

# Teachers Adventurous Investment Fund

## Interim Short Report for the period ended 30 April 2013

### 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

Sovereign Unit Trust Managers Limited

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

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

Entered on the Financial Services register, registration number 121998.

Registered in England and Wales number 2072297

Telephone 01202 435000

### Investment Adviser

BlackRock Fund Managers Limited

12 Throgmorton Avenue, London, EC2N 2DL.

Authorised and regulated by the Financial Conduct Authority.

### Fund Facts

Launch Date: 10th February 2006

## Accounting and Distribution Dates

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

## Performance Record

Percentage change to 30 April 2013				
1 Year	3 Years	5 Years	10 Years	Since Launch
30.04.12 to 30.04.13	30.04.10 to 30.04.13	30.04.08 to 30.04.13	30.04.03 to 30.04.13	10.02.06 to 30.04.13
19.63%	22.37%	28.41%	n/a	36.47%

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	30.04.13	31.10.12
Manager's Charge	1.25%	1.25%
Other Expenses	0.22%	0.23%
Total Expense Ratio	1.47%	1.48%

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
2008 (from 01.05.08)	54.96	37.25
2009	51.51	34.70
2010	56.86	48.06
2011	58.22	48.46
2012	57.05	51.10
2013 (to 30.04.13)	64.49	57.45

## Distribution Record

Year	Net income per unit distributed		Net distribution per £1,000 invested on 01.05.08	
	interim p	final p	interim £	final £
2008	-	0.5692	-	10.75
2009	0.0967	0.5323	1.83	10.05
2010	0.0551	0.4719	1.04	8.91
2011	0.0374	0.6335	0.71	11.97
2012	0.1064	0.2200	2.01	4.16
2013	0.0473	-	0.89	-

The distribution for the period ended 30 April 2013 is 0.0473p per unit net which will be automatically reinvested at the ruling single price on 14 June 2013. 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	50,787,541	93,686,036	54.21
31.10.11	46,721,392	88,844,400	52.59
31.10.12	46,075,103	83,916,415	54.91
30.04.13	51,883,308	80,629,095	64.35

## Distribution Table for the period ended 30 April 2013

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

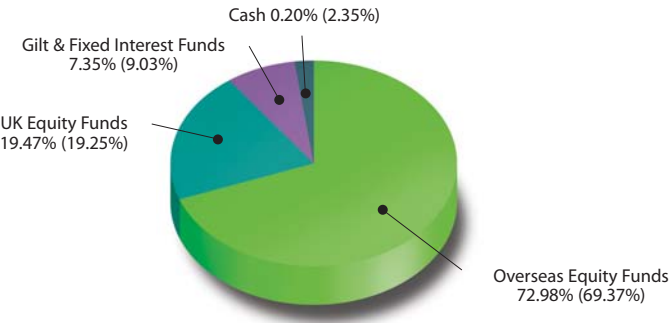
- Group 1 Units purchased prior to 1 November 2012
- Group 2 Units purchased from 1 November 2012 to 30 April 2013

	Net income	Equalisation	Dividend distribution payable	
			30.06.13	31.12.12
Group 1	0.0473	0.0000	0.0473	0.2200
Group 2	0.0000	0.0473	0.0473	0.2200

## Major Holdings

	%
BlackRock US Equity Tracker Fund	26.78
BlackRock Continental European Equity Tracker Fund	25.07
BlackRock UK Equity Tracker Fund	19.47
BlackRock Japan Equity Tracker Fund	13.04
BlackRock Pacific ex Japan Equity Tracker Fund	8.09
BlackRock Corporate Bond Tracker Fund	4.06
BlackRock Overseas Corporate Bond Tracker Fund	3.29
BlackRock Institutional Sterling Liquidity Fund	0.16

## Portfolio Information



Figures in brackets are percentage holdings as at 31 October 2012.

## Fund Manager's Comments

### Market and Economic Review

Equity returns were strong over this period with some divergence at regional level. Returns in GBP terms ranged from +35.2% (FTSE Japan TR) in Japan to 14.0% (FTSE All-Share TR) in the UK. Fixed income returns were more moderate. UK Gilts rose 2.1% (FTSE All Stocks Gilt TR) while UK corporate bonds gained 5.8% (Iboxx Sterling Non Gilt TR) driven by spread compression. Markets benefited from improvements in investor sentiment from monetary policy announcements in developed markets as well as improving macroeconomic data, particularly from the US.

In the last quarter of 2012, investors were particularly encouraged after repeated reassurances by the European Central Bank (ECB) that it would continue to support the euro. Following the re-election of President Obama in November, US markets quickly turned their attention to the 'fiscal cliff'. Political negotiations aimed at averting spending cuts and tax increases totalling over US\$600 billion caused some nervousness in the markets but the interim resolution in January, resulted in another risk rally at the start of the year. Moving into February and then through March, greater divergence in the performance of developed versus emerging markets became evident. The outperformance of developed markets was largely a reflection of improving macroeconomic data, specifically employment and housing numbers in the US. Buoyed by the improving data, risk assets all but shrugged off concerns over automatic US government spending cuts that came into effect on March 1st (US government sequester) and a potential pull back in the Federal Reserve's quantitative easing program.

During April, asset class returns were more mixed. The theme of divergence continued in equity markets while fixed income markets also recovered their negative performance from Q1. Japanese equities benefitted as the Bank of Japan surpassed market expectations by announcing an expansion of monthly asset purchases to ¥7 trillion. Political events in Europe boosted global markets too, amid relief over the Cypriot bailout and a resolution of the two-month long post-election impasse in Italy. Meanwhile, demand for higher-yielding assets remained very much in evidence across both fixed income and equity markets, given the low yields currently available from most government bonds.

### Fund Activity

The Teachers Adventurous Investment Fund portfolio returned 16.84% over this period versus a 17.51% return for the benchmark. However, the majority of this underperformance is attributable to differences in the time of pricing for the fund (midday) and the benchmark (close). An overweight to Europe ex UK equities has contributed positively to performance. However, a small underweight position in Japanese equities over the majority of the period detracted from performance as did an overweight position in Pacific ex Japan equities which lagged other developed equity markets over the period.

### Outlook

The market environment has so far remained consistent with our economic roadmap. We expect global economic growth to remain subdued in the face of private sector deleveraging and restrictive fiscal policy. However, inflationary pressures remain subdued and therefore we expect monetary policy to remain very loose, providing support for risk assets. In addition, even though equities have rallied strongly, we believe they represent fair value at current valuations and remain at attractive levels compared with expensive core government bonds.

## Information for Investors

This document is an unaudited interim short report of the Teachers Adventurous Investment Fund for the period ended 30 April 2013. Copies of the Long Report and Accounts are available free of charge from the Manager on request.

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.