per unit net which will be automatically reinvested at the ruling single price on 13 December 2012. A reinvestment statement and tax voucher are enclosed unless you are an Individual Savings Account (ISA) investor. ISA investors receive half-yearly statements in March and September which display all transactions effected during the period.

Net Asset Values

Date	Total net assets £	Units in issue	Net asset value per unit p
31.10.10	49,173,696	92,064,046	53.41
31.10.11	46,721,392	88,844,400	52.59
31.10.12	46,075,103	83,916,415	54.91

Distribution Table for the period ended 31 October 2012

The distribution is made up as follows in pence per unit:

Group 1 Units purchased prior to 1 May 2012

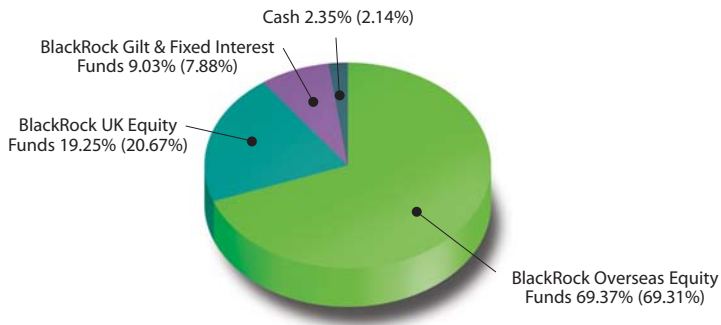
Group 2 Units purchased from 1 May 2012 to 31 October 2012

	Net income	Equalisation	Dividend distribution payable	
			31.12.12	30.06.12
Group 1	0.6335	0.0000	0.2200	0.1064
Group 2	0.0310	0.1890	0.2200	0.1064

Major Holdings

	%
BlackRock US Equity Tracker Fund	25.86
BlackRock Continental European Equity Tracker Fund	25.66
BlackRock UK Equity Tracker Fund	19.25
BlackRock Japan Equity Tracker Fund	11.70
BlackRock Pacific ex Japan Equity Tracker Fund	6.15
BlackRock Overseas Corporate Bond Tracker Fund	4.82
BlackRock Corporate Bond Tracker Fund	4.21
BlackRock Institutional Sterling Liquidity Fund	1.71

Portfolio Information



Figures in brackets are percentage holdings as at 31 October 2011.

Fund Manager's Comments

Market and Economic Review

This review covers the six months from 1 May 2012 to 31 October 2012. The review for the previous six months is contained in the interim report.

Equity returns were mixed over the period, with divergence in performance at the country and regional level. Returns in GBP terms ranged from +7.3% (FTSE World Europe ex UK TR Index) in Europe ex UK to -5.9% (FTSE World Japan TR Index) in Japan. In contrast, fixed income markets performed strongly, across both sovereign and credit sectors. UK Gilts returned 3.8% (FTSE All Stocks Gilt TR Index) while UK corporate bonds were particularly strong adding 8.8% (Iboxx Sterling Non Gilt TR Index). Markets exhibited sharp swings, largely driven by changes in investor sentiment from policy announcements in developed markets as well as headlines surrounding the European sovereign debt crisis.

The beginning of the period was defined by resurfacing investor uncertainty and a weaker market environment for risky assets. Data pointed to slowdown in economic activity globally, while the situation in Europe seemed to worsen, amid upcoming elections in Greece and France, and growing concerns over the Spanish banking system. Against this backdrop, equities fell, while government bond markets performed strongly.

Towards the end of June, risk appetite increased. Headlines from the Eurozone once again remained the key driver of asset class moves as European leaders outlined a series of 'next steps' that were received as an encouraging move towards a resolution of the European debt crisis, while economic readings were more supportive. In the US, the Federal Reserve announced QE3, an open-ended quantitative easing programme designed to stimulate the labour market and reduce unemployment, while in Europe, the European Central Bank also announced more stimulus measures, with a conditional bond-buying programme and stability mechanism designed to support distressed European debt. The perceived reduction in immediate downside risk led to a sharp rally in stock markets, despite relatively muted improvement in economic fundamentals, particularly in the peripheral European nations.

The relative upturn in sentiment was tempered by the end of September as investor uncertainty resurfaced following increasing concerns surrounding the Spanish bailout package and uncertainty over the outcome of the US election and the handover of power in China. This caused stock markets to lose some of their gains made earlier in the period.

Fund Activity

The Fund's portfolio returned 0.59% in October versus a 0.25% return for the benchmark. At asset class level, the performance of equities and bonds was mixed across regions and sectors. The overweight position in Eurozone equities benefited the portfolio, thanks to the generally positive momentum in the region. However, US equity markets underperformed as election uncertainty and the potential impact on negotiations to tackle the 'fiscal cliff' weighed on sentiment. In developed nations, improvement in employment data led to an increase in government bond yields, particularly in the UK, while corporate bonds both in the UK and Overseas were helped by spread compression, supporting BlackRock's preference for corporate bonds over government bonds.

Outlook

The market environment has so far remained consistent with our economic roadmap. BlackRock recognise that whilst market volatility may arise from European political uncertainty and discussions over the US 'fiscal cliff', significant progress has been made and the US macroeconomic environment is showing strength. In addition, equity valuations remain at attractive levels in many sectors and a reduction in political uncertainty may provide the catalyst to lead the market higher.

Information for Investors

This document is an annual short report of the Teachers Adventurous Investment Fund for the year ended 31 October 2012.

The Trustee (National Westminster Bank Plc) and Auditor (Mazars LLP Chartered Accountants) have completed their annual report to unitholders, which is contained in the Long Report. Copies of the Long Report and Accounts are available free of charge from the Manager on request.

Investment Adviser

On 8 August 2012 BlackRock Fund Managers Limited took over as investment adviser for the Fund replacing Legal & General Investment Management Limited. There is no change to the Fund's Objective or Policy.

The full Prospectus for each of the Sovereign and Teachers Funds and copies of the most recent Manager's Reports are available free of charge from the Manager on request.