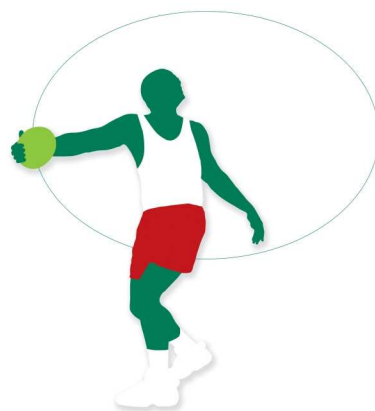


# Old Mutual Investment Funds Series I

## Authorised Corporate Director's Final Report

### For the Year Ended 31 July 2011

- Corporate Bond Fund
- Dynamic Bond Fund
- Equity Income Fund
- Extra Income Fund
- UK Select Mid Cap Fund
- UK Select Smaller Companies Fund



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### Management and Professional Services

**Authorised Corporate Director (ACD) and Registrar**

Old Mutual Fund Managers Limited  
2 Lambeth Hill  
London  
EC4V 4AD

Authorised and regulated by the Financial Services Authority  
A member of the IMA

**Directors**

A list of directors is available on request

**Investment Adviser**

Old Mutual Asset Managers (UK) Limited  
2 Lambeth Hill  
London  
EC4P 4WR

Authorised and regulated by the Financial Services Authority

**Administrators**

International Financial Data Services (IFDS)  
FREEPOST RRYH-XTSY-HEZH  
PO Box 10278  
Chelmsford  
CM99 2AR

**Depositary**

The Royal Bank of Scotland Plc  
Trustee & Depositary Services  
36 St Andrew Square  
Edinburgh  
EH2 2YB

Authorised and regulated by the Financial Services Authority

**Auditors**

KPMG Audit Plc  
15 Canada Square  
London  
E14 5GL

### Information About the Company During the Period

Old Mutual Investment Funds Series I is an investment company with variable capital incorporated in England and Wales under registration number IC76 and authorised by the Financial Services Authority under the Open Ended Investment Companies Regulations 2001.

The Company is an umbrella company. The assets of each Fund are treated as separate from those of every other Fund and will be invested in accordance with that fund's own investment objective and policy.

Each sub fund of the company belongs to the type of UCITS scheme within chapter 5 of the FSA Collective Investment Schemes Sourcebook 2004 Regulations ("COLL Sourcebook").

#### Liability

The shareholders of the Company have no liability for the debts of the Company.

Sub funds are not legal entities in themselves but form part of the Company. Should the assets attributed to any sub fund be insufficient to meet the liabilities attributable to it, the shortfall may be met out of the assets attributed to one or more of the other sub funds.

We hereby certify the financial statements on behalf of Old Mutual Fund Managers Limited.



M. Ammon  
Chief Risk Officer  
Old Mutual Fund Managers Limited  
31 July 2011



P. Baxter  
Chief Executive  
Old Mutual Fund Managers Limited  
31 July 2011

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

#### Investment Adviser's Report For the year ended 31 July 2011

##### Performance record\*

	1 year to 31 Jul 2011	1 year to 31 Jul 2010	1 year to 31 Jul 2009	1 year to 31 Jul 2008	1 year to 31 Jul 2007	1 year to 31 Jul 2006
Corporate Bond Fund	6.6%	25.0%	-9.1%	-7.9%	0.2%	2.6%
Sector	5.6%	15.2%	-0.6%	-2.4%	-1.3%	1.1%
Quartile	1	1	4	4	1	1
*Accumulation shares						
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

The Fund aims to maximise total return through investment in a diversified portfolio of fixed interest and other debt securities.

Subject to the regulations, the property of the fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives. More than 35% in value of the property of the fund may consist of Government and other public securities issued by one issuer in accordance with the investment management and borrowing powers of the Company.

The level of cash held will not normally exceed 20% of the value of the holding of the Fund.

The Fund will be permitted to use derivatives for investment purposes; the net asset value of this Fund may therefore, at times, be highly volatile and the risk profile of this Fund may change.

The Fund has no formal policy of hedging the exposure to currency risk but from time to time does take forward currency exchanges (FX) in relation to overseas denominated investments. Generally during the period, the forward FX was used for the currency exposure of US dollars.

The Fund is a credit-intensive portfolio of corporate bonds, targeting total return and making full use of interest rate management and asset allocation between sectors and stocks.

The portfolio is actively managed and aims to deliver top quartile performance in the IMA UK Corporate Bond sector.

##### Review

The period was eventful and at times volatile for financial markets. Expectations of a second large-scale US Treasury buying programme (quantitative easing, dubbed 'QE2') helped to drive US government bond prices to record highs through the third quarter of 2010, with UK and most European sovereign bonds following suit. Additional support for these 'safe-haven' assets ensued when Portugal, Ireland and local Spanish savings banks required external assistance to maintain solvency (following Greece earlier in the year). Spurred by emerging market demand, record US government stimulus and corporations repairing their balance sheets, risk appetite increased globally. In response, capital flows increased towards corporate bonds, commodities and equity markets. In contrast, performance drivers in 2011 were largely non-financial events. Australian floods impacted global commodity and energy supplies, Middle-East uprisings created political uncertainty, affecting the oil price, and Japan's tsunami disrupted global supply chains.

The fund had good performance in the period, comfortably above the peer group. Corporate bonds (both investment-grade and high yield) delivered a positive contribution, additionally benefiting from a small allocation to non-sterling currency exposure. Telecoms, notably cable companies, performed especially well and the fund continued to add to holdings in the sector. Holdings in the basic resource sector were firm, driven by the rally in commodity prices. Select financial names also offered value. Through the latter half of the period, the fund reduced its holdings in banks in response to risk associated with the sovereign debt crisis on the eurozone periphery.

The fund's returns suffered due to its duration positions, that is, its strategy in respect to interest rates, or yields, which move inversely to prices. Through 2010 the fund was 'long duration' benefiting from falling yields. In 2011, positioning changed to 'short duration' anticipating rising yields in an environment of rising inflation and improving economic growth prospects. However, while inflation persisted, growth turned out lower than expected, while the natural disasters and political unrest mentioned above led investors to seek the safety of government bonds. The result was that yields moved in the opposite direction to what we had anticipated. In July 2011 the fund closed all negative duration positions in light of Eurozone and US political induced risks, further adding credit default swap protection to dampen volatility.

##### Outlook

The European sovereign debt crisis is no closer to a comprehensive resolution while the fragility of the global economic recovery only makes it more difficult to deal effectively and quickly with deficit reduction.

In this environment, the fund remains defensively positioned with an underweight position in European financials relative to its benchmark, the iBoxx Sterling non-Gilts Index. We are also avoiding European peripheral banks and corporates.

The portfolio's duration continues to be actively managed, with a bias towards a neutral to slightly longer position relative to the benchmark, as gilts have become the new safe haven for the time being.

##### Risk Warning

Please remember that past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up. You may not get back the amount you invest. The Fund may not be suitable for everyone and if in doubt you should seek advice from your financial adviser.

Bond Funds are affected by changes (real or anticipated) in the rate of inflation or interest rates, which may cause returns on bonds to be more or less attractive. Investment in corporate bonds brings an increased risk of default and may affect the capital value of the Fund.

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

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#### Investment Adviser's Report For the year ended 31 July 2011 (continued)

The yield may fluctuate significantly during times of extreme market volatility.

On occasion, we may not be able to sell the underlying assets in a Fund as quickly as we would like, or at a reasonable price. This liquidity risk could affect the performance of the Fund.

*Note:*

*External sources of underlying economic data used by Old Mutual Asset Managers (UK) Limited include MSCI, Datastream and FactSet.*

*Market performance data is sourced from Morningstar / Factset. Each quoted index or stock return is based on the price movement between the market close on 31 July 2006 and the close on 31 July 2011. Returns quoted are sterling or local currency returns as specified.*

20 August 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

#### Net Asset Value per Share and Comparative Tables

The fund was launched on 17 June 2000. Income and accumulation units were first issued on that date at 100p per unit. On 19 September 2007, the fund was converted to a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series I. On 1 July 2008, class B income and accumulation shares were launched.

##### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 July 2009 Class A Inc	250,521,851	80.96	309,429,022
31 July 2009 Class A Acc	346,759,556	121.33	285,789,491
31 July 2009 Class B Inc	2,484,754	81.11	3,063,322
31 July 2009 Class B Acc	10,014,450	88.05	11,372,997
31 July 2010 Class A Inc	309,865,262	97.98	316,243,768
31 July 2010 Class A Acc	408,955,628	154.08	265,415,930
31 July 2010 Class B Inc	8,467,274	98.11	8,630,426
31 July 2010 Class B Acc	15,246,939	112.15	13,595,037
31 July 2011 Class A Inc	200,224,804	100.47	199,288,638
31 July 2011 Class A Acc	351,237,763	164.08	214,064,047
31 July 2011 Class B Inc	7,677,089	100.57	7,633,663
31 July 2011 Class B Acc	849,685	119.74	709,600

##### Capital price range

The table below shows the highest buying and lowest selling prices of shares over the last five years.

Calendar year	Income shares		Accumulation shares	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)
2006 Class A	126.06	113.88	158.91	145.04
2007 Class A	121.58	108.25	158.94	145.58
2008 Class A	115.68	97.92	156.00	134.60
2008 Class B	104.28	97.33	104.28	97.33
2009 Class A	98.34	61.06	148.31	88.59
2009 Class B	98.54	61.20	107.74	64.19
2010 Class A	109.53	91.73	172.13	139.13
2010 Class B	109.67	91.89	125.36	101.10
2011* Class A	106.15	98.52	171.82	157.57
2011* Class B	106.32	98.62	125.39	114.86

\* To 31 July

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

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#### Net Asset Value per Share and Comparative Tables (continued)

##### Net income distribution

The table below shows the net income distribution in pence per share paid over the last five years.

Calendar year	Income shares (pence)	Per £1,000 invested 03/01/2006 (£)	Accumulation shares (pence)	Per £1,000 invested 03/01/2006 (£)
2006 Class A	4.8119	38.73	6.0950	39.50
2007 Class A	4.7056	37.88	6.1872	40.09
2008 Class A	4.9851	40.13	6.8348	44.29
2008** Class B	2.2427	21.56	2.2539	21.67
2009 Class A	4.9934	40.19	7.2909	47.25
2009 Class B	5.2693	50.65	5.5780	53.62
2010 Class A	4.6741	37.62	7.1974	46.64
2010 Class B	4.9614	47.69	5.5632	53.48
2011* Class A	0.9313	7.50	4.4070	28.56
2011* Class B	2.9197	28.07	3.4126	32.80

\* To 30 September

\*\* Per £1000 invested on 1 July 2008



## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the Fund is explained on page 96.

#### Total Expense Ratio (TER)

	As at 31 July 2011	As at 31 July 2010
Share Class A	<u>1.24</u>	<u>1.23</u>
Share Class B	<u>0.89</u>	<u>0.88</u>

The TER takes into account the ACD fee and all other operating expenses over the relevant financial period.

# Old Mutual Investment Funds Series I

## Old Mutual Corporate Bond Fund

### Portfolio Statement As at 31 July 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Bonds (31 July 2010 98.07%)</b>			
<b>Euros (31 July 2010 14.37%)</b>			
Agence Francaise De Developpement 4.615% PERP	3,600,000	2,938	0.52
Allianz (FRN) 5.5% PERP	3,250,000	2,790	0.50
AXA (FRN) 5.25% 16 April 2040	3,000,000	2,426	0.43
BPCE (FRN) 12.5% PERP	4,500,000	4,491	0.80
Cyfrowy Polsat Finance 7.125% 20 May 2018	1,400,000	1,232	0.22
Deutsche Boerse (FRN) 7.5% 13 June 2038	7,000,000	6,431	1.15
Dong Energy 7.75% 1 June 2050	2,600,000	2,437	0.44
Electricite De France 4.625% 26 April 2030	11,000,000	9,349	1.67
Fortis Bank (FRN) 6.5% PERP	3,300,000	2,829	0.50
France Telecom 8.125% 28 January 2033	3,000,000	3,576	0.64
Freshwater Finance 6.576% PERP	3,000,000	1,943	0.35
General Electric Capital 5.5% 15 September 2067	10,000,000	8,084	1.44
Greif Luxembourg Finance 7.375% 15 July 2021	600,000	525	0.09
Kabel Deutschland 6.5% 29 June 2018	934,000	836	0.15
Lehman Brothers (Default) 0.00% 14 March 2019	11,500,000	1	-
Linde Finance 7.375% 14 July 2066	4,000,000	3,868	0.69
Nationwide Building Society 6.75% 22 July 2020	5,500,000	4,635	0.83
Old Mutual (FRN) 4.5% 18 January 2017	2,300,000	1,994	0.36
Standard Life (FRN) 6.375% 12 July 2022	2,000,000	1,754	0.31
Unitymedia GMBH 9.625% 1 December 2019	2,900,000	2,735	0.49
UPC Holding 8.375% 15 August 2020	3,000,000	2,653	0.47
Wind Acquisition Finance 12.25% 15 July 2017	2,334,750	2,271	0.41
		<b>69,798</b>	<b>12.46</b>
<b>Sterling (31 July 2010 81.68%)</b>			
Abbey National 10.0625% PERP	1,000,000	1,014	0.18
Abbey National Treasury Services 5.125% 14 April 2021	6,200,000	6,511	1.16
America Movil SAB 5.75% 28 June 2030	4,000,000	4,201	0.75
Anglo American Capital 6.875% 1 May 2018	3,300,000	3,815	0.68
ASIF II 6.375% 5 October 2020	6,500,000	6,734	1.20
ASIF III 5% 18 December 2018	7,000,000	6,933	1.24
Aviva 6.125% 14 November 2036	5,000,000	4,643	0.83
Aviva (FRN) 6.625% 3 June 2041	2,150,000	2,136	0.38
BAA 7.125% 1 March 2017	1,500,000	1,483	0.26
BAA Funding (FRN) 6.45% 10 December 2033	4,000,000	4,278	0.76
Bank of Scotland 7.286% PERP	1,500,000	1,303	0.23
Barclays Bank 10% 21 May 2021	4,750,000	5,690	1.02
Barclays Bank 8.25% PERP	2,000,000	2,040	0.36
Barclays Bank 14% PERP	2,500,000	3,053	0.55
BAT International Finance 6% 29 June 2022	2,250,000	2,481	0.44
BG Energy Capital 5.125% 1 December 2025	1,500,000	1,561	0.28
BP Capital Markets 4.325% 10 December 2018	5,000,000	5,215	0.93
British American Tobacco Holdings 5.5% 15 September 2016	3,000,000	3,300	0.59
Catalyst Health 2.411% 30 September 2040	2,000,000	2,222	0.40
CNP Assurances (FRN) 7.375% 30 September 2041	8,600,000	8,771	1.57
Co-operative Group 6.25% 8 July 2026	3,000,000	3,091	0.55
Comcast 5.5% 23 November 2029	7,500,000	7,645	1.37
Deutsche Telekom International 7.625% 15 June 2030	3,000,000	3,738	0.67
Dexia Funding Netherlands 5.875% 9 February 2017	4,000,000	3,508	0.63
Estates & General 11.25% 31 December 2018	3,555,000	1,067	0.19
European Investment Bank 5.375% 7 June 2021	13,000,000	15,047	2.69
Experian Finance 4.75% 23 November 2018	6,000,000	6,312	1.13
First Hydro Finance 9% 31 July 2021	2,000,000	2,387	0.43
Firstgroup 6.875% 18 September 2024	6,000,000	6,594	1.18
Friends Life Group 12% 21 May 2021	7,000,000	9,004	1.61
Gatwick Funding 6.5% 2 March 2041	3,000,000	3,109	0.55
General Electric Capital 6.5% 15 September 2067	5,000,000	4,948	0.88
General Electric Capital 5.5% 7 June 2021	3,000,000	3,218	0.57
Glencore Finance Europe 6.5% 27 February 2019	5,300,000	5,735	1.02

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

#### Portfolio Statement

As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Sterling (31 July 2010 81.68%) - (continued)</b>			
Group 4 Security 7.75% 13 May 2019	6,000,000	7,093	1.27
HBOS Sterling Finance (FRN) 7.881% PERP	1,600,000	1,310	0.23
Highbury Finance 7.017% 20 March 2023	10,500,000	10,587	1.89
HSBC Holdings 6.375% 18 October 2022	8,500,000	9,149	1.63
HSBC Holdings 6.75% 11 September 2028	8,800,000	9,390	1.68
HVB Funding Trust II 7.76% 13 October 2036	3,000,000	2,552	0.46
Imperial Tobacco Finance 8.125% 15 March 2024	4,000,000	4,999	0.89
ING Bank 6.875% 29 May 2023	2,195,000	2,310	0.41
ING Groep 5.14% PERP	5,500,000	4,522	0.81
InterContinental Hotels 6% 9 December 2016	4,000,000	4,308	0.77
Investec Bank 9.625% 17 February 2022	3,500,000	3,538	0.63
KFW 5.55% 7 June 2021	25,000,000	29,581	5.28
Lafarge 8.75% 30 May 2017	5,000,000	5,969	1.07
Legal & General Group (FRN) 10% 23 July 2041	8,000,000	10,228	1.83
Linde Finance 8.125% 14 July 2066	8,250,000	9,240	1.65
Lloyds Banking Group Capital 1 7.869% 25 August 2020	2,000,000	1,815	0.32
Lloyds Banking Group Capital 2 15% 22 January 2029	1,800,000	2,399	0.43
Lloyds TSB 13% PERP	2,200,000	2,739	0.49
London Stock Exchange Group 9.125% 18 October 2019	4,000,000	5,114	0.91
Longstone Finance 4.791% 19 April 2031	4,000,000	3,577	0.64
National Westminster Bank 7.625% PERP	3,200,000	2,635	0.47
National Westminster Bank 6.5% 7 September 2021	2,150,000	2,030	0.36
Northern Rock Asset Management 6.375% 2 December 2019	2,000,000	2,060	0.37
Pinton Estates 11.25% 3 March 2012	6,800,000	5,032	0.90
Prudential 5.875% 11 May 2029	6,000,000	6,103	1.09
RSA Insurance Group 9.375% 20 May 2039	5,750,000	6,935	1.24
RWE Finance 6.125% 6 July 2039	2,000,000	2,193	0.39
Santander UK 9.625% 30 October 2023	4,600,000	5,282	0.94
Sceptre Funding 1 5.253% 9 February 2027	4,000,000	4,280	0.76
Scottish & Southern Energy 5.453% PERP	5,000,000	4,954	0.88
Scottish Widows 5.125% PERP	2,700,000	2,249	0.40
Segro 6.75% 23 February 2024	3,000,000	3,251	0.58
Siemens Financiering 6.125% 14 September 2066	10,100,000	10,570	1.89
SLM Student Loan Trust 5.15% 17 September 2015	6,500,000	6,245	1.12
Societe Generale 5.75% PERP	1,600,000	1,491	0.27
Standard Chartered 5.375% PERP	3,500,000	3,149	0.56
Suncorp-Metway 6.625% 23 October 2017	5,000,000	4,971	0.89
Sutton Bridge Financing 8.625% 30 June 2022	14,440,000	7,495	1.34
TDC 5.625% 23 February 2023	2,700,000	2,893	0.52
Telereal Securitisation 5.3887% 10 December 2033	8,500,000	7,818	1.40
Telereal Securitisation 5.9478% 10 December 2033	5,000,000	5,427	0.97
Tesco Property Finance 8.006% 13 October 2040	6,000,000	6,152	1.10
Tesco Property Finance 6.0517% 13 October 2039	8,000,000	8,472	1.51
Tesco Property Finance 5.744% 13 April 2040	3,000,000	3,067	0.55
Thames Water Utilities 5.75% 13 September 2030	4,000,000	3,972	0.71
Thames Water Utilities (FRN) 5.375% 21 July 2025	3,000,000	3,163	0.56
The Society of Lloyds (FRN) 6.875% 17 November 2025	3,000,000	3,185	0.57
THPA Finance 7.127% 15 March 2024	5,000,000	4,824	0.86
Time Warner Cable Inc 5.75% 2 June 2031	8,000,000	8,092	1.44
Verizon Wireless Capital 8.875% 18 December 2018	3,000,000	3,972	0.71
Virgin Media Secured Finance 5.5% 15 January 2021	3,000,000	3,001	0.54
Wales & West Utilities Finance 6.75% 17 December 2036	6,000,000	6,672	1.19
Western Power Distributors 5.75% 16 April 2032	4,000,000	4,071	0.73
Wolsey Residential (Default) 0.00% 31 December 2012	14,000,000	-	-
WPP Finance 6.375% 6 November 2020	2,000,000	2,233	0.40
Yorkshire Water Services Finance 6% 24 April 2025	3,200,000	3,459	0.62
		<b>444,605</b>	<b>79.40</b>
<b>United States Dollar (31 July 2010 1.52%)</b>			
Credit Suisse Group Guernsey (FRN) 7.875% 24 February 2041	7,550,000	4,722	0.84
Rabobank Nederland 11% PERP	3,600,000	2,823	0.51
		<b>7,545</b>	<b>1.35</b>

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

#### Portfolio Statement As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Australian Dollar (31 July 2010 0.50%)</b>			
Royal Bank of Scotland (FRN) 6.5% 17 February 2017	8,600,000	<u>4,821</u>	<u>0.86</u>
<b>Non-equity Investment Instruments (31 July 2010 0.00%)</b>			
Insight Liquidity Fund	17,497,000	<u>17,497</u>	<u>3.12</u>
<b>Forward Currency Contracts (31 July 2010 0.16%)</b>			
Bought AUD Sold GBP		5	-
Bought EUR Sold GBP		(56)	(0.01)
Bought EUR Sold USD		(55)	(0.01)
Bought GBP Sold AUD		(26)	-
Bought GBP Sold EUR		444	0.08
Bought GBP Sold USD		23	-
		<u>335</u>	<u>0.06</u>
<b>Credit Default Swaps (31 July 2010 0.00%)</b>			
EUR 12,000,000 20 June 2016	12,000,000	(578)	(0.10)
EUR 6,500,000 20 September 2021	6,500,000	808	0.14
		<u>230</u>	<u>0.04</u>
<b>Portfolio of Investments</b>		<u>544,831</u>	<u>97.29</u>
<b>Net Current Assets (31 July 2010 1.77%)</b>		<u>15,158</u>	<u>2.71</u>
<b>Net Assets</b>		<u>559,989</u>	<u>100.00</u>

The above investments have been classified according to the currency denomination of the investment rather than according to the country of origin of the issuer, in line with bond market practice.

Unless otherwise stated, all investments are listed or traded on an eligible exchange.

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

#### Statement of Total Return For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
Income	Note	£000	£000	£000	£000
Net capital gains	2		16,197		129,521
Revenue	3	43,374		54,816	
Expenses	4	(8,812)		(8,869)	
Finance costs: Interest	6	(130)		-	
Net revenue before taxation		34,432		45,947	
Taxation	5	-		-	
Net revenue after taxation			34,432		45,947
<b>Total return before distributions</b>			50,629		175,468
Finance costs: Distributions	6		(34,432)		(45,947)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>16,197</b>		<b>129,521</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the year ended 31 July 2011

	1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		742,535		609,781
Amounts receivable on issue of shares	171,257		142,243	
Amounts payable on cancellation of shares	(385,096)		(159,589)	
		(213,839)		(17,346)
SDRT (see page 96)		(67)		(59)
Change in net assets attributable to shareholders from investment activities		16,197		129,521
Unclaimed distribution		4		11
Retained distribution on accumulation shares		15,159		20,627
<b>Closing net assets attributable to shareholders</b>		<b>559,989</b>		<b>742,535</b>

#### Balance Sheet As at 31 July 2011

		As at 31 July 2011		As at 31 July 2010	
	Note	£000		£000	
<b>Assets</b>					
Investment assets			544,831		729,427
Debtors	7	18,317		31,489	
Cash and bank balances		6,560		2,189	
Total other assets			24,877		33,678
Total assets			569,708		763,105
<b>Liabilities</b>					
Creditors	8	7,835		16,899	
Distribution payable on income shares		1,884		3,671	
Total other liabilities			9,719		20,570
Total liabilities			9,719		20,570
<b>Net assets attributable to shareholders</b>			<b>559,989</b>		<b>742,535</b>

The notes on pages 14 to 19 form an integral part of these financial statements.

# Old Mutual Investment Funds Series I

## Old Mutual Corporate Bond Fund

### Notes to the Financial Statements

#### 1. Accounting Policies

The accounting policies are set out in note 1 to the aggregated financial statements on page 91.

#### 2. Net Capital Gains

The net capital gains during the year comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Non-derivative securities	27,445	126,593
Derivative contracts	(6,638)	-
Forward currency contracts	(3,337)	3,909
Currency losses	(1,270)	(973)
Sundry income	23	12
Transaction costs and handling charges	(26)	(20)
<b>Net capital gains</b>	<b>16,197</b>	<b>129,521</b>

#### 3. Revenue

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Interest on debt securities	44,556	53,027
EIR adjustment	(1,311)	1,773
Bank interest*	17	3
Securitised interest	112	10
Sundry income	-	3
	<b>43,374</b>	<b>54,816</b>

\*Bank interest is earned on deposits held with an associate of the Depositary.

#### 4. Expenses

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	7,865	7,913
Administration fees	721	726
	<b>8,586</b>	<b>8,639</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	92	90
Safe custody fees	121	128
	<b>213</b>	<b>218</b>
Other expenses:		
Audit fees	13	12
	<b>13</b>	<b>12</b>
<b>Total expenses</b>	<b>8,812</b>	<b>8,869</b>

#### 5. Taxation

No corporation tax charge arises in 2011 as a result of the Fund opting to distribute the net revenue as an interest distribution.

# Old Mutual Investment Funds Series I

## Old Mutual Corporate Bond Fund

### Notes to the Financial Statements (continued)

#### 6. Finance Costs

##### Distributions

Revenue will normally be distributed quarterly on the last day of March, June, September and December. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Net revenue after taxation	34,432	45,947
	<b>34,432</b>	<b>45,947</b>
1st interim interest distribution	4,768	5,213
2nd interim interest distribution	3,955	5,505
3rd interim interest distribution	2,926	4,742
Final interest distribution	2,387	4,595
1st interim interest accumulation	6,096	6,505
2nd interim interest accumulation	4,769	6,995
3rd interim interest accumulation	4,271	6,240
Final interest accumulation	4,000	6,057
	33,172	45,852
Add: Revenue paid on shares cancelled	2,164	911
Deduct: Revenue received on shares created	(904)	(816)
	34,432	45,947
Interest	130	-
<b>Total finance costs: Distributions</b>	<b>34,562</b>	<b>45,947</b>

#### 7. Debtors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts receivable from the ACD for creation of shares	2,531	986
Sales awaiting settlement	3,831	12,949
Accrued income	11,900	17,508
Prepayment of expenses	55	46
	<b>18,317</b>	<b>31,489</b>

#### 8. Creditors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts payable to the ACD for cancellation of shares	6,331	769
Purchases awaiting settlement	-	13,950
Accrued expenses	158	39
UK Income tax payable	1,346	2,141
	<b>7,835</b>	<b>16,899</b>

#### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, The Royal Bank of Scotland PLC, are regarded as the controlling parties of the fund by virtue of acting together in respect of the operations of the Fund and are considered related parties of the fund. Transactions between the ACD and the Fund are included in the Statement of Change in Shareholders' Net Assets and disclosed in notes 4, 7 and 8. Transactions with the Depositary and its associates are disclosed in notes 4 and 8.

#### 10. Contingent Liabilities and Commitments

The Corporate Bond Fund had contingent liabilities of £578,000 as at the balance sheet date (31 July 2010: Nil).

# Old Mutual Investment Funds Series I

## Old Mutual Corporate Bond Fund

### Notes to the Financial Statements (continued)

#### 11. Financial Instruments and Associated Risks

The main risk arising from the Fund's financial instruments is market price. Market risk arises mainly from uncertainty about future prices of the financial instruments held.

There is no material difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

Although the Fund's performance is measured in sterling, a proportion of the Fund's assets are denominated in other currencies and, as a result, the income and capital value of the Fund may be significantly affected by currency movements. The Fund is permitted to hedge against price and currency fluctuations and, where there are foreign currency risks, these are disclosed as appropriate. The currencies in which investments are denominated and detailed are in the Portfolio Statement on pages 10 to 12.

The Fund has no formal policy of hedging the exposure to currency risk but from time to time does take forward currency exchanges (FX) in relation to overseas denominated investments. Generally during the period, the forward FX was used for the currency exposure of US dollars.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Fund are discussed below.

#### Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors, and includes currency risk, interest rate risk and other price risk.

The Fund's strategy for the management of investment risk is driven by its objectives as stated on page 5.

Details of the nature of the Fund's investment portfolio at the balance sheet date are disclosed in the Portfolio Statement on pages 10 to 12.

#### Currency risk

Currency risk is the risk that revenue and capital of the Fund will be adversely affected by movements in currency exchange rates. As the Fund invests in foreign currency denominated assets, it is exposed to currency risk. This risk is managed through the use of limits which restrict the total amount that can be invested in foreign currency denominated assets.

Currency exposure:

The Fund's foreign currency asset exposure as at 31 July 2011 was as follows:

	Investments £000	Net Current Assets £000	Total £000
Australian Dollar	4,821	-	4,821
Euro	69,797	181	69,978
United States Dollar	7,545	25	7,570
	<b>82,163</b>	<b>206</b>	<b>82,369</b>

The Fund's foreign currency asset exposure as at 31 July 2010 was as follows:

	Investments £000	Net Current Liabilities £000	Total £000
Australian Dollar	3,750	2	3,752
Euro	106,669	1,685	108,354
United States Dollar	11,160	41	11,201
	<b>121,579</b>	<b>1,728</b>	<b>123,307</b>

#### Interest rate risk

Interest rate risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in interest rates. Interest rate risk arises in the Fund through a number of activities:

- Holdings in fixed income securities; and
- Positions in interest rate derivatives.

Interest rate risk is managed through the limit framework and investment guidelines with which the Fund must comply. These include restrictions on position size, and the level of interest rate risk. In addition, interest rate derivatives have been used to manage interest rate risk within the Fund.

The fund has used futures contracts during the year with the aim of managing the duration of the fund.



# Old Mutual Investment Funds Series I

## Old Mutual Corporate Bond Fund

### Notes to the Financial Statements (continued)

#### 11. Financial Instruments and Associated Risks (continued)

Interest rate exposure:

The Fund has no financial liabilities other than short-term creditors and short-term bank overdrafts arising from timing difference in the transactions of the Fund. Interest payable on bank overdrafts is at floating rates linked to the Bank of England Base Rate. Interest receivable on cash is at floating rates linked to LIBOR.

Interest rate risk profile of financial assets and financial liabilities.

The interest rate risk profile of the company's financial assets at 31 July 2011 was:

	<b>Floating Rate Financial Assets £000</b>	<b>Fixed Rate Financial Assets £000</b>	<b>Financial Assets Not Carrying Interest £000</b>	<b>Total £000</b>
Australian Dollar	4,821	-	-	4,821
Euro	11,700	58,843	-	70,543
Sterling	26,933	442,343	17,498	486,774
United States Dollar	7,545	25	-	7,570
	<b>50,999</b>	<b>501,211</b>	<b>17,498</b>	<b>569,708</b>

The interest rate risk profile of the company's financial liabilities at 31 July 2011 was:

	<b>Floating Rate Financial Liabilities £000</b>	<b>Fixed Rate Financial Liabilities £000</b>	<b>Financial Liabilities Not Carrying Interest £000</b>	<b>Total £000</b>
Sterling	-	-	(9,719)	(9,719)
	<b>-</b>	<b>-</b>	<b>(9,719)</b>	<b>(9,719)</b>

The interest rate risk profile of the company's financial assets at 31 July 2010 was:

	<b>Floating Rate Financial Assets £000</b>	<b>Fixed Rate Financial Assets £000</b>	<b>Financial Assets Not Carrying Interest £000</b>	<b>Total £000</b>
Australian Dollar	-	3,752	-	3,752
Euro	83,494	23,258	-	106,752
Sterling	589,627	50,446	1,326	641,399
United States Dollar	6,125	5,197	-	11,322
	<b>679,246</b>	<b>82,653</b>	<b>1,326</b>	<b>763,225</b>

The interest rate risk profile of the company's financial liabilities at 31 July 2010 was:

	<b>Floating Rate Financial Liabilities £000</b>	<b>Fixed Rate Financial Liabilities £000</b>	<b>Financial Liabilities Not Carrying Interest £000</b>	<b>Total £000</b>
Euro	-	-	(2,076)	(2,076)
Sterling	-	-	(18,494)	(18,494)
United States Dollar	-	-	(120)	(120)
	<b>-</b>	<b>-</b>	<b>(20,690)</b>	<b>(20,690)</b>

The Fund's assets are comprised of fixed rate bonds. Further information is provided below in relation to the coupon rates and average period for which rates are fixed.

# Old Mutual Investment Funds Series I

## Old Mutual Corporate Bond Fund

### Notes to the Financial Statements (continued)

#### 11. Financial Instruments and Associated Risks (continued)

31 July 2011	Weighted average interest rate	Weighted average period for which rate is fixed No. of years
	%	
Euro	7.18	29.40
Sterling	6.67	16.59

31 July 2010	Weighted average interest rate	Weighted average period for which rate is fixed No. of years
	%	
Euro	6.88	22.97
Sterling	7.30	15.94
United States Dollar	8.15	20.93

#### Other price risk

Other price risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in other market prices, including the price of financial instruments. Other price risk arises in the Fund through its investments which will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or other factors affecting all instruments traded in the market.

The objective of the Fund is to maintain a diversified portfolio by investing in different sectors and limiting its exposure to a particular sector in relation to the whole portfolio. The Fund Manager actively reviews the portfolio on an ongoing basis to ensure it is consistent with the Fund's objectives and re-balance as required to achieve this.

#### Credit risk

Credit risk is the risk that the revenue and capital of the Fund will be adversely affected by the inability of counterparties to meet their contractual payment obligations. Credit risk arises in the Fund through the potential for counterparties to financial market transactions to fail to discharge an obligation or commitment they have entered into with the Fund.

This risk is managed through the use of an approved counterparty policy, which requires all approved counterparties to meet a number of criteria, including a minimum credit rating and counterparty limits.

In addition, the Fund is exposed to issuer credit risk, through its investment in fixed income securities. The object of the Fund is to manage the risk by regularly reviewing the credit rating of all counterparties to which it is exposed.

The fund has entered into credit derivative contracts during the year with the aim of managing the credit exposure of the fund.

#### Bond Portfolio Rating As at 31 July 11

	Fair value £000	Percentage of total net assets
AAA	61,664	11.01%
AA	11,793	2.11%
AA-	22,593	4.03%
A+	34,394	6.14%
A	33,725	6.02%
A-	54,698	9.77%
BBB+	90,339	16.13%
BBB	69,683	12.44%
BBB-	38,262	6.83%
BB+	15,150	2.71%
BB	8,353	1.49%
BB-	3,884	0.69%
B	2,271	0.41%
B-	5,388	0.96%
CCC-	2,739	0.49%
Not Rated	71,833	12.83%
Non-Interest Bearing Securities	18,062	3.23%
Net Current Assets	15,158	2.71%
<b>Net Assets</b>	<b>559,989</b>	<b>100.00%</b>

## Notes to the Financial Statements (continued)

### **11. Financial Instruments and Associated Risks (continued)**

#### **Liquidity risk**

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. Liquidity risk arises in the Fund through the requirement to Fund the redemption of any shares that investors wish to sell.

The objective of the Fund is to monitor the redemption rate and manage its liquidity accordingly. The Fund's assets comprise mainly of readily realisable securities, which can be sold to meet liquidity requirements. The Fund's prospectus provides for daily creation and cancellation of shares and is therefore exposed to the liquidity risk of meeting shareholder redemptions at anytime.

This risk is managed through a combination of active management of cash balances within defined limits and investment in liquid securities.

### **12. Portfolio Transaction Costs**

There are no broker transactions costs for this fund.

### **13. Sensitivity Analysis**

The Fund uses forward foreign exchange contracts to hedge against currency fluctuations. At any point during the year, there will be hedging contracts in place to cover the currency risk of the overseas bond element of the portfolio. The effect of these contracts will be to reduce the exposure of the Fund to foreign exchange rate movements. Further details as to the value of the contracts can be seen in the currency exposure section of note 11. As the Fund is not sophisticated, no detailed sensitivity analysis has been presented. Options have been used during the year to protect profits made by the fund.

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

#### Distribution on 30 September 2011 for the period ended 31 July 2011

Group 1: Shares purchased prior to 1 May 2011

Group 2: Shares purchased on or after 1 May 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	1.1351	0.2270	0.9081	-	0.9081	1.1282
Group 2	0.5160	0.1032	0.4128	0.4953	0.9081	1.1282
<b>Accumulation shares</b>						
Group 1	1.8386	0.3677	1.4709	-	1.4709	1.7541
Group 2	0.8464	0.1693	0.6771	0.7938	1.4709	1.7541
<b>Class B</b>						
<b>Income shares</b>						
Group 1	1.2160	0.2432	0.9728	-	0.9728	1.2009
Group 2	0.8576	0.1715	0.6861	0.2867	0.9728	1.2009
<b>Accumulation shares</b>						
Group 1	1.4350	0.2870	1.1480	-	1.1480	1.3563
Group 2	1.0495	0.2099	0.8396	0.3084	1.1480	1.3563

Equalisation applies only to shares purchased since 1 May 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 30 June 2011 for the period ended 30 April 2011

Group 1: Shares purchased prior to 1 February 2011

Group 2: Shares purchased on or after 1 February 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	1.1326	0.2265	0.9061	-	0.9061	1.1368
Group 2	0.6414	0.1283	0.5131	0.3930	0.9061	1.1368
<b>Accumulation shares</b>						
Group 1	1.8160	0.3632	1.4528	-	1.4528	1.7450
Group 2	1.0755	0.2151	0.8604	0.5924	1.4528	1.7450
<b>Class B</b>						
<b>Income shares</b>						
Group 1	1.2193	0.2439	0.9754	-	0.9754	1.2088
Group 2	0.7957	0.1591	0.6366	0.3388	0.9754	1.2088
<b>Accumulation shares</b>						
Group 1	1.4236	0.2847	1.1389	-	1.1389	1.3489
Group 2	0.9315	0.1863	0.7452	0.3937	1.1389	1.3489

Equalisation applies only to shares purchased since 1 February 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Corporate Bond Fund

#### Distribution on 31 March 2011 for the period ended 31 January 2011

Group 1: Shares purchased prior to 1 November 2010  
Group 2: Shares purchased on or after 1 November 2010

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	1.1666	0.2333	0.9333	-	0.9333	1.2759
Group 2	0.5236	0.1047	0.4189	0.5144	0.9333	1.2759
<b>Accumulation shares</b>						
Group 1	1.8541	0.3708	1.4833	-	1.4833	1.9368
Group 2	0.8205	0.1641	0.6564	0.8269	1.4833	1.9368
<b>Class B</b>						
<b>Income shares</b>						
Group 1	1.2144	0.2429	0.9715	-	0.9715	1.3490
Group 2	0.7059	0.1412	0.5647	0.4068	0.9715	1.3490
<b>Accumulation shares</b>						
Group 1	1.4071	0.2814	1.1257	-	1.1257	1.4841
Group 2	0.4112	0.0822	0.3290	0.7967	1.1257	1.4841

Equalisation applies only to shares purchased since 1 November 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 31 December 2010 for the period ended 31 October 2010

Group 1: Shares purchased prior to 1 August 2010  
Group 2: Shares purchased on or after 1 August 2010

	Gross Income 2010 pence per share	Income Tax 2010 pence per share	Net Income 2010 pence per share	Equalisation 2010 pence per share	Distribution Payable 2010 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	1.4165	0.2833	1.1332	-	1.1332	1.1895
Group 2	0.9492	0.1898	0.7594	0.3738	1.1332	1.1895
<b>Accumulation shares</b>						
Group 1	2.2019	0.4404	1.7615	-	1.7615	1.7806
Group 2	1.1892	0.2378	0.9514	0.8101	1.7615	1.7806
<b>Class B</b>						
<b>Income shares</b>						
Group 1	1.5034	0.3007	1.2027	-	1.2027	1.2642
Group 2	0.8743	0.1749	0.6994	0.5033	1.2027	1.2642
<b>Accumulation shares</b>						
Group 1	1.7174	0.3435	1.3739	-	1.3739	1.3598
Group 2	0.7555	0.1511	0.6044	0.7695	1.3739	1.3598

Equalisation applies only to shares purchased since 1 August 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Investment Adviser's Report For the year ended 31 July 2011

##### Performance record\*

	1 year to 31 Jul 2011	1 year to 31 Jul 2010	1 year to 31 Jul 2009	1 year to 31 Jul 2008	1 year to 31 Jul 2007	1 year to 31 Jul 2006
Dynamic Bond Fund	-1.6%	22.0%	-9.7%	-10.7%	3.4%	4.5%
Sector	5.9%	16.3%	-1.6%	-4.1%	2.4%	3.3%
Quartile	4	2	4	4	2	2
*Accumulation shares						
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

The Fund aims to maximise total returns by investing primarily in a diversified portfolio of fixed, variable and zero rate bond investments, including convertible securities. There are no specific restrictions as to the economic sectors or geographic areas that the Fund may invest in.

Subject to the regulations, the property of the fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

More than 35% in value of the property of the fund may consist of Government and other public securities issued by one issuer in accordance with the investment management and borrowing powers of the Company.

The Fund will be permitted to use derivatives for investment purposes; the net asset value of this Fund may therefore, at times, be highly volatile and the risk profile of this Fund may change.

The Fund has no formal policy of hedging the exposure to currency risk but from time to time does take forward currency exchanges (FX) in relation to overseas denominated investments. Generally during the period, the forward FX was used for the currency exposure of US dollars.

The fund is an actively managed bond fund with a highly flexible asset allocation mandate which is designed to maximise returns in all market conditions.

The Fund has a strong focus on both asset allocation and stock selection, underpinned by comprehensive credit analysis. It invests across a range of fixed income securities, emphasising those areas that are expected to produce superior returns at any given stage in the cycle.

**Review** The period was eventful and at times volatile for financial markets. Expectations of a second large-scale US Treasury buying programme (quantitative easing, dubbed 'QE2') helped to drive US government bond prices to record highs through the third quarter of 2010, with UK and most European sovereign bonds following suit. Additional support for these 'safe-haven' assets ensued when Portugal, Ireland and local Spanish savings banks required external assistance to maintain solvency (following Greece earlier in the year). Spurred by emerging market demand, record US government stimulus and corporations repairing their balance sheets, risk appetite increased globally. In response, capital flows increased towards corporate bonds, commodities and equity markets. In contrast, performance drivers in 2011 were largely non-financial events. Australian floods impacted global commodity and energy supplies, Middle-East uprisings created political uncertainty, affecting the oil price, and Japan's tsunami disrupted global supply chains.

The fund had a negative return in the period, significantly below the sector average. Corporate bonds (both investment-grade and high yield) delivered a positive contribution, additionally benefiting from a small allocation to non-sterling currency exposure. Telecoms, notably cable companies, performed especially well and the fund continued to add to holdings in the sector. Holdings in the basic resource sector were firm, driven by the rally in commodity prices. Select financial names also offered value. The retail sector marginally underperformed. However the fund remained cautious on consumer-cyclical holdings, restricting investment to businesses with long-term endurance.

The underperformance was due to the fund's duration, that is, its strategy in respect to interest rates, or yields, which move inversely to prices. Through 2010 the fund was 'long duration' benefiting from falling yields. In 2011, positioning changed to 'short duration' anticipating rising yields in an environment of rising inflation and improving economic growth prospects. However, while inflation persisted, growth turned out lower than expected, while the natural disasters and political unrest mentioned above led investors to seek the safety of government bonds. The result was that yields moved in the opposite direction to what we had anticipated. In July 2011 the fund closed all negative duration positions in light of eurozone and US political induced risks, further adding credit default swap protection to dampen volatility.

##### Outlook

The political deadlock that held up the debt-ceiling negotiation and the subsequent downgrade by Standard & Poor's has led the US to cut public spending. This is likely to impede US – and therefore global – economic recovery at a time when data is already muted. In Europe, comprehensive solutions to the sovereign debt crisis remain elusive. Although China continues to grow, and at a reasonable rate, it is also maintaining relatively tight interest rates. In this environment, we expect to maintain the fund's defensive positioning. Corporate credit offers pockets of opportunity at the right levels – our investment ethos essentially remains to invest in businesses with the strength to survive across the entire economic cycle. Duration in the fund is neutral-to-long, achieved through allocation to core-government bonds (US, Germany, UK). Corporate bond positions are hedged and there is a small allocation to safe-haven currencies.

##### Risk Warning

Please remember that past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up. You may not get back the amount you invest. The Fund may not be suitable for everyone and if in doubt you should seek advice from your financial adviser.

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

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#### Investment Adviser's Report For the year ended 31 July 2011(continued)

Bond funds are affected by changes (real or anticipated) in the rate of inflation or interest rates, which may cause returns on bonds to be more or less attractive. Investment in corporate bonds brings an increased risk of default and may affect the capital value of the Fund.

The yield may fluctuate significantly during times of extreme market volatility.

On occasion, we may not be able to sell the underlying assets in a Fund as quickly as we would like, or at a reasonable price. This liquidity risk could affect the performance of the Fund.

*Note:*

*External sources of underlying economic data used by Old Mutual Asset Managers (UK) Limited include MSCI, Datastream and FactSet.*

*Market performance data is sourced from Morningstar / Factset. Each quoted index or stock return is based on the price movement between the market close on 31 July 2006 and the close on 31 July 2011. Returns quoted are sterling or local currency returns as specified.*

20 August 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Net Asset Value per Share and Comparative Tables

The fund was launched on 15 September 2004. Income and accumulation units were first issued on that date at 50p per unit. On 19 September 2007, the fund was converted to a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series I.

##### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 July 2009 Class A Inc	9,741,929	33.77	28,847,175
31 July 2009 Class A Acc	20,043,033	44.53	45,012,924
31 July 2010 Class A Inc	12,009,590	39.55	30,367,989
31 July 2010 Class A Acc	17,325,182	54.82	31,602,318
31 July 2011 Class A Inc	26,811,353	37.64	71,234,128
31 July 2011 Class A Acc	9,507,758	53.98	17,614,330

##### Capital price range

The table below shows the highest buying and lowest selling prices of shares over the last five years.

Calendar year	Income shares		Accumulation shares	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)
2006 Class A	53.48	49.16	58.67	53.09
2007 Class A	53.63	48.87	59.44	55.34
2008 Class A	44.52	25.48	53.32	31.60
2009 Class A	39.75	24.44	53.32	29.82
2010 Class A	42.66	37.41	59.51	50.44
2011* Class A	41.70	37.43	59.26	53.58

\* To 31 July

##### Net income distribution

The table below shows the net income distribution in pence per share paid over the last five years.

Calendar year	Income shares (pence)	Per £1,000 invested 03/01/2006 (£)	Accumulation shares (pence)	Per £1,000 invested 03/01/2006 (£)
2006 Class A	2.3696	45.22	2.5439	46.03
2007 Class A	2.3699	45.23	2.6555	48.05
2008 Class A	3.5971	68.65	4.1886	75.78
2009 Class A	2.1238	40.53	2.8231	51.08
2010 Class A	1.7654	20.83	2.4368	27.13
2011* Class A	0.5512	10.52	0.7740	14.00

\* To 31 August



## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the Fund is explained on page 96.

#### Total Expense Ratio (TER)

	As at 31 July 2011	As at 31 July 2010
Share Class A	<u>1.45</u>	<u>1.44</u>

The TER takes into account the ACD fee and all other operating expenses over the relevant financial period.

# Old Mutual Investment Funds Series I

## Old Mutual Dynamic Bond Fund

### Portfolio Statement As at 31 July 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Bonds (31 July 2010 86.60%)</b>			
<b>Euros (31 July 2010 42.34%)</b>			
Alba Group 8% 15 May 2018	400,000	355	0.98
Allianz (FRN) 5.5% PERP	210,000	180	0.50
Ardagh Packaging Finance 9.25% 15 October 2020	250,000	220	0.61
Boats Investment 11% 31 March 2017	300,000	363	1.00
Boparan Holdings 9.75% 30 April 2018	200,000	163	0.45
BPCE (FRN) 12.5% PERP	200,000	200	0.55
Convatec Healthcare 10.875% 15 December 2018	250,000	223	0.61
Cyfrowy Polsat Finance 7.125% 20 May 2018	600,000	528	1.45
Deutsche Boerse (FRN) 7.5% 13 June 2038	750,000	689	1.90
Dong Energy 7.75% 1 June 2050	400,000	375	1.03
EC Finance 9.75% 1 August 2017	600,000	548	1.51
Edcon Holdings 0.00% 15 June 2014	350,000	261	0.72
Fortis Bank (FRN) 6.5% PERP	200,000	171	0.47
General Electric Capital 5.5% 15 September 2067	500,000	404	1.11
Greif Luxembourg Finance 7.375% 15 July 2021	100,000	88	0.24
Heckler & Koch 9.5% 15 May 2018	200,000	163	0.45
Heidelberg Cement 8.5% 31 October 2019	400,000	387	1.06
Jarden Corporation 7.5% 15 January 2020	800,000	698	1.92
Kabel Deutschland 6.5% 29 June 2018	247,000	221	0.61
Kion Finance 7.875% 15 April 2018	450,000	380	1.05
Kuka 8.75% 15 November 2017	400,000	376	1.04
Lehman Brothers (Default) 0.00% 14 March 2019	2,650,000	-	-
Linde Finance 7.375% 14 July 2066	600,000	580	1.60
Nalco 6.875% 15 January 2019	200,000	193	0.53
Nationwide Building Society 6.75% 22 July 2020	200,000	169	0.46
OI European 6.75% 15 September 2020	800,000	695	1.91
R&R Ice Cream 8.375% 15 November 2017	300,000	256	0.70
Rexel 7% 17 December 2018	450,000	399	1.10
RWE 4.625% PERP	400,000	337	0.93
Smurfit Kappa Acquisitions 7.75% 15 November 2019	600,000	538	1.48
South Africa 5.25% 16 May 2013	1,100,000	1,002	2.76
Styrolution Group 7.625% 15 May 2016	200,000	171	0.47
Tennet Holdings 6.655% PERP	500,000	458	1.26
Tim Hellas (Default) 0.00% 15 July 2015	1,158,397	-	-
TVN Finance Corp 7.875% 15 November 2018	550,000	496	1.37
Unitymedia GMBH 9.625% 1 December 2019	550,000	519	1.43
UPC Holding 8.375% 15 August 2020	600,000	531	1.46
Vodafone Group 6.25% 15 January 2016	250,000	250	0.69
Wind Acquisition Finance 12.25% 15 July 2017	602,325	586	1.61
	<b>14,173</b>		<b>39.02</b>
<b>Sterling (31 July 2010 35.33%)</b>			
Abbey National Treasury Services 5.125% 14 April 2021	250,000	263	0.72
America Movil SAB 5.75% 28 June 2030	200,000	210	0.58
Anglian Water 7% 31 January 2018	350,000	344	0.95
Anglo American Capital 6.875% 1 May 2018	500,000	578	1.59
Ashpol 0.00% 31 December 2025	700,000	280	0.77
AT&T 5.875% 28 April 2017	250,000	282	0.78
Aviva (FRN) 6.625% 3 June 2041	100,000	99	0.27
Bakkavor Finance 8.25% 15 February 2018	100,000	83	0.23
Bank of Scotland 7.286% PERP	200,000	174	0.48
Barclays Bank 14% PERP	100,000	122	0.34
Barclays Bank 10% 21 May 2021	130,000	156	0.43
BG Energy Capital 5.125% 1 December 2025	200,000	208	0.57
BP Capital Markets 4.325% 10 December 2018	175,000	182	0.50
CGIS Group 9.625% 31 December 2019	200,000	207	0.57
CNP Assurances (FRN) 7.375% 30 September 2041	200,000	204	0.56
Co-operative Group 5.625% 8 July 2020	235,000	242	0.67
DFS Furniture Holding 9.75% 15 July 2017	350,000	343	0.94

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Portfolio Statement

As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Sterling (31 July 2010 35.33%) - (continued)</b>			
European Investment Bank 3.375% 8 September 2014	550,000	580	1.60
Experian Finance 4.75% 23 November 2018	275,000	289	0.80
First Hydro Finance 9% 31 July 2021	200,000	239	0.66
Firstgroup 6.875% 18 September 2024	300,000	330	0.91
Friends Life Group 12% 21 May 2021	140,000	180	0.50
Gatwick Funding 6.125% 2 March 2026	400,000	417	1.15
Group 4 Security 7.75% 13 May 2019	300,000	355	0.98
HBOS Sterling Finance (FRN) 7.881% PERP	100,000	82	0.23
House of Fraser 8.875% 15 August 2018	400,000	390	1.07
HSBC Holdings 6.375% 18 October 2022	300,000	323	0.89
ING Bank 6.875% 29 May 2023	125,000	132	0.36
ING Groep 5.14% PERP	350,000	288	0.79
Jaguar Land Rover 8.125% 15 May 2018	600,000	592	1.63
Koninklijke KPN 5.75% 17 September 2029	250,000	258	0.71
Kreditanstalt Fur Wie 3% 9 September 2013	800,000	830	2.29
Lafarge 8.75% 30 May 2017	250,000	298	0.82
Legal & General Group (FRN) 10% 23 July 2041	150,000	192	0.53
Lloyds Banking Group Capital 1 7.869% 25 August 2020	120,000	109	0.30
National Westminster Bank 6.5% 7 September 2021	50,000	47	0.13
Odeon & UCI Finco 9% 1 August 2018	400,000	389	1.07
Phones4u Finance 9.5% 1 April 2018	500,000	445	1.23
Pinton Estates 11.25% 3 March 2012	533,000	394	1.09
RSA Insurance Group 9.375% 20 May 2039	150,000	181	0.50
Scottish & Southern Energy 5.453% PERP	500,000	495	1.36
Scottish Widows 5.125% PERP	223,000	186	0.51
SLM Student Loan Trust 5.15% 17 September 2015	300,000	288	0.79
Standard Chartered 7.75% 3 April 2018	150,000	176	0.48
Standard Chartered 5.375% PERP	300,000	270	0.74
TDC 5.625% 23 February 2023	150,000	161	0.44
The Society of Lloyds (FRN) 6.875% 17 November 2025	175,000	186	0.51
Western Power Distribution 5.25% 17 January 2023	200,000	207	0.57
Wolsey Residential (Default) 0.00% 31 December 2012	1,000,000	-	-
Yorkshire Water Services Finance 6% 24 April 2025	300,000	324	0.89
Zurich Financial UK 6.625% PERP	180,000	175	0.48
		<b>13,785</b>	<b>37.96</b>
<b>United States Dollar (31 July 2010 8.93%)</b>			
Avis Budget Car Rental 8.25% 15 January 2019	550,000	347	0.95
Credit Suisse Group Guernsey (FRN) 7.875% 24 February 2041	280,000	175	0.48
HYVA Global 8.625% 24 March 2016	900,000	564	1.55
Inmarsat Finance 7.375% 1 December 2017	500,000	326	0.90
Rabobank Nederland 11% PERP	230,000	180	0.50
		<b>1,592</b>	<b>4.38</b>
<b>Swiss Franc (31 July 2010 0.00%)</b>			
Aguila 3 7.875% 31 January 2018	743,000	<b>582</b>	<b>1.60</b>
<b>Forward Currency Contracts (31 July 2010 1.78%)</b>			
Bought AUD Sold GBP		29	0.08
Bought CAD Sold GBP		16	0.04
Bought EUR Sold GBP		(46)	(0.13)
Bought GBP Sold AUD		(30)	(0.08)
Bought GBP Sold CAD		(19)	(0.05)
Bought GBP Sold CHF		(28)	(0.08)
Bought GBP Sold EUR		(54)	(0.15)
Bought GBP Sold USD		35	0.10
Bought USD Sold EUR		6	0.02
Bought USD Sold GBP		(20)	(0.06)
		<b>(111)</b>	<b>(0.31)</b>

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

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#### Portfolio Statement As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Non-equity Investment Instruments (31 July 2010 0.00%)</b>			
Insight Liquidity Fund	1,578,642	<b>1,579</b>	<b>4.35</b>
<b>Futures (31 July 2010 0.00%)</b>			
Euro Bund 08 September 2011	11	-	-
Long Gilt Sterling 28 September 2011	10	16	0.05
Treasury Bonds USA 21 September 2011	47	4	0.01
		<b>20</b>	<b>0.06</b>
<b>Credit Default Swaps (31 July 2010 0.00%)</b>			
EUR 1,100,000 20 June 2016	1,100,000	(27)	(0.07)
EUR 1,900,000 20 June 2016	1,900,000	(46)	(0.13)
EUR 150,000 20 September 2021	150,000	19	0.05
		<b>(54)</b>	<b>(0.15)</b>
<b>Other (31 July 2010 0.07%)</b>			
<b>Portfolio of Investments</b>		<b>31,566</b>	<b>86.91</b>
<b>Net Current Assets</b> <b>(31 July 2010 11.55%)</b>		<b>4,753</b>	<b>13.09</b>
<b>Net Assets</b>		<b>36,319</b>	<b>100.00</b>

The above investments have been classified according to the currency denomination of the investment rather than according to the country of origin of the issuer, in line with bond market practice.

Unless otherwise stated, all investments are listed or traded on an eligible exchange.

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Statement of Total Return For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
Income	Note	£000	£000	£000	£000
Net capital (losses)/gains	2		(1,936)		5,046
Revenue	3	1,754		2,601	
Expenses	4	(468)		(463)	
Finance costs: Interest	6	(28)		-	
Net revenue before taxation		1,258		2,138	
Taxation	5	-		-	
Net revenue after taxation			1,258		2,138
<b>Total return before distributions</b>			(678)		7,184
Finance costs: Distributions	6		(1,258)		(2,138)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,936)</b>		<b>5,046</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the year ended 31 July 2011

	1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		29,335		29,785
Amounts receivable on issue of shares	29,576		26,811	
Amounts payable on cancellation of shares	(21,046)		(33,371)	
		8,530		(6,560)
SDRT (see page 96)		(1)		(1)
Change in net assets attributable to shareholders from investment activities		(1,936)		5,046
Retained distribution on accumulation shares		391		1,065
<b>Closing net assets attributable to shareholders</b>		<b>36,319</b>		<b>29,335</b>

#### Balance Sheet As at 31 July 2011

		As at 31 July 2011	As at 31 July 2010
	Note	£000	£000
<b>Assets</b>			
Investment assets		31,566	25,948
Debtors	7	737	636
Cash and bank balances		4,316	2,963
Total other assets		5,053	3,599
Total assets		36,619	29,547
<b>Liabilities</b>			
Creditors	8	253	161
Distribution payable on income shares		47	51
Total other liabilities		300	212
Total liabilities		300	212
<b>Net assets attributable to shareholders</b>		<b>36,319</b>	<b>29,335</b>

The notes on pages 30 to 35 form an integral part of these financial statements.

# Old Mutual Investment Funds Series I

## Old Mutual Dynamic Bond Fund

### Notes to the Financial Statements

#### 1. Accounting Policies

The accounting policies are set out in note 1 to the aggregated financial statements on page 91.

#### 2. Net Capital Gains/(Losses)

The net capital gains/(losses) during the year comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Non-derivative securities	503	5,365
Derivative contracts	(1,900)	(11)
Forward currency contracts	(523)	(369)
Currency (losses)/gains	(6)	68
Sundry income	4	-
Transaction costs and handling charges	(14)	(7)
<b>Net capital (losses)/gains</b>	<b>(1,936)</b>	<b>5,046</b>

#### 3. Revenue

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Interest on debt securities	1,779	2,213
EIR adjustment	(55)	385
Bank interest*	4	1
Securitized interest	26	2
	<b>1,754</b>	<b>2,601</b>

\*Bank interest is earned on deposits held with an associate of the Depositary.

#### 4. Expenses

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	413	408
Administration fees	33	33
	<b>446</b>	<b>441</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	8	8
Safe custody fees	4	5
	<b>12</b>	<b>13</b>
Other expenses:		
Audit fees	10	9
	<b>10</b>	<b>9</b>
<b>Total expenses</b>	<b>468</b>	<b>463</b>

#### 5. Taxation

No corporation tax charge arises in 2011 as a result of the Fund opting to distribute the net revenue as an interest distribution.

# Old Mutual Investment Funds Series I

## Old Mutual Dynamic Bond Fund

### Notes to the Financial Statements (continued)

#### 6. Finance Costs

##### Distributions

Revenue will normally be distributed monthly on the last day of each month. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Net revenue after taxation	<u>1,258</u> <b>1,258</b>	<u>2,138</u> <b>2,138</b>
1st interim interest distribution	50	76
2nd interim interest distribution	57	89
3rd interim interest distribution	50	51
4th interim interest distribution	61	72
5th interim interest distribution	88	73
6th interim interest distribution	62	82
7th interim interest distribution	12	69
8th interim interest distribution	77	75
9th interim interest distribution	80	47
10th interim interest distribution	56	52
11th interim interest distribution	119	39
Final interest distribution	60	64
1st interim interest accumulation	72	166
2nd interim interest accumulation	75	141
3rd interim interest accumulation	66	109
4th interim interest accumulation	43	131
5th interim interest accumulation	58	126
6th interim interest accumulation	29	139
7th interim interest accumulation	2	114
8th interim interest accumulation	30	117
9th interim interest accumulation	29	70
10th interim interest accumulation	22	75
11th interim interest accumulation	42	54
Final interest accumulation	<u>22</u>	<u>92</u>
	1,262	2,123
Add: Revenue paid on shares cancelled	38	81
Deduct: Revenue received on shares created	<u>(42)</u>	<u>(66)</u>
Net distribution for the year	<u>1,258</u>	<u>2,138</u>
Interest	<u>28</u>	<u>-</u>
<b>Total finance costs: Distributions</b>	<b><u>1,286</u></b>	<b><u>2,138</u></b>

#### 7. Debtors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts receivable from the ACD for creation of shares	80	127
Accrued income	653	507
Prepayment of expenses	<u>4</u>	<u>2</u>
	<b><u>737</u></b>	<b><u>636</u></b>

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

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#### Notes to the Financial Statements (continued)

##### 8. Creditors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts payable to the ACD for cancellation of shares	31	99
Purchases awaiting settlement	139	-
Accrued expenses	37	12
UK Income tax payable	46	50
	<u>253</u>	<u>161</u>

##### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, The Royal Bank of Scotland PLC, are regarded as the controlling parties of the fund by virtue of acting together in respect of the operations of the Fund and are considered related parties of the fund. Transactions between the ACD and the Fund are included in the Statement of Change in Shareholders' Net Assets and disclosed in notes 4, 7 and 8. Transactions with the Depositary and its associates are disclosed in notes 4 and 8.

##### 10. Contingent Liabilities and Commitments

The Dynamic Bond Fund had contingent liabilities of £73,000 as at the balance sheet date (31 July 2010: Nil).

##### 11. Financial Instruments and Associated Risks

The main risk arising from the Fund's financial instruments is market price. Market risk arises mainly from uncertainty about future of the financial instruments held.

There is no material difference between the value of the financial assets and liabilities as shown in the balance sheet and their value.

Although the Fund's performance is measured in sterling, a large proportion of the Fund's assets are denominated in other currencies and, as a result, the income and capital value of the Fund may be significantly affected by currency movements. The Fund is permitted to hedge against price and currency fluctuations and, where there are foreign currency risks, these are disclosed as appropriate. The currencies in which investments are denominated and detailed are in the Portfolio Statement on pages 26 to 28.

The Fund has no formal policy of hedging the exposure to currency risk but from time to time does take forward currency exchanges (FX) in relation to overseas denominated investments. Generally during the period, forward FX was used to manage the currency exposure of US dollars.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Fund are discussed below.

###### Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors, and includes currency risk, interest rate risk and other price risk.

The Fund's strategy for the management of investment risk is driven by its objectives as stated on page 22.

Details of the nature of the Fund's investment portfolio at the balance sheet date are disclosed in the Portfolio Statement on pages 26 to 28.

###### Currency risk

Currency risk is the risk that revenue and capital of the Fund will be adversely affected by movements in currency exchange rates. As the Fund invests in foreign currency denominated assets, it is exposed to currency risk. This risk is managed through the use of limits which restrict the total amount that can be invested in foreign currency denominated assets.



# Old Mutual Investment Funds Series I

## Old Mutual Dynamic Bond Fund

### Notes to the Financial Statements (continued)

#### 11. Financial Instruments and Associated Risks (continued)

Currency exposure:

The Fund's foreign currency asset exposure as at 31 July 2011 was as follows:

	Investments £000	Net Current Assets £000	Total £000
Euro	14,173	2,994	17,167
Swiss Franc	582	1	583
United States Dollar	1,597	602	2,199
	<b>16,352</b>	<b>3,597</b>	<b>19,949</b>

The Fund's foreign currency asset exposure as at 31 July 2010 was as follows:

	Investments £000	Net Current Liabilities £000	Total £000
Australian Dollar	6	-	6
Euro	12,374	869	13,243
United States Dollar	2,529	1,932	4,461
	<b>14,909</b>	<b>2,801</b>	<b>17,710</b>

#### Interest rate risk

Interest rate risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in interest rates. Interest rate risk arises in the Fund through a number of activities:

- Holdings in fixed income securities; and
- Positions in interest rate derivatives.

Interest rate risk is managed through the limit framework and investment guidelines with which the Fund must comply. These include restrictions on position size, and the level of interest rate risk. In addition, interest rate derivatives have been used to manage interest rate risk within the Fund.

The fund has used futures contracts during the year with the aim of managing the duration of the fund.

The interest rate risk profile of the company's financial assets at 31 July 2011 was:

	Floating Rate Financial Assets £000	Fixed Rate Financial Assets £000	Financial Assets Not Carrying Interest £000	Total £000
Euro	978	16,044	-	17,022
Sterling	495	14,745	1,579	16,819
Swiss Franc	-	583	-	583
United States Dollar	355	1,839	-	2,194
	<b>1,828</b>	<b>33,211</b>	<b>1,579</b>	<b>36,618</b>

The interest rate risk profile of the company's financial liabilities at 31 July 2011 was:

	Floating Rate Financial Liabilities £000	Fixed Rate Financial Liabilities £000	Financial Liabilities Not Carrying Interest £000	Total £000
Sterling	-	-	(299)	(299)
	<b>-</b>	<b>-</b>	<b>(299)</b>	<b>(299)</b>

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Notes to the Financial Statements (continued)

##### 11. Financial Instruments and Associated Risks (continued)

The interest rate risk profile of the company's financial assets at 31 July 2010 was:

	<b>Floating Rate Financial Assets £000</b>	<b>Fixed Rate Financial Assets £000</b>	<b>Financial Assets Not Carrying Interest £000</b>	<b>Total £000</b>
Australian Dollar	-	-	6	6
Euro	11,159	1,579	-	12,738
New Zealand Dollar	-	-	-	-
Sterling	10,222	1,492	674	12,388
United States Dollar	2,621	1,932	-	4,553
	<b>24,002</b>	<b>5,003</b>	<b>680</b>	<b>29,685</b>

The interest rate risk profile of the company's financial liabilities at 31 July 2010 was:

	<b>Floating Rate Financial Liabilities £000</b>	<b>Fixed Rate Financial Liabilities £000</b>	<b>Financial Liabilities Not Carrying Interest £000</b>	<b>Total £000</b>
Euro	-	-	(46)	(46)
Sterling	-	-	(212)	(212)
United States Dollar	-	-	(92)	(92)
	<b>-</b>	<b>-</b>	<b>(350)</b>	<b>(350)</b>

The Fund has no financial liabilities other than short-term creditors and short-term bank overdrafts arising from timing difference in the transactions of the Fund. Interest payable on bank overdrafts is at floating rates linked to the Bank of England Base Rate. Interest receivable on cash is at floating rates linked to LIBOR.

<b>31 July 2011</b>	<b>Weighted average interest rate</b>	<b>Weighted average period for which rate is fixed No. of years</b>
	<b>%</b>	
CHF	7.88	6.52
Euro	7.74	13.05
Sterling	6.76	8.69
United States Dollar	8.19	5.89

<b>31 July 2010</b>	<b>Weighted average interest rate</b>	<b>Weighted average period for which rate is fixed No. of years</b>
	<b>%</b>	
Euro	7.54	12.42
Sterling	6.58	15.73
United States Dollar	8.24	6.94

##### Other price risk

Other price risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in other market prices, including the price of financial instruments. Other price risk arises in the Fund through its investments which will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or other factors affecting all instruments traded in the market.

The objective of the Fund is to maintain a diversified portfolio by investing in different sectors and limiting its exposure to a particular sector in relation to the whole portfolio. The Fund Manager actively reviews the portfolio on an ongoing basis to ensure it is consistent with the Fund's objectives and re-balance as required to achieve this.

##### Credit risk

Credit risk is the risk that the revenue and capital of the Fund will be adversely affected by the inability of counterparties to meet their contractual payment obligations. Credit risk arises in the Fund through the potential for counterparties to financial market transactions to fail to discharge an obligation or commitment they have entered into with the Fund.

# Old Mutual Investment Funds Series I

## Old Mutual Dynamic Bond Fund

### Notes to the Financial Statements (continued)

#### 11. Financial Instruments and Associated Risks (continued)

This risk is managed through the use of an approved counterparty policy, which requires all approved counterparties to meet a number of criteria, including a minimum credit rating and counterparty limits.

In addition, the Fund is exposed to issuer credit risk, through its investment in fixed income securities. The object of the Fund is to manage the risk by regularly reviewing the credit rating of all counterparties to which it is exposed.

The fund has entered into credit derivative contracts during the year with the aim of managing the credit exposure of the fund.

#### Bond Portfolio Rating As at 31 July 11

	Fair value £000	Percentage of total net assets
AAA	1,961	5.40%
A+	907	2.50%
A	854	2.35%
A-	1,366	3.76%
BBB+	3,447	9.49%
BBB	2,909	8.01%
BBB-	988	2.72%
BB+	961	2.65%
BB	2,459	6.77%
BB-	1,450	3.99%
B+	1,815	5.00%
B	3,874	10.67%
B-	2,604	7.17%
CCC+	163	0.45%
Not Rated	4,374	12.04%
Non-Interest Bearing Securities	1,434	3.95%
Net Current Assets	4,753	13.09%
<b>Net Assets</b>	<b>36,319</b>	<b>100.00%</b>

#### Liquidity risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. Liquidity risk arises in the Fund through the potential redemption of any shares that investors wish to sell.

The objective of the Fund is to monitor the redemption rate and manage its liquidity accordingly. The Fund's assets comprise mainly of readily realisable securities, which can be sold to meet liquidity requirements. The Fund's prospectus provides for daily creation and cancellation of shares and is therefore exposed to the liquidity risk of meeting shareholder redemptions at anytime.

This risk is managed through a combination of active management of cash balances within defined limits and investment in liquid securities.

#### 12. Portfolio Transaction Costs

There are no broker transactions costs for this fund.

#### 13. Sensitivity Analysis

The Fund uses forward foreign exchange contracts to hedge against currency fluctuations. At any point during the year, there will be hedging contracts in place to cover the currency risk of the overseas bond element of the portfolio. The effect of these contracts will be to reduce the exposure of the Fund to foreign exchange rate movements. Further details as to the value of the contracts can be seen in the currency exposure section of note 11. As the Fund is not sophisticated, no detailed sensitivity analysis has been presented.

Options have been used during the year to protect profits made by the fund.

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Distribution on 31 August 2011 for the period ended 31 July 2011

Group 1: Shares purchased prior to 1 July 2011

Group 2: Shares purchased on or after 1 July 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.0833	0.0167	0.0666	-	0.0666	0.1695
Group 2	0.0406	0.0081	0.0325	0.0341	0.0666	0.1695
<b>Accumulation shares</b>						
Group 1	0.1221	0.0244	0.0977	-	0.0977	0.2340
Group 2	0.0923	0.0185	0.0738	0.0239	0.0977	0.2340

Equalisation applies only to shares purchased since 1 July 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 31 July 2011 for the period ended 30 June 2011

Group 1: Shares purchased prior to 1 June 2011

Group 2: Shares purchased on or after 1 June 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.1688	0.0338	0.1350	-	0.1350	0.1015
Group 2	0.0776	0.0155	0.0621	0.0729	0.1350	0.1015
<b>Accumulation shares</b>						
Group 1	0.2287	0.0457	0.1830	-	0.1830	0.1395
Group 2	0.1556	0.0311	0.1245	0.0585	0.1830	0.1395

Equalisation applies only to shares purchased since 1 June 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Distribution on 30 June 2011 for the period ended 31 May 2011

Group 1: Shares purchased prior to 1 May 2011

Group 2: Shares purchased on or after 1 May 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.0801	0.0160	0.0641	-	0.0641	0.1371
Group 2	0.0305	0.0061	0.0244	0.0397	0.0641	0.1371
<b>Accumulation shares</b>						
Group 1	0.1230	0.0246	0.0984	-	0.0984	0.1881
Group 2	0.0550	0.0110	0.0440	0.0544	0.0984	0.1881

Equalisation applies only to shares purchased since 1 May 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 31 May 2011 for the period ended 30 April 2011

Group 1: Shares purchased prior to 1 April 2011

Group 2: Shares purchased on or after 1 April 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.1157	0.0231	0.0926	-	0.0926	0.1210
Group 2	0.0711	0.0142	0.0569	0.0357	0.0926	0.1210
<b>Accumulation shares</b>						
Group 1	0.1612	0.0322	0.1290	-	0.1290	0.1654
Group 2	0.1014	0.0203	0.0811	0.0479	0.1290	0.1654

Equalisation applies only to shares purchased since 1 April 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Distribution on 30 April 2011 for the period ended 31 March 2011

Group 1: Shares purchased prior to 1 March 2011

Group 2: Shares purchased on or after 1 March 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.1109	0.0222	0.0887	-	0.0887	0.1874
Group 2	0.0620	0.0124	0.0496	0.0391	0.0887	0.1874
<b>Accumulation shares</b>						
Group 1	0.1606	0.0321	0.1285	-	0.1285	0.2551
Group 2	0.0324	0.0065	0.0259	0.1026	0.1285	0.2551

Equalisation applies only to shares purchased since 1 March 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 31 March 2011 for the period ended 28 February 2011

Group 1: Shares purchased prior to 1 February 2011

Group 2: Shares purchased on or after 1 February 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.0175	0.0035	0.0140	-	0.0140	0.1684
Group 2	0.0174	0.0035	0.0139	0.0001	0.0140	0.1684
<b>Accumulation shares</b>						
Group 1	0.0124	0.0025	0.0099	-	0.0099	0.2282
Group 2	0.0106	0.0021	0.0085	0.0014	0.0099	0.2282

Equalisation applies only to shares purchased since 1 February 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Distribution on 28 February 2011 for the period ended 31 January 2011

Group 1: Shares purchased prior to 1 January 2011

Group 2: Shares purchased on or after 1 January 2011

	Gross Income 2011 pence per share	Income Tax 2011 pence per share	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.1126	0.0225	0.0901	-	0.0901	0.1974
Group 2	0.0509	0.0102	0.0407	0.0494	0.0901	0.1974
<b>Accumulation shares</b>						
Group 1	0.1592	0.0318	0.1274	-	0.1274	0.2662
Group 2	0.1235	0.0247	0.0988	0.0286	0.1274	0.2662

Equalisation applies only to shares purchased since 1 January 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 31 January 2011 for the period ended 31 December 2010

Group 1: Shares purchased prior to 1 December 2010

Group 2: Shares purchased on or after 1 December 2010

	Gross Income 2010 pence per share	Income Tax 2010 pence per share	Net Income 2010 pence per share	Equalisation 2010 pence per share	Distribution Payable 2010 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.2035	0.0407	0.1628	-	0.1628	0.1743
Group 2	0.1697	0.0339	0.1358	0.0270	0.1628	0.1743
<b>Accumulation shares</b>						
Group 1	0.2863	0.0573	0.2290	-	0.2290	0.2339
Group 2	0.1897	0.0379	0.1518	0.0772	0.2290	0.2339

Equalisation applies only to shares purchased since 1 December 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Distribution on 31 December 2010 for the period ended 30 November 2010

Group 1: Shares purchased prior to 1 November 2010  
Group 2: Shares purchased on or after 1 November 2010

	Gross Income 2010 pence per share	Income Tax 2010 pence per share	Net Income 2010 pence per share	Equalisation 2010 pence per share	Distribution Payable 2010 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.1446	0.0289	0.1157	-	0.1157	0.1716
Group 2	0.0047	0.0009	0.0038	0.1119	0.1157	0.1716
<b>Accumulation shares</b>						
Group 1	0.2011	0.0402	0.1609	-	0.1609	0.2441
Group 2	0.1233	0.0247	0.0986	0.0623	0.1609	0.2441

Equalisation applies only to shares purchased since 1 November 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 30 November 2010 for the period ended 31 October 2010

Group 1: Shares purchased prior to 1 October 2010  
Group 2: Shares purchased on or after 1 October 2010

	Gross Income 2010 pence per share	Income Tax 2010 pence per share	Net Income 2010 pence per share	Equalisation 2010 pence per share	Distribution Payable 2010 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.1554	0.0311	0.1243	-	0.1243	0.1225
Group 2	0.0514	0.0103	0.0411	0.0832	0.1243	0.1225
<b>Accumulation shares</b>						
Group 1	0.2177	0.0435	0.1742	-	0.1742	0.1932
Group 2	0.0192	0.0038	0.0154	0.1588	0.1742	0.1932

Equalisation applies only to shares purchased since 1 October 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.



## Old Mutual Investment Funds Series I

### Old Mutual Dynamic Bond Fund

#### Distribution on 31 October 2010 for the period ended 30 September 2010

Group 1: Shares purchased prior to 1 September 2010

Group 2: Shares purchased on or after 1 September 2010

	Gross Income 2010 pence per share	Income Tax 2010 pence per share	Net Income 2010 pence per share	Equalisation 2010 pence per share	Distribution Payable 2010 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.1781	0.0356	0.1425	-	0.1425	0.2216
Group 2	0.0420	0.0084	0.0336	0.1089	0.1425	0.2216
<b>Accumulation shares</b>						
Group 1	0.2453	0.0491	0.1962	-	0.1962	0.2428
Group 2	0.1473	0.0295	0.1178	0.0784	0.1962	0.2428

Equalisation applies only to shares purchased since 1 September 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 30 September 2010 for the period ended 31 August 2010

Group 1: Shares purchased prior to 1 August 2010

Group 2: Shares purchased on or after 1 August 2010

	Gross Income 2010 pence per share	Income Tax 2010 pence per share	Net Income 2010 pence per share	Equalisation 2010 pence per share	Distribution Payable 2010 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>						
<b>Income shares</b>						
Group 1	0.1605	0.0321	0.1284	-	0.1284	0.2043
Group 2	0.0472	0.0094	0.0378	0.0906	0.1284	0.2043
<b>Accumulation shares</b>						
Group 1	0.2216	0.0443	0.1773	-	0.1773	0.2671
Group 2	0.1164	0.0233	0.0931	0.0842	0.1773	0.2671

Equalisation applies only to shares purchased since 1 August 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

#### Investment Adviser's Report

#### For the year ended 31 July 2011

##### Performance record\*

	1 year to 31 July 2011	1 year to 31 Jul 2010	1 year to 31 Jul 2009	1 year to 31 Jul 2008	1 year to 31 Jul 2007	1 year to 31 Jul 2006
Equity Income Fund	14.8%	18.5%	-12.1%	-15.6%	11.9%	15.9%
Sector	14.1%	18.5%	-10.3%	-17.5%	10.6%	15.6%
Quartile	2	2	3	2	2	2
Benchmark						
<i>FTSE All Share</i>	14.9%	19.4%	-10.5%	-13.1%	12.9%	17.3%
*Accumulation shares						
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To achieve an above average yield with growth in income and capital appreciation over the long term, through the active management of a diversified portfolio invested primarily in UK equities.

Subject to the regulations, the property of the fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

The Fund will be permitted to use derivatives for investment purposes; the net asset value of this Fund may therefore, at times, be highly volatile and the risk profile of this Fund may change.

The Fund consists of an actively managed portfolio of UK equities drawn from across the market cap spectrum.

The manager employs a total return approach, aiming to achieve growth in capital over the long term whilst also meeting the necessary income requirement, which is to ensure a minimum yield equivalent to 110% of the FTSE All Share Index.

Stock selection involves a combination of bottom-up and top-down analysis and each holding is classified as either core income or core growth.

##### Review

Equity markets were strong in the first half of the period as concern about a return to recession faded in the face of generally improving economic and corporate data. However as we entered the second half of the review period, in 2011, markets stalled as investors once again questioned the sustainability of the global recovery. This was due to a range of factors, including the financial crisis in the eurozone and concerns over fiscal deficits in several developed economies. We also witnessed a natural disaster in Japan which led to disruptions in the global supply chain and a spike in the oil price following political tensions in the Middle East.

The fund outperformed the peer group during the period but modestly trailed the benchmark. Leading contributors to positive performance came from our investments in cash and carry operator Booker Group, kitchen supplier Howden Joinery, engineering group IMI, oil service company Wood Group and auto parts business GKN. Detractors to performance included investments distributor Premier Farnell, high street retailer Next, fund manager Man Group and business service group Rentokil.

At a sector level the shape of the portfolio was not changed materially during the period. The portfolio continued to have a bias towards economically sensitive companies and generally we continued to favour those businesses that derived their earnings internationally. New investments that reflect this theme include engineering businesses IMI and Melrose and oil service company Amec. We also increased the portfolio's exposure to the property sector through the addition of British Land and Great Portland Estates. Other new investments included builder merchant Wolseley, mobile phone retailer Carphone Warehouse and technology business Telecity.

We reduced our exposure to those companies with oil as a principal input cost; investments in recently merged airline group International Airlines Group (formerly British Airways) and cruise line operator Carnival were sold. Our holdings in industrial conglomerate Smiths Group, Premier Farnell and Rentokil were also sold after disappointing trading updates. We also sold our investment in pay TV operator BSKyB following the strong appreciation in the shares as a result of the proposed bid from US media group News Corp.

Following a unitholder resolution and FSA approval, the fund merged with the OM Extra Income Fund on 25 February 2011. The fund manager, investment objectives and strategy have remained the same.

##### Outlook

In the weeks following the review period, equity markets suffered appreciable falls given further weak economic data and an acceleration of the financial crisis in the euro zone, suggesting that investors are increasingly concerned that another 'Lehman' event is imminent. Whilst we cannot rule out this scenario, our view is that we are currently witnessing a soft patch in the global economy and that policy makers will be forced into a longer term solution to the issues in the euro zone. In this scenario we do not believe the global economy will return to recession and our outlook for equity markets continues to be positive.

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

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#### Investment Adviser's Report For the year ended 31 July 2011(continued)

**Risk Warning**

Please remember that past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up. You may not get back the amount you invest. The Fund may not be suitable for everyone and if in doubt you should seek advice from your financial adviser.

*Note:*

*External sources of underlying economic data used by Old Mutual Asset Managers (UK) Limited include MSCI, Datastream and FactSet.*

*Market performance data is sourced from Morningstar / Factset. Each quoted index or stock return is based on the price movement between the market close on 31 July 2006 and the close on 31 July 2011. Returns quoted are sterling or local currency returns as specified.*

20 August 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

#### Net Asset Value Per Share and Comparative Tables

The fund was launched on 30 September 1975. Income units were first issued on that date at 50p per unit. Accumulation units were first issued on 25 March 1986. On 19 September 2007, the fund was converted to a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series I.

##### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 July 2009 Class A Inc	23,767,140	494.06	4,810,611
31 July 2009 Class A Acc	9,474,345	1,288.23	735,452
31 July 2010 Class A Inc	25,780,780	561.69	4,589,878
31 July 2010 Class A Acc	4,191,444	1,526.72	274,539
31 July 2011 Class A Inc	40,282,612	620.39	6,493,138
31 July 2011 Class A Acc	12,336,525	1,752.90	703,780

##### Capital price range

The table below shows the highest buying and lowest selling prices of shares over the last five years.

Calendar year	Income shares		Accumulation shares	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)
2006 Class A	805.24	641.81	1,835.53	1,434.40
2007 Class A	838.95	703.99	1,926.80	1,663.42
2008 Class A	656.00	427.01	1,605.47	1,044.69
2009 Class A	612.05	405.19	1,610.63	1,024.40
2010 Class A	681.09	510.35	1,864.91	1,372.64
2011* Class A	699.74	612.65	1,928.30	1,691.86

\* To 31 July

##### Net income distribution

The table below shows the net income distribution in pence per share paid over the last five years.

Calendar year	Income shares (pence)	Per £1,000 invested 03/01/2006 (£)	Accumulation shares (pence)	Per £1,000 invested 03/01/2006 (£)
2006 Class A	26.1496	37.38	58.2529	37.89
2007 Class A	27.5288	39.35	63.6162	41.38
2008 Class A	32.3989	46.31	78.8090	51.26
2009 Class A	25.5238	36.48	65.1846	42.40
2010 Class A	17.9040	25.59	47.3620	30.81
2011* Class A	20.1388	28.78	55.6926	36.22

\* To 30 September

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the Fund is explained on page 96.

#### Total Expense Ratio (TER)

	As at 31 July 2011	As at 31 July 2010
Share Class A	<u>1.72</u>	<u>1.74</u>

The TER takes into account the ACD fee and all other operating expenses over the relevant financial period.

# Old Mutual Investment Funds Series I

## Old Mutual Equity Income Fund

### Portfolio Statement As at 31 July 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Equities (31 July 2010 57.96%)</b>			
<b>Banks (31 July 2010 6.93%)</b>			
Barclays	404,171	892	1.69
Standard Chartered	74,293	1,156	2.20
		<b>2,048</b>	<b>3.89</b>
<b>Capital Markets (31 July 2010 0.00%)</b>			
Man Group	331,733	<b>745</b>	<b>1.42</b>
<b>Chemicals (31 July 2010 1.06%)</b>			
Victrex	42,771	<b>622</b>	<b>1.18</b>
<b>Commercial Banks (31 July 2010 0.00%)</b>			
HSBC Holdings	189,936	<b>1,138</b>	<b>2.16</b>
<b>Diversified Financial Services (31 July 2010 0.00%)</b>			
Citigroup	22	<b>1</b>	<b>-</b>
<b>Energy Equipment &amp; Services (31 July 2010 1.54%)</b>			
Petrofac	34,425	<b>485</b>	<b>0.92</b>
<b>Financial Services (31 July 2010 0.00%)</b>			
Paragon Group	509,809	995	1.89
Schroders	60,516	978	1.86
		<b>1,973</b>	<b>3.75</b>
<b>Fixed Line Telecommunications (31 July 2010 0.00%)</b>			
BT Group	594,391	<b>1,189</b>	<b>2.26</b>
<b>Food &amp; Drug Retailers (31 July 2010 0.00%)</b>			
Booker Group	1,618,862	<b>1,200</b>	<b>2.28</b>
<b>Food Products (31 July 2010 0.00%)</b>			
Devro	203,853	<b>520</b>	<b>0.99</b>
<b>Forestry &amp; Paper (31 July 2010 0.00%)</b>			
Mondi	128,948	<b>774</b>	<b>1.47</b>
<b>General Retailers (31 July 2010 5.28%)</b>			
Carphone Warehouse Group	248,761	1,032	1.96
Inchcape	196,890	788	1.50
		<b>1,820</b>	<b>3.46</b>
<b>Hotels (31 July 2010 0.00%)</b>			
Intercontinental Hotels	82,837	<b>1,005</b>	<b>1.91</b>
<b>Industrial Engineering (31 July 2010 0.00%)</b>			
IMI	118,903	1,246	2.37
Melrose	343,309	1,220	2.32
		<b>2,466</b>	<b>4.69</b>
<b>Industrial Metals and Mining (31 July 2010 0.00%)</b>			
Talvivaara Mining	62,091	<b>263</b>	<b>0.50</b>
<b>Insurance (31 July 2010 2.25%)</b>			
Aviva	259,336	<b>1,025</b>	<b>1.95</b>

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

#### Portfolio Statement As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Life Insurance (31 July 2010 0.00%)</b>			
Legal & General Group	1,729,121	1,923	3.65
Prudential	135,675	930	1.77
		<b>2,853</b>	<b>5.42</b>
<b>Media (31 July 2010 4.56%)</b>			
Aegis Group	470,218	730	1.39
ITV	771,810	546	1.04
Rightmove	63,520	780	1.48
WPP	108,687	754	1.43
		<b>2,810</b>	<b>5.34</b>
<b>Metals &amp; Mining (31 July 2010 0.00%)</b>			
Antofagasta	58,303	817	1.55
BHP Billiton	41,174	939	1.78
Rio Tinto	22,882	989	1.88
Xstrata	71,325	929	1.77
		<b>3,674</b>	<b>6.98</b>
<b>Mobile Telecommunications (31 July 2010 4.22%)</b>			
Vodafone Group	1,306,502	<b>2,254</b>	<b>4.28</b>
<b>Multi-Utilities (31 July 2010 0.00%)</b>			
National Grid	206,477	<b>1,234</b>	<b>2.34</b>
<b>Oil &amp; Gas Producers (31 July 2010 11.38%)</b>			
BG Group	85,361	1,238	2.35
BP	379,998	1,723	3.28
Royal Dutch Shell 'B'	91,526	2,057	3.91
Tullow Oil	71,867	890	1.69
		<b>5,908</b>	<b>11.23</b>
<b>Oil Equipment &amp; Services (31 July 2010 0.00%)</b>			
Amec	69,934	735	1.40
John Wood Group	101,494	680	1.29
		<b>1,415</b>	<b>2.69</b>
<b>Pharmaceuticals (31 July 2010 0.00%)</b>			
AstraZeneca	32,386	961	1.83
GlaxoSmithKline	148,204	2,037	3.87
		<b>2,998</b>	<b>5.70</b>
<b>Pharmaceuticals &amp; Biotechnology (31 July 2010 8.00%)</b>			
Shire	27,182	<b>579</b>	<b>1.10</b>
<b>Real Estate Investment Trusts (REITs) (31 July 2010 0.00%)</b>			
British Land	197,778	1,159	2.20
Great Portland Estates	158,332	660	1.26
		<b>1,819</b>	<b>3.46</b>
<b>Software &amp; Computer Services (31 July 2010 0.00%)</b>			
Aveva Group	60,683	1,039	1.98
Telecity Group	149,139	832	1.58
		<b>1,871</b>	<b>3.56</b>

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

#### Portfolio Statement As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Support Services (31 July 2010 6.50%)</b>			
Ashtead Group	310,992	502	0.95
Digital Barriers	139,080	243	0.46
Experian	130,203	1,037	1.97
Howden Joinery Group	1,104,510	1,269	2.41
Michael Page International	141,586	713	1.36
		<b>3,764</b>	<b>7.15</b>
<b>Tobacco (31 July 2010 1.52%)</b>			
British American Tobacco	40,296	<b>1,135</b>	<b>2.16</b>
<b>Trading Companies &amp; Distributors (31 July 2010 0.00%)</b>			
Wolseley	66,235	<b>1,205</b>	<b>2.29</b>
<b>Travel &amp; Leisure (31 July 2010 4.72%)</b>			
Restaurant Group	404,257	<b>1,177</b>	<b>2.24</b>
<b>Non-equity Investment Instruments (31 July 2010 0.75%)</b>			
Insight Liquidity Fund	767,025	<b>767</b>	<b>1.46</b>
<b>Other (31 July 2010 40.50%)</b>			
<b>Bonds (31 July 2010 0.00%)</b>			
<b>Fixed Interest Securities (31 July 2010 0.00%)</b>			
Pinton Estates 11.25% 3 March 2012	200,000	<b>148</b>	<b>0.28</b>
<b>Portfolio of Investments</b>		<b>52,885</b>	<b>100.51</b>
<b>Net Current Liabilities (31 July 2010 0.79%)</b>		<b>(266)</b>	<b>(0.51)</b>
<b>Net Assets</b>		<b>52,619</b>	<b>100.00</b>

All the above investments are denominated in sterling.

Unless otherwise stated, all investments are ordinary shares or stocks and are listed or traded on an eligible exchange.



## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

#### Statement of Total Return For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
Income	Note	£000	£000	£000	£000
Net capital gains	2		2,403		4,426
Revenue	3	1,865		1,459	
Expenses	4	(84)		(66)	
Net revenue before taxation		1,781		1,393	
Taxation	5	(4)		(1)	
Net revenue after taxation			1,777		1,392
<b>Total return before distributions</b>			4,180		5,818
Finance costs: Distributions	6		(1,777)		(1,392)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>2,403</b>		<b>4,426</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			29,972		33,241
Amounts receivable on issue of shares		27,262		8,462	
Amounts payable on cancellation of shares		(7,409)		(16,403)	
			19,853		(7,941)
SDRT (see page 96)			(8)		(4)
Change in net assets attributable to shareholders from investment activities			2,403		4,426
Unclaimed distribution			14		17
Retained distribution on accumulation shares			385		233
<b>Closing net assets attributable to shareholders</b>			<b>52,619</b>		<b>29,972</b>

#### Balance Sheet As at 31 July 2011

		As at 31 July 2011		As at 31 July 2010	
	Note	£000	£000	£000	£000
<b>Assets</b>					
Investment assets			52,885		29,734
Debtors	7	833		376	
Cash and bank balances		600		200	
Total other assets			1,433		576
Total assets			54,318		30,310
<b>Liabilities</b>					
Creditors	8	1,186		65	
Distribution payable on income shares		513		273	
Total other liabilities			1,699		338
Total liabilities			1,699		338
<b>Net assets attributable to shareholders</b>			<b>52,619</b>		<b>29,972</b>

The notes on pages 50 to 53 form an integral part of these financial statements.

# Old Mutual Investment Funds Series I

## Old Mutual Equity Income Fund

### Notes to the Financial Statements

#### 1. Accounting Policies

The accounting policies are set out in note 1 to the aggregated financial statements on page 91.

#### 2. Net Capital Gains

The net capital gains during the year comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Non-derivative securities	3,037	4,928
ACD fee capitalised	(627)	(489)
Transaction costs and handling charges	(7)	(13)
<b>Net capital gains</b>	<b>2,403</b>	<b>4,426</b>

#### 3. Revenue

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
UK dividends	1,595	1,327
Overseas income	257	82
Interest on debt securities	11	43
EIR adjustment	-	4
Securitised interest	2	2
Sundry income	-	1
	<b>1,865</b>	<b>1,459</b>

\*Bank interest is earned on deposits held with an associate of the Depositary.

#### 4. Expenses

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
Administration fees	64	49
	<b>64</b>	<b>49</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	10	7
Safe custody fees	2	2
	<b>12</b>	<b>9</b>
Other expenses:		
Audit fees	8	8
	<b>8</b>	<b>8</b>
<b>Total expenses</b>	<b>84</b>	<b>66</b>

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

#### Notes to the Financial Statements (continued)

##### 5. Taxation

###### a) Analysis of the charge for the year:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Overseas tax	4	1
<b>Total taxation</b>	<b>4</b>	<b>1</b>

###### b) Factors affecting current tax charge for year:

The tax deductible expenses substantially exceed the taxable revenue of the Fund and, as a result, there is no corporation tax charge.

Net revenue before taxation	1,781	1,393
Corporation tax at 20%	356	279
Effects of:		
Revenue not subject to taxation	(319)	(266)
Overseas tax	4	1
Movement in excess management expenses	(37)	(13)
<b>Actual tax charge</b>	<b>4</b>	<b>1</b>

As at 31 July 2011, the Fund had surplus management expenses of £8,306,784 (31 July 2010: £7,654,220) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable revenue in a future period in excess of deductible expenses of that period and, accordingly, the fund is unlikely to be able to reduce future tax liabilities through the use of existing surplus expenses.

##### 6. Finance Costs

###### Distributions

Revenue will normally be distributed quarterly on the last day of March, June, September and December. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Net revenue after taxation	1,777	1,392
	<b>1,777</b>	<b>1,392</b>
1st interim distribution	204	244
2nd interim distribution	178	201
3rd interim distribution	548	390
Final distribution	513	273
1st interim accumulation	33	97
2nd interim accumulation	29	31
3rd interim accumulation	168	61
Final accumulation	155	44
	1,828	1,341
Add: Revenue paid on shares cancelled	45	102
Deduct: Revenue received on shares created	(96)	(51)
	1,777	1,392
<b>Total finance costs: Distributions</b>	<b>1,777</b>	<b>1,392</b>

# Old Mutual Investment Funds Series I

## Old Mutual Equity Income Fund

### Notes to the Financial Statements (continued)

#### 7. Debtors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts receivable from the ACD for creation of shares	44	14
Sales awaiting settlement	550	209
Accrued income	230	151
Withholding tax recoverable	2	-
Prepayment of expenses	7	2
	<b>833</b>	<b>376</b>

#### 8. Creditors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts payable to the ACD for cancellation of shares	116	14
Purchases awaiting settlement	1,058	41
Accrued expenses	12	10
	<b>1,186</b>	<b>65</b>

#### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, The Royal Bank of Scotland PLC, are regarded as the controlling parties of the fund by virtue of acting together in respect of the operations of the Fund and are considered related parties of the fund. Transactions between the ACD and the Fund are included in the Statement of Change in Shareholders' Net Assets and disclosed in notes 4, 7 and 8. Transactions with the Depositary and its associates are disclosed in notes 4 and 8.

#### 10. Contingent Liabilities and Commitments

There are no contingent liabilities or commitments at the balance sheet date (31 July 2010: Nil).

#### 11. Financial Instruments and Associated Risks

The main risk arising from the Fund's financial instruments is market price. Market risk arises mainly from uncertainty about future prices of the financial instruments held.

There is no material difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

The Fund has no financial liabilities other than short-term creditors and short-term bank overdrafts arising from timing differences in the transactions of the Fund. Interest payable on bank overdrafts is at floating rates linked to the Bank of England Base Rate.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Fund are discussed below.

##### Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors, and includes currency risk, interest rate risk and other price risk.

The Fund's strategy for the management of investment risk is driven by its objectives as stated on page 42.

Details of the nature of the Fund's investment portfolio at the balance sheet date are disclosed in the Portfolio Statement on pages 46 to 48.

##### Currency risk

Currency risk is the risk that revenue and capital of the Fund will be adversely affected by movements in currency exchange rates. As the Fund invests in foreign currency denominated assets, it is exposed to currency risk. The Fund is not exposed to any significant currency risk as the majority of the Fund's assets and liabilities are denominated in Sterling.

##### Interest rate risk

Interest rate risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in interest rates. Interest rate risk arises in the Fund through a number of activities:

- Holdings in fixed income securities; and
- Surplus cash placed on short term deposit.

Interest rate risk is managed through the limit framework and investment guidelines with which the Fund must comply. These include restrictions on position size, and the level of interest rate risk. In addition, interest rate derivatives have been used to manage interest rate risk within the Fund.

# Old Mutual Investment Funds Series I

## Old Mutual Equity Income Fund

### Notes to the Financial Statements (continued)

#### 11. Financial Instruments and Associated Risks (continued)

##### Other price risk

Other price risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in other market prices, including the price of financial instruments. Other price risk arises in the Fund through its investments which will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or other factors affecting all instruments traded in the market.

The Fund is primarily exposed to equity price risk. Exposure to equity price risk is managed by maintaining a diversified portfolio by investing in different sectors and limiting its exposure to particular sectors and individual positions in relation to the whole portfolio. The Fund Manager actively reviews the portfolio on an ongoing basis to ensure it is consistent with the Fund's objectives and re-balance as required to achieve this.

##### Credit risk

Credit risk is the risk that the revenue and capital of the Fund will be adversely affected by the inability of counterparties to meet their contractual payment obligations. Credit risk arises in the Fund through the potential for counterparties to financial market transactions to fail to discharge an obligation or commitment they have entered into with the Fund.

This risk is managed through the use of an approved counterparty policy, which requires all approved counterparties to meet a number of criteria, including a minimum credit rating and counterparty limits.

In addition, the Fund is exposed to issuer credit risk, through its investment in fixed income securities. The object of the Fund is to manage the risk by regularly reviewing the credit rating of all counterparties to which it is exposed.

##### Liquidity risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. Liquidity risk arises in the Fund through the requirement to Fund the redemption of any shares that investors wish to sell.

The objective of the Fund is to monitor the redemption rate and manage its liquidity accordingly. The Fund's assets comprise mainly of readily realisable securities, which can be sold to meet liquidity requirements. The Fund's prospectus provides for daily creation and cancellation of shares and is therefore exposed to the liquidity risk of meeting shareholder redemptions at anytime.

This risk is managed through a combination of active management of cash balances within defined limits and investment in liquid securities.

#### 12. Portfolio Transaction Costs

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	38,603	41,709
Cost of in specie transfer which incurred no transaction fees	22,629	
Commissions	72	55
Taxes	143	172
Other	-	12
Total purchase costs	215	239
<b>Total purchases including transaction costs</b>	<b>61,447</b>	<b>41,948</b>
Analysis of total sale costs		
Gross sales before transaction costs	41,783	50,115
Commissions	(59)	(59)
Taxes	-	-
Other	-	-
Total sale costs	(59)	(59)
<b>Total sales net of transaction costs</b>	<b>41,724</b>	<b>50,056</b>

#### 13. Sensitivity Analysis

The Fund does not make use of any derivative products and is not sophisticated and as such sensitivity analysis has not been presented.

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

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#### Distribution on 30 September 2011 for the period ended 31 July 2011

Group 1: Shares purchased prior to 1 May 2011  
Group 2: Shares purchased on or after 1 May 2011

	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>				
<b>Income shares</b>				
Group 1	7.8944	-	7.8944	5.9476
Group 2	0.8353	7.0591	7.8944	5.9476
<b>Accumulation shares</b>				
Group 1	22.0261	-	22.0261	15.9984
Group 2	9.7630	12.2631	22.0261	15.9984

Equalisation applies only to shares purchased since 1 May 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 30 June 2011 for the period ended 30 April 2011

Group 1: Shares purchased prior to 1 February 2011  
Group 2: Shares purchased on or after 1 February 2011

	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>				
<b>Income shares</b>				
Group 1	8.2872	-	8.2872	8.3954
Group 2	6.4249	1.8622	8.2872	8.3954
<b>Accumulation shares</b>				
Group 1	22.8314	-	22.8314	22.2642
Group 2	17.5482	5.2832	22.8314	22.2642

Equalisation applies only to shares purchased since 1 February 2011 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Equity Income Fund

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#### Distribution on 31 March 2011 for the period ended 31 January 2011

Group 1: Shares purchased prior to 1 November 2010  
Group 2: Shares purchased on or after 1 November 2010

	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>				
<b>Income shares</b>				
Group 1	3.9572	-	3.9572	4.2688
Group 2	0.7950	3.1622	3.9572	4.2688
<b>Accumulation shares</b>				
Group 1	10.8351	-	10.8351	11.2851
Group 2	3.0806	7.7545	10.8351	11.2851

Equalisation applies only to shares purchased since 1 November 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Distribution on 31 December 2010 for the period ended 31 October 2010

Group 1: Shares purchased prior to 1 August 2010  
Group 2: Shares purchased on or after 1 August 2010

	Net Income 2010 pence per share	Equalisation 2010 pence per share	Distribution Payable 2010 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>				
<b>Income shares</b>				
Group 1	4.4907	-	4.4907	5.1174
Group 2	0.9721	3.5186	4.4907	5.1174
<b>Accumulation shares</b>				
Group 1	12.2059	-	12.2059	13.3436
Group 2	4.4946	7.7113	12.2059	13.3436

Equalisation applies only to shares purchased since 1 August 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

## Old Mutual Investment Funds Series I

### Old Mutual Extra Income Fund

#### Statement of Total Return For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
Income	Note	£000	£000	£000	£000
Net capital gains	2		1,826		3,431
Revenue	3	501		1,247	
Expenses	4	(27)		(53)	
Net revenue before taxation		474		1,194	
Taxation	5	(1)		-	
Net revenue after taxation			473		1,194
<b>Total return before distributions</b>			2,299		4,625
Finance costs: Distributions	6		(473)		(1,194)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,826</b>		<b>3,431</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the year ended 31 July 2011

	1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		22,432		23,188
Amounts receivable on issue of shares	1,522		2,453	
Amounts payable on cancellation of shares	(25,950)		(7,057)	
		(24,428)		(4,604)
SDRT (see page 96)		(3)		(4)
Change in net assets attributable to shareholders from investment activities		1,826		3,431
Unclaimed distribution		2		4
Retained distribution on accumulation shares		171		417
<b>Closing net assets attributable to shareholders</b>		<b>-</b>		<b>22,432</b>

#### Balance Sheet As at 31 July 2011

		As at 31 July 2011	As at 31 July 2010
	Note	£000	£000
<b>Assets</b>			
Investment assets		-	22,192
Debtors	7	-	319
Cash and bank balances		-	200
Total other assets		-	519
Total assets		-	22,711
<b>Liabilities</b>			
Creditors	8	-	113
Distribution payable on income shares		-	166
Total other liabilities		-	279
Total liabilities		-	279
<b>Net assets attributable to shareholders</b>		<b>-</b>	<b>22,432</b>

The notes on pages 57 to 59 form an integral part of these financial statements.



# Old Mutual Investment Funds Series I

## Old Mutual Extra Income Fund

### Notes to the Financial Statements

#### 1. Accounting Policies

The accounting policies are set out in note 1 to the aggregated financial statements on page 91.

#### 2. Net Capital Gains/(Losses)

The net capital gains/(losses) during the year comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Non-derivative securities	2,029	3,804
Currency gains	1	3
ACD fee capitalised	(201)	(363)
Transaction costs and handling charges	(3)	(13)
<b>Net capital gains</b>	<b>1,826</b>	<b>3,431</b>

#### 3. Revenue

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
UK dividends	318	778
Overseas income	7	53
Interest on debt securities	188	434
EIR adjustment	(13)	(19)
Securitised interest	1	-
Sundry income	-	1
	<b>501</b>	<b>1,247</b>

\*Bank interest is earned on deposits held with an associate of the Depositary.

#### 4. Expenses

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
Administration fees	18	36
	<b>18</b>	<b>36</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	3	6
Safe custody fees	1	2
	<b>4</b>	<b>8</b>
Other expenses:		
Audit fees	5	9
	<b>5</b>	<b>9</b>
<b>Total expenses</b>	<b>27</b>	<b>53</b>

## Old Mutual Investment Funds Series I

### Old Mutual Extra Income Fund

#### Notes to the Financial Statements (continued)

##### 5. Taxation

###### a) Analysis of the charge for the year:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Overseas tax	1	-
<b>Total taxation</b>	<b>1</b>	<b>-</b>

###### b) Factors affecting current tax charge for year:

The tax deductible expenses substantially exceed the taxable revenue of the Fund and, as a result, there is no corporation tax charge.

Net revenue before taxation	474	1,194
Corporation tax at 20%	95	239
Effects of:		
Revenue not subject to taxation	(63)	(156)
Overseas tax	1	-
Movement in excess management expenses	(32)	(83)
<b>Actual tax charge</b>	<b>1</b>	<b>-</b>

##### 6. Finance Costs

###### Distributions

Revenue will normally be distributed quarterly on the last day of March, June, September and December. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Net revenue after taxation	473	1,194
	<b>473</b>	<b>1,194</b>
1st interim distribution	130	176
2nd interim distribution	124	167
3rd interim distribution	41	235
Final distribution	-	166
1st interim accumulation	74	97
2nd interim accumulation	73	93
3rd interim accumulation	24	133
Final accumulation	-	94
	466	1,161
Add: Revenue paid on shares cancelled	13	52
Deduct: Revenue received on shares created	(6)	(19)
	473	1,194
<b>Total finance costs: Distributions</b>	<b>473</b>	<b>1,194</b>

## Old Mutual Investment Funds Series I

### Old Mutual Extra Income Fund

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#### Notes to the Financial Statements (continued)

##### 7. Debtors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts receivable from the ACD for creation of shares	-	9
Sales awaiting settlement	-	122
Accrued income	-	186
Prepayment of expenses	-	2
	<u>-</u>	<u>319</u>

##### 8. Creditors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts payable to the ACD for cancellation of shares	-	45
Purchases awaiting settlement	-	55
Accrued expenses	-	13
	<u>-</u>	<u>113</u>

##### 9. Fund Event

Following a shareholder resolution and FSA approval, the fund merged with the Old Mutual Equity Income Fund on 25 February 2011.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

#### Investment Adviser's Report For the year ended 31 July 2011

##### Performance record\*

	1 year to 31 Jul 2011	1 year to 31 Jul 2010	1 year to 31 Jul 2009	1 year to 31 Jul 2008	1 year to 31 Jul 2007	1 year to 31 Jul 2006
UK Select Mid Cap Fund	23.2%	21.5%	-7.60%	-15.00%	27.7%	31.0%
Sector	15%	19.9%	-11.60%	-13.80%	12.4%	15.9%
Quartile	1	2	1	2	1	1
Benchmark						
<i>FTSE 250 ex Its</i>	19.7%	28.3%	-4.50%	-21.10%	24.5%	27.0%
*Accumulation shares						
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To provide capital growth from investing primarily in a portfolio of medium sized UK companies.

Medium sized companies are defined for this purpose as those companies that are members of the FTSE Mid 250 (ex Investment Companies) Index. Typically at least 80% of the invested assets will be held in companies meeting this definition. Liquidity will under normal circumstances not exceed 10% of the value of the holding of the Fund.

Subject to the regulations, the property of the fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

The Fund will initially only use derivatives for EPM purposes. The Fund may use derivatives for purposes other than EPM, provided it has given shareholders 60 days notice of such change. If the Fund did use derivatives for investment purposes, the net asset value of the Fund would therefore, at times, be highly volatile and the risk profile of the Fund might change.

The UK Select Mid Cap Fund is an actively managed Fund which aims to provide capital growth from investment in a portfolio of medium sized UK companies.

Holdings are drawn primarily from the FTSE Mid 250 (ex Investment Companies) Index. The fund aims to generate consistent outperformance relative to the index.

##### Review

The UK mid cap market performed strongly over the review period, with the bulk of those gains coming in the late summer and autumn of 2010, when global equity markets were buoyed by a combination of attractive valuations, good corporate newsflow, improving macro-economic data and, in the US, a second round of quantitative easing. Markets stalled in December and January, experiencing a significant bout of internal rotation, before gaining a degree of renewed traction from the spring of 2011.

The fund outperformed its benchmark in the period and finished in the top-quartile of its peer group, the IMA UK All Companies. Both sector and stock selection added value. At a sector level, the overweight positioning to the chemicals sector and underweight to fixed line telecommunications boosted relative returns, although the underweights to housebuilders and utilities were a drag. At a stock level, strong contributions were made by the fund's holdings in Restaurant Group, Inchcape, Howden's Joinery, Rightmove, Renishaw and BlueBay, whilst not owning poorly performing stocks such as Thomas Cook, Daily Mail and Yell, amongst others, also benefited relative performance. On the negative side, positions in ITV, CPP Group and Wood Group were disappointing.

The core positioning of the fund at a sector level remained largely unchanged throughout the review period – overweight exposures to economically sensitive, internationally orientated sectors including capital goods, technology and media were maintained as were underweights in UK consumer and government exposed sectors. Activity was therefore largely stock-specific in nature with key additions to the portfolio including Carphone Warehouse, Lancashire Holdings, Provident Financial, Punch Taverns and Capital & Counties, whilst positions in BBA Aviation, Homeserve, Rentokil, Halfords and Amlin were exited.

##### Outlook

Global equity markets have suffered significant falls in the week following the review period, reflecting the ongoing weakness in economic data combined with concerns regarding the fiscal debt positions of both Italy and Spain and fears of contagion to both the debt markets and the potential to push developed economies in to recession. In our view, the economic outlook has become a more polarised version of the prevailing consensus view that has been in place for some time: slow growth in developed economies and faster growth in emerging markets

In this environment we believe it remains appropriate to have over-exposure towards international growth markets and to favour areas of structural growth. Going forward, we also believe it will be increasingly important to favour quality stocks at the expense of lower quality names. However, we have to be alive to the possibility that a worst case scenario could unfold, which would necessitate a more defensive positioning of the portfolio.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

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#### Investment Adviser's Report For the year ended 31 July 2011(continued)

##### **Risk Warning**

Please remember that past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up. You may not get back the amount you invest. The Fund may not be suitable for everyone and if in doubt you should seek advice from your financial adviser.

##### *Note:*

*External sources of underlying economic data used by Old Mutual Asset Managers (UK) Limited include MSCI, Datastream and FactSet.*

*Market performance data is sourced from Datastream. Each quoted index or stock return is based on the price movement between the market close on 31 July 2006 and the close on 31 July 2011. Returns quoted are sterling or local currency returns as specified.*

20 August 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

#### Net Asset Value per Share and Comparative Tables

The fund was launched on 11 February 2002. Accumulation units were issued on that date at 50p per unit. Income units were first issued on 6 January 2003. On 19 September 2007, the fund was converted to a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series 1. On 1 July 2008, class B accumulation shares were launched.

##### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 July 2009 Class A Inc	167,784,212	102.56	163,601,743
31 July 2009 Class A Acc	533,168,007	110.92	480,672,476
31 July 2009 Class B Acc	13,625,954	90.77	15,012,186
31 July 2010 Class A Inc	175,988,589	123.93	142,009,243
31 July 2010 Class A Acc	544,772,911	134.72	404,376,236
31 July 2010 Class B Acc	16,798,187	110.81	15,160,097
31 July 2011 Class A Inc	227,158,331	151.88	149,565,170
31 July 2011 Class A Acc	659,859,829	165.93	397,671,215
31 July 2011 Class B Acc	27,226,237	137.17	19,848,471

##### Capital price range

The table below shows the highest buying and lowest selling prices of shares over the last five years.

Calendar year	Income shares		Accumulation shares	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)
2006 Class A	133.23	96.20	139.93	100.35
2007 Class A	148.44	123.28	136.04	106.46
2008 Class A	124.73	76.00	132.98	81.00
2008 Class B	-	-	108.21	65.96
2009 Class A	130.02	81.64	140.60	87.01
2009 Class B	-	-	115.19	71.02
2010 Class A	156.63	112.72	170.27	121.90
2010 Class B	-	-	140.34	100.02
2011* Class A	168.52	147.41	183.20	156.10
2011* Class B	-	-	151.40	128.79

\* To 31 July

##### Net income distribution

The table below shows the net income distribution in pence per share paid over the last five years.

Calendar year	Income shares (pence)	Per £1,000 invested 03/01/2006 (£)	Accumulation shares (pence)	Per £1,000 invested 03/01/2006 (£)
2006 Class A	0.7570	7.44	0.7830	7.38
2007 Class A	1.8224	17.91	1.9078	17.98
2008 Class A	0.8548	8.40	0.9045	8.52
2008** Class B	-	-	0.0820	0.79
2009 Class A	1.4829	14.58	1.5822	14.91
2009 Class B	-	-	3.0164	29.05
2010 Class A	0.6494	6.38	0.7023	6.62
2010 Class B	-	-	1.1168	10.76
2011* Class A	0.7630	7.50	0.8293	7.81
2011* Class B	-	-	1.3461	12.96

\* To 30 September

\*\* Per £1000 invested on 1 July 2008

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

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#### Stamp Duty Reserve Tax

The SDRT regime, applicable to the Fund is explained on page 96.

#### Total Expense Ratio (TER)

	As at 31 July 2011	As at 31 July 2010
Share Class A	<u>1.67</u>	<u>1.67</u>
Share Class B	<u>1.17</u>	<u>1.17</u>

The TER takes into account the ACD fee and all other operating expenses over the relevant financial period.

# Old Mutual Investment Funds Series I

## Old Mutual UK Select Mid Cap Fund

### Portfolio Statement As at 31 July 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Equities (31 July 2010 76.89%)</b>			
<b>Aerospace &amp; Defence (31 July 2010 5.08%)</b>			
Meggitt	6,656,000	<b>25,759</b>	<b>2.82</b>
<b>Chemicals (31 July 2010 3.97%)</b>			
Croda International	1,388,000	26,205	2.87
Elementis	5,343,098	8,747	0.96
Victrex	1,362,000	19,803	2.16
		<b>54,755</b>	<b>5.99</b>
<b>Construction &amp; Materials (31 July 2010 1.03%)</b>			
Balfour Beatty	5,208,000	<b>15,749</b>	<b>1.72</b>
<b>Electronic &amp; Electrical Equipment (31 July 2010 2.72%)</b>			
Oxford Instruments	444,430	4,329	0.48
Renishaw	1,112,142	18,762	2.05
Spectris	1,171,000	18,209	1.99
		<b>41,300</b>	<b>4.52</b>
<b>Equity Investment Instruments (31 July 2010 0.00%)</b>			
SVG Capital	1,982,835	<b>5,262</b>	<b>0.58</b>
<b>Financial Services (31 July 2010 7.18%)</b>			
Aberdeen Asset Management	11,693,004	26,263	2.87
Henderson Group	2,403,334	3,869	0.42
International Personal Finance	3,884,677	12,256	1.34
Jupiter	3,832,153	8,906	0.98
London Stock Exchange	1,405,000	13,910	1.52
Paragon Group	9,794,000	19,108	2.09
Provident Financial	924,000	10,321	1.13
		<b>94,633</b>	<b>10.35</b>
<b>Fixed Line Telecommunications (31 July 2010 0.00%)</b>			
Telecom Plus	130,526	<b>878</b>	<b>0.10</b>
<b>Forestry &amp; Paper (31 July 2010 0.00%)</b>			
Mondi	2,700,000	<b>16,200</b>	<b>1.77</b>
<b>Gas, Water &amp; Multiutilities (31 July 2010 2.08%)</b>			
Pennon	1,338,000	<b>9,741</b>	<b>1.06</b>
<b>General Industrials (31 July 2010 1.76%)</b>			
Cookson	2,937,000	<b>18,811</b>	<b>2.06</b>
<b>General Retailers (31 July 2010 3.04%)</b>			
Carphone Warehouse Group	2,963,057	12,297	1.34
Debenhams	25,053,000	16,823	1.84
Inchcape	4,020,000	16,088	1.76
		<b>45,208</b>	<b>4.94</b>
<b>Household Goods &amp; Home Construction (31 July 2010 2.47%)</b>			
Barratt Developments	11,990,000	11,660	1.27
Bellway	2,257,000	14,975	1.64
		<b>26,635</b>	<b>2.91</b>



## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

#### Portfolio Statement As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Industrial Engineering (31 July 2010 5.88%)</b>			
IMI	1,397,000	14,641	1.60
Melrose	7,368,000	26,171	2.86
		<b>40,812</b>	<b>4.46</b>
<b>Industrial Metals and Mining (31 July 2010 1.12%)</b>			
Ferrexpo	3,568,000	16,423	1.80
Talvivaara Mining	222,152	940	0.10
		<b>17,363</b>	<b>1.90</b>
<b>Life Insurance (31 July 2010 0.00%)</b>			
St James's Place	2,868,000	<b>10,365</b>	<b>1.13</b>
<b>Media (31 July 2010 6.96%)</b>			
Informa	2,576,273	10,362	1.13
ITE Group	8,323,375	18,428	2.02
Rightmove	1,939,000	23,811	2.60
		<b>52,601</b>	<b>5.75</b>
<b>Mining (31 July 2010 2.58%)</b>			
Kenmare Resources	5,305,068	<b>2,979</b>	<b>0.33</b>
<b>Non-life Insurance (31 July 2010 5.36%)</b>			
Hiscox	3,141,000	12,752	1.40
Lancashire Holdings	1,753,000	12,201	1.33
		<b>24,953</b>	<b>2.73</b>
<b>Oil &amp; Gas Producers (31 July 2010 3.99%)</b>			
Afren	9,798,000	13,570	1.49
Exillon Energy	757,717	3,235	0.35
Premier Oil	5,287,352	21,298	2.33
		<b>38,103</b>	<b>4.17</b>
<b>Oil Equipment &amp; Services (31 July 2010 1.95%)</b>			
Cape	860,977	4,821	0.53
John Wood Group	3,394,222	22,758	2.49
Kentz	595,241	2,780	0.30
Lamprell	2,756,000	10,677	1.17
		<b>41,036</b>	<b>4.49</b>
<b>Real Estate Investment &amp; Services (31 July 2010 0.39%)</b>			
Capital & Counties Properties	4,789,965	<b>9,053</b>	<b>0.99</b>
<b>Real Estate Investment Trusts (REITs) (31 July 2010 1.04%)</b>			
Derwent	688,000	<b>12,336</b>	<b>1.35</b>
<b>Software &amp; Computer Services (31 July 2010 2.99%)</b>			
Aveva Group	902,000	15,442	1.69
Blinkx	2,234,000	2,435	0.27
Computacenter	3,547,000	17,246	1.88
Fidessa Group	548,621	10,435	1.14
Misys	2,595,250	10,264	1.12
SDL	2,570,000	17,617	1.93
Telecity Group	3,864,264	21,563	2.36
		<b>95,002</b>	<b>10.39</b>

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

#### Portfolio Statement As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Support Services (31 July 2010 4.90%)</b>			
Ashtead Group	12,693,000	20,474	2.24
Babcock International	3,884,000	25,887	2.83
Howden Joinery Group	13,027,000	14,968	1.64
Michael Page International	3,835,000	19,309	2.11
RPS	3,788,000	8,845	0.97
SIG	5,657,414	7,343	0.80
Travis Perkins	959,000	8,468	0.92
WS Atkins	939,920	6,655	0.73
		<b>111,949</b>	<b>12.24</b>
<b>Technology Hardware &amp; Equipment (31 July 2010 2.11%)</b>			
Spirent Communications	9,052,018	<b>11,768</b>	<b>1.29</b>
<b>Travel &amp; Leisure (31 July 2010 8.29%)</b>			
Domino's Pizza	1,317,899	6,541	0.72
Greene King	1,987,000	9,708	1.06
Millennium & Copthorne	1,279,451	6,519	0.71
Punch Taverns	18,562,000	11,759	1.29
Rank Group	4,777,232	6,927	0.76
Restaurant Group	5,279,251	15,373	1.68
		<b>56,827</b>	<b>6.22</b>
<b>Non-equity Investment Instruments (31 July 2010 4.74%)</b>			
Insight Liquidity Fund	20,832,101	<b>20,832</b>	<b>2.28</b>
<b>Other (31 July 2010 16.00%)</b>			
<b>Portfolio of Investments</b>		<b>900,910</b>	<b>98.54</b>
<b>Net Current Assets</b>		<b>13,334</b>	<b>1.46</b>
<b>(31 July 2010 2.37%)</b>			
<b>Net Assets</b>		<b>914,244</b>	<b>100.00</b>

All the above investments are denominated in sterling, unless indicated otherwise.

Unless otherwise stated, all investments are ordinary shares or stocks and are listed or traded on an eligible exchange.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

#### Statement of Total Return For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
Income	Note	£000	£000	£000	£000
Net capital gains	2		163,853		145,185
Revenue	3	18,844		16,958	
Expenses	4	(14,140)		(12,741)	
Finance costs: Interest	6	-		1	
Net revenue before taxation		4,704		4,218	
Taxation	5	(19)		(12)	
Net revenue after taxation			4,685		4,206
<b>Total return before distributions</b>			168,538		149,391
Finance costs: Distributions	6		(4,685)		(4,206)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>163,853</b>		<b>145,185</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the year ended 31 July 2011

	1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		737,560		714,578
Amounts receivable on issue of shares	131,473		157,201	
Amounts payable on cancellation of shares	(121,605)		(281,866)	
		9,868		(124,665)
SDRT (see page 96)		(602)		(547)
Change in net assets attributable to shareholders from investment activities		163,853		145,185
Retained distribution on accumulation shares		3,565		3,009
<b>Closing net assets attributable to shareholders</b>		<b>914,244</b>		<b>737,560</b>

#### Balance Sheet As at 31 July 2011

	Note	As at 31 July 2011 £000	As at 31 July 2010 £000
<b>Assets</b>			
Investment assets		900,910	720,091
Debtors	7	8,592	11,913
Cash and bank balances		9,000	8,000
Total other assets		17,592	19,913
Total assets		918,502	740,004
<b>Liabilities</b>			
Creditors	8	3,117	1,522
Distribution payable on income shares		1,141	922
Total other liabilities		4,258	2,444
Total liabilities		4,258	2,444
<b>Net assets attributable to shareholders</b>		<b>914,244</b>	<b>737,560</b>

The notes on pages 68 to 71 form an integral part of these financial statements.

# Old Mutual Investment Funds Series I

## Old Mutual UK Select Mid Cap Fund

### Notes to the Financial Statements

#### 1. Accounting Policies

The accounting policies are set out in note 1 to the aggregated financial statements on page 91.

#### 2. Net Capital Gains

The net capital gains during the year comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Non-derivative securities	163,884	145,232
Currency gains	3	5
Transaction costs and handling charges	(34)	(52)
<b>Net capital gains</b>	<b>163,853</b>	<b>145,185</b>

#### 3. Revenue

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
UK dividends	17,256	15,000
Overseas income	1,278	1,773
Underwriting commission	55	-
Securitised interest	255	170
Sundry income	-	15
	<b>18,844</b>	<b>16,958</b>

\*Bank interest is earned on deposits held with an associate of the Depositary.

#### 4. Expenses

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	12,693	11,435
Administration fees	1,281	1,152
	<b>13,974</b>	<b>12,587</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	108	95
Safe custody fees	50	47
	<b>158</b>	<b>142</b>
Other expenses:		
Audit fees	8	7
Sundry expenses	-	5
	<b>8</b>	<b>12</b>
<b>Total expenses</b>	<b>14,140</b>	<b>12,741</b>

# Old Mutual Investment Funds Series I

## Old Mutual UK Select Mid Cap Fund

### Notes to the Financial Statements (continued)

#### 5. Taxation

##### a) Analysis of the charge for the year:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Overseas tax	19	12
<b>Total taxation</b>	<b>19</b>	<b>12</b>

##### b) Factors affecting current tax charge for year:

The tax deductible expenses substantially exceed the taxable revenue of the Fund and, as a result, there is no corporation tax charge.

Net revenue before taxation	4,704	4,218
Corporation tax at 20%	941	844
Effects of:		
Revenue not subject to taxation	(3,451)	(3,000)
Overseas tax	19	12
Movement in excess management expenses	2,510	2,156
<b>Actual tax charge</b>	<b>19</b>	<b>12</b>

As at 31 July 2011 the Fund had surplus management expenses of £13,575,373 (31 July 2010: £12,385,266) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable revenue in a future period in excess of deductible expenses of that period and accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing surplus expenses.

#### 6. Finance Costs

##### Distributions

Revenue will normally be distributed annually on the last day of September. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Net revenue after taxation	4,685	4,206
	<b>4,685</b>	<b>4,206</b>
Final distribution	1,142	922
Final accumulation	3,565	3,009
	4,707	3,931
Add: Revenue paid on shares cancelled	260	628
Deduct: Revenue received on shares created	(282)	(353)
	4,685	4,206
Net distribution for the year	4,685	4,206
Interest	-	(1)
<b>Total finance costs: Distributions</b>	<b>4,685</b>	<b>4,205</b>

#### 7. Debtors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts receivable from the ACD for creation of shares	1,829	1,058
Sales awaiting settlement	5,574	9,690
Accrued income	1,025	1,084
Withholding tax recoverable	40	21
Prepayment of expenses	124	60
	<b>8,592</b>	<b>11,913</b>

# Old Mutual Investment Funds Series I

## Old Mutual UK Select Mid Cap Fund

### Notes to the Financial Statements (continued)

#### 8. Creditors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts payable to the ACD for cancellation of shares	755	1,146
Purchases awaiting settlement	2,307	325
Accrued expenses	55	51
	<u>3,117</u>	<u>1,522</u>

#### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, The Royal Bank of Scotland PLC, are regarded as the controlling parties of the fund by virtue of acting together in respect of the operations of the Fund and are considered related parties of the fund. Transactions between the ACD and the Fund are included in the Statement of Change in Shareholders' Net Assets and disclosed in notes 4, 7 and 8. Transactions with the Depositary and its associates are disclosed in note 4.

#### 10. Contingent Liabilities and Commitments

There are no contingent liabilities or commitments at the balance sheet date (31 July 2010: Nil).

#### 11. Financial Instruments and Associated Risks

The main risk arising from the Fund's financial instruments is market risk. Market risk arises mainly from uncertainty about future prices of the financial instruments held.

There is no material difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

The Fund has no financial liabilities other than short-term creditors and short-term bank overdrafts arising from timing differences in the transactions of the Fund. Interest payable on bank overdrafts is at floating rates linked to the Bank of England Base Rate.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Fund are discussed below.

##### Market risk

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and other price risk.

The Fund's strategy on the management of investment risk is driven by its objectives as stated on page 60. The Fund's market risk is managed on a daily basis by an independent risk team of the Investment Adviser. The Fund's overall market positions are monitored daily by the Fund's Investment Adviser and reviewed by the ACD on a quarterly basis.

Details of the nature of the Fund's investment portfolio at the balance sheet date are disclosed in the Portfolio Statement on pages 64 to 66.

##### Currency risk

Currency risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in currency exchange rates. The Fund is not exposed to any significant currency risk because the majority of the Fund's assets or liabilities are denominated in Sterling.

##### Interest rate risk

Interest rate risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in interest rates. Interest rate risk arises in the Fund through the surplus cash placed on short term deposits. As a result, the Fund is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates received. The objective of the Fund is to invest any surplus cash while leaving sufficient amount for paying expenses of the Fund hence reducing the amount of surplus cash to be placed on short term deposits.

##### Other price risk

Other price risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in other market prices, including the price of financial instruments. Other price risk arises in the Fund through its investments which will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or other factors affecting all instruments traded in the market.

The objective of the Fund is to maintain a diversified portfolio by investing in different sectors and limiting its exposure to a particular sector in relation to the whole portfolio. The Fund Manager actively reviews the portfolio on an ongoing basis to ensure it is consistent with the Fund's objectives and re-balance as required to achieve this.

##### Credit risk

Credit risk is the risk that revenue and capital of the Fund will be adversely affected by inability of counterparties to meet their contractual payment obligations. Credit risk arises in the Fund through the potential for counterparties to various financial instruments failing to discharge an obligation or commitment they have entered into with the Fund.

This risk is managed through the use of an approved counterparty policy, which requires all approved counterparties to meet a number of criteria, including a minimum credit rating and counterparty limits.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

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## Notes to the Financial Statements (continued)

### 11. Financial Instruments and Associated Risks (continued)

#### Liquidity risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. Liquidity risk arises in the Fund through the potential redemption of any shares that investors wish to sell.

The objective of the Fund is to monitor the redemption rate and manage its liquidity accordingly. The Fund's assets comprise mainly of readily realisable securities, which can be sold to meet liquidity requirements. The Fund's prospectus provides for daily creation and cancellation of shares and is therefore exposed to the liquidity risk of meeting shareholder redemptions at anytime.

### 12. Portfolio Transaction Costs

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	767,360	808,791
Commissions	1,625	1,045
Taxes	2,607	2,945
Other	-	5
Total purchase costs	4,232	3,995
<b>Total purchases including transaction costs</b>	<b>771,592</b>	<b>812,786</b>
Analysis of total sale costs		
Gross sales before transaction costs	741,559	920,014
Commissions	(1,009)	(1,449)
Taxes	-	-
Other	-	(2)
Total sale costs	(1,009)	(1,451)
<b>Total sales net of transaction costs</b>	<b>740,550</b>	<b>918,563</b>

### 13. Sensitivity Analysis

The Fund does not make use of any derivative products and is not sophisticated and as such sensitivity analysis has not been presented.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Mid Cap Fund

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#### Distribution on 30 September 2011 for the year ended 31 July 2011

Group 1: Shares purchased prior to 1 August 2010

Group 2: Shares purchased on or after 1 August 2010

	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>				
<b>Income shares</b>				
Group 1	0.7630	-	0.7630	0.6494
Group 2	0.4400	0.3230	0.7630	0.6494
<b>Accumulation shares</b>				
Group 1	0.8293	-	0.8293	0.7023
Group 2	0.5246	0.3047	0.8293	0.7023
<b>Class B</b>				
<b>Accumulation shares</b>				
Group 1	1.3461	-	1.3461	1.1168
Group 2	0.6863	0.6598	1.3461	1.1168

Equalisation applies only to shares purchased since 1 August 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.



## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

#### Investment Adviser's Report For the year ended 31 July 2011

##### Performance record\*

	1 year to 31 Jul 2011	1 year to 31 Jul 2010	1 year to 31 Jul 2009	1 year to 31 Jul 2008	1 year to 31 Jul 2007	1 year to 31 Jul 2006
UK Select Smaller Companies Fund	27.9%	24.3%	-9.0%	-18.2%	35.5%	27.2%
Sector	30.1%	25.0%	-13.4%	-24.1%	24.8%	17.0%
Quartile	3	2	3	2	2	2
Benchmark						
<i>Hoare Govett Smaller Cos ex Its</i>	24.2%	25.7%	-1.1%	-26.8%	24.7%	20.1%
*Accumulation shares						
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To provide capital growth from investing primarily in a portfolio of UK smaller companies.

Smaller companies are defined for this purpose as those companies which are quoted on a regulated market and which have market capitalisations no greater than the largest company in the Hoare Govett Smaller Companies Index at the time of the initial investment. Typically, the ACD will invest at least 80% of the portfolio in smaller companies. Liquidity will under normal circumstances not exceed 10% of the value of the holding of the Fund.

Subject to the regulations, the property of the fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

The Fund will initially use derivatives for hedging purposes. The Fund may use derivatives for purposes other than hedging, provided it has given shareholders 60 days notice of such change. If the Fund does use derivatives for investment purposes, the net asset value of the Fund would at times, be more volatile and the risk profile of the Fund might change.

The UK Select Smaller Companies Fund is an actively managed Fund focusing predominately on the bottom 10% of the UK market by capitalisation and aiming to achieve long term capital growth.

The Fund aims to produce first quartile performance against the IMA UK Smaller Companies peer group on a rolling twelve month basis.

##### Review

The Hoare Govett Index performed strongly over the review period, with the bulk of the gains coming in the late summer and autumn of 2010, when global equity markets were buoyed by a combination of attractive valuations, good corporate newsflow, improving macro-economic data and, in the US, a second round of quantitative easing. Markets stalled in December and January, experiencing a significant bout of internal rotation, before gaining a degree of renewed traction from the spring of 2011.

The fund outperformed its benchmark in the period but slightly lagged the median of its peer group, the IMA UK Smaller Companies. Both sector allocation and stock selection added value in broadly equal measure. At a sector level, overweights in internationally orientated sectors such as electronics and industrial engineering were positive for performance, as were underweights in sectors exposed to the struggling UK consumer such as retail and travel & leisure. In terms of stock selection, pleasing performances came from Oxford Instruments, Brammer and Carphone Warehouse, although these were to a degree offset by the failure to own Hochschild Mining and Sports Direct.

The core positioning of the fund at a sector level remained largely unchanged throughout the review period – overweight exposures to economically sensitive, internationally orientated sectors including capital goods, technology and media were maintained as were underweights in UK consumer and government exposed sectors. Activity was therefore largely stock-specific in nature with key additions to the portfolio including Brammer, Lancashire and Carphone Warehouse, and the principal disposals being of Chemring and Yule Catto.

##### Outlook

Global equity markets have suffered significant falls in the week following the review period, reflecting the ongoing weakness in economic data combined with concerns regarding the fiscal debt positions of both Italy and Spain and fears of contagion to both the debt markets and the potential to push developed economies in to recession. In our view, the economic outlook has become a more polarised version of the prevailing consensus view that has been in place for some time: slow growth in developed economies and faster growth in emerging markets.

In this environment we believe it remains appropriate to have over-exposure towards international growth markets and to favour areas of structural growth. Going forward, we also believe it will be increasingly important to favour quality stocks at the expense of lower quality names. However, we have to be alive to the possibility that a worst case scenario could unfold, which would necessitate a more defensive positioning of the portfolio.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

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#### Investment Adviser's Report For the year ended 31 July 2011(continued)

##### **Risk Warning**

Please remember that past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up. You may not get back the amount you invest. The Fund may not be suitable for everyone and if in doubt you should seek advice from your financial adviser.

##### *Note:*

*External sources of underlying economic data used by Old Mutual Asset Managers (UK) Limited include MSCI, Datastream and FactSet. Market performance data is sourced from Datastream. Each quoted index or stock return is based on the price movement between the market close on 31 July 2006 and the close on 31 July 2011. Returns quoted are sterling or local currency returns as specified.*

20 August 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

#### Net Asset Value per Share and Comparative Tables

The fund was launched on 29 January 2001. Accumulation units were first issued on that date at 50p per unit. Income units were first issued on 6 January 2003. On 19 September 2007, the fund was converted to a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series I. On 1 July 2008, class B accumulation shares were launched and on 1 July 2011, class C accumulation shares were launched.

##### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 July 2009 Class A Inc	87,881,036	119.20	73,725,823
31 July 2009 Class A Acc	218,619,047	123.65	176,805,774
31 July 2009 Class B Acc	5,689,180	88.58	6,422,694
31 July 2010 Class A Inc	123,244,554	148.01	83,269,191
31 July 2010 Class A Acc	284,685,944	153.65	185,288,029
31 July 2010 Class B Acc	18,930,599	110.66	17,106,349
31 July 2011 Class A Inc	161,021,235	189.20	85,106,820
31 July 2011 Class A Acc	351,526,306	196.47	178,919,090
31 July 2011 Class B Acc	22,463,202	142.20	15,797,098
31 July 2011 Class C Acc	11,057,981	97.94	11,290,000

##### Capital price range

The table below shows the highest buying and lowest selling prices of shares over the last five years.

Calendar year	Income shares		Accumulation shares	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)
2006 Class A	155.39	107.49	159.40	110.17
2007 Class A	178.53	148.02	183.12	151.84
2008 Class A	142.29	88.03	146.58	90.70
2008 Class B	-	-	104.29	64.55
2009 Class A	153.24	92.80	158.92	95.62
2009 Class B	-	-	113.98	68.25
2010 Class A	192.34	133.27	199.67	138.21
2010 Class B	-	-	144.11	99.31
2011* Class A	206.93	176.40	214.81	183.12
2011* Class B	-	-	155.46	132.30
2011* Class C	-	-	102.86	97.69

\* To 31 July

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

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#### Net Asset Value per Share and Comparative Tables (continued)

##### Net income distribution

The table below shows the net income distribution in pence per share paid over the last five years.

Calendar year	Income shares (pence)	Per £1,000 invested 03/01/2006 (£)	Accumulation shares (pence)	Per £1,000 invested 03/01/2006 (£)
2006 Class A	0.1705	1.50	0.1744	1.49
2007 Class A	0.2553	2.24	0.2618	2.24
2008 Class A	0.4630	4.07	0.4761	4.08
2008** Class B	-	-	0.0965	0.92
2009 Class A	0.8126	7.14	0.8376	7.18
2009 Class B	-	-	2.6853	25.72
2010 Class A	0.1498	1.32	0.1481	1.27
2010 Class B	-	-	0.6599	6.32
2011* Class A	0.0637	0.56	0.0596	0.51
2011* Class B	-	-	0.6879	6.59
2011* Class C	-	-	-	-

\* To 30 September

\*\* Per £1000 invested on 1 July 2008

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

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#### Stamp Duty Reserve Tax

The SDRT regime, applicable to the scheme is explained on page 96.

#### Total Expense Ratio (TER)

	As at 31 July 2011	As at 31 July 2010
Share Class A	<u>1.92</u>	<u>1.93</u>
Share Class B	<u>1.42</u>	<u>1.43</u>
Share Class C	<u>1.05</u>	<u>-</u>

The TER takes into account the ACD fee and all other operating expenses over the relevant financial period.

# Old Mutual Investment Funds Series I

## Old Mutual UK Select Smaller Companies Fund

### Portfolio Statement As at 31 July 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Equities (31 July 2010 72.51%)</b>			
<b>Chemicals (31 July 2010 4.97%)</b>			
Carclo	554,000	1,774	0.33
Elementis	2,843,129	4,654	0.85
Scapa Group	5,714,000	3,372	0.62
Victrix	737,000	10,716	1.96
		<b>20,516</b>	<b>3.76</b>
<b>Construction &amp; Materials (31 July 2010 0.26%)</b>			
Galliford Try	1,104,255	<b>5,474</b>	<b>1.00</b>
<b>Electricity (31 July 2010 0.00%)</b>			
Greenko	754,000	<b>1,568</b>	<b>0.29</b>
<b>Electronic &amp; Electrical Equipment (31 July 2010 5.22%)</b>			
Dialight	362,000	3,026	0.55
Gooch and Housego	47,716	240	0.04
Morgan Crucible	2,335,000	7,706	1.41
Oxford Instruments	1,155,000	11,250	2.06
Renishaw	595,893	10,053	1.84
Spectris	437,000	6,795	1.25
TT Electronics	252,274	482	0.09
XP Power	162,000	2,451	0.45
		<b>42,003</b>	<b>7.69</b>
<b>Equity Investment Instruments (31 July 2010 0.00%)</b>			
SVG Capital	2,669,000	<b>7,084</b>	<b>1.30</b>
<b>Financial Services (31 July 2010 5.10%)</b>			
Globeop Financial Services	639,000	2,812	0.51
Henderson Group	1,514,503	2,438	0.45
Horizon Acquisition	204,000	1,928	0.35
International Personal Finance	1,483,000	4,679	0.86
Jupiter	3,096,000	7,195	1.32
Numis	1,171,000	1,326	0.24
Paragon Group	4,109,000	8,017	1.47
Provident Financial	562,000	6,278	1.15
Tullet Prebon	1,259,000	4,464	0.82
		<b>39,137</b>	<b>7.17</b>
<b>Fixed Line Telecommunications (31 July 2010 0.00%)</b>			
Telecom Plus	119,486	<b>804</b>	<b>0.15</b>
<b>Food Producers (31 July 2010 0.97%)</b>			
New Britain Palm Oil	834,981	<b>7,724</b>	<b>1.41</b>
<b>General Industrials (31 July 2010 1.45%)</b>			
Smith (DS)	1,300,000	<b>3,045</b>	<b>0.56</b>
<b>General Retailers (31 July 2010 4.11%)</b>			
Carphone Warehouse Group	2,049,531	8,506	1.56
Debenhams	11,862,000	7,965	1.46
Majestic Wine	315,251	1,438	0.26
		<b>17,909</b>	<b>3.28</b>
<b>Health Care Equipment &amp; Services (31 July 2010 2.91%)</b>			
Advanced Medical Solutions	736,537	543	0.10

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

#### Portfolio Statement

As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Health Care Equipment &amp; Services (31 July 2010 2.91%) - (continued)</b>			
Immunodiagnostic Systems	752,000	9,039	1.65
		<b>9,582</b>	<b>1.75</b>
<b>Household Goods &amp; Home Construction (31 July 2010 2.02%)</b>			
Barratt Developments	5,401,000	5,252	0.96
Bellway	1,735,754	11,517	2.11
Persimmon	744,022	3,391	0.62
		<b>20,160</b>	<b>3.69</b>
<b>Industrial Engineering (31 July 2010 3.61%)</b>			
Fenner	3,387,181	13,345	2.45
Hamworthy	490,985	3,295	0.60
Titan Europe	1,667,000	2,188	0.40
		<b>18,828</b>	<b>3.45</b>
<b>Industrial Metals and Mining (31 July 2010 1.09%)</b>			
Ferrexpo	1,664,000	7,659	1.40
Talvivaara Mining	123,861	524	0.10
		<b>8,183</b>	<b>1.50</b>
<b>Life Insurance (31 July 2010 0.00%)</b>			
St James's Place	2,015,000	<b>7,282</b>	<b>1.33</b>
<b>Media (31 July 2010 6.53%)</b>			
Chime Communication	1,040,000	2,629	0.48
Chime Communication (Default)	2,968,943	-	-
Entertainment One	1,877,000	3,435	0.63
Euromoney Institutional Investor	1,186,000	8,005	1.47
ITE Group	3,982,160	8,817	1.61
Rightmove	982,000	12,059	2.21
		<b>34,945</b>	<b>6.40</b>
<b>Mining (31 July 2010 2.34%)</b>			
Kenmare Resources	3,234,367	1,816	0.33
London Mining	714,000	2,708	0.50
Medusa Mining	609,400	2,861	0.52
		<b>7,385</b>	<b>1.35</b>
<b>Non-life Insurance (31 July 2010 0.49%)</b>			
Lancashire Holdings	1,461,000	<b>10,169</b>	<b>1.86</b>
<b>Oil &amp; Gas Producers (31 July 2010 3.53%)</b>			
Afren	4,250,000	5,886	1.08
Enquest	700,064	872	0.16
Exillon Energy	464,494	1,983	0.36
Nautical Petroleum	799,835	2,608	0.48
Rockhopper Exploration	1,007,000	2,316	0.42
Salamander Energy	899,889	2,484	0.46
Soco International	697,000	2,455	0.45
		<b>18,604</b>	<b>3.41</b>
<b>Oil Equipment &amp; Services (31 July 2010 0.83%)</b>			
Cape	1,135,000	6,356	1.16
Enteq Upstream	1,500,000	1,830	0.34
Kentz	1,001,549	4,677	0.86

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

#### Portfolio Statement

As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Oil Equipment &amp; Services (31 July 2010 0.83%) - (continued)</b>			
Lamprell	2,105,000	8,155	1.49
		<b>21,018</b>	<b>3.85</b>
<b>Pharmaceuticals &amp; Biotechnology (31 July 2010 0.27%)</b>			
Abcam	2,967,281	11,854	2.17
Vectura	2,922,000	2,966	0.54
		<b>14,820</b>	<b>2.71</b>
<b>Real Estate Investment &amp; Services (31 July 2010 0.62%)</b>			
Capital & Counties Properties	2,918,960	5,517	1.01
London & Stamford Property	2,093,500	2,652	0.49
		<b>8,169</b>	<b>1.50</b>
<b>Real Estate Investment Trusts (REITs) (31 July 2010 2.68%)</b>			
Great Portland Estates	2,761,000	11,516	2.11
Shaftesbury	1,746,000	8,966	1.64
		<b>20,482</b>	<b>3.75</b>
<b>Software &amp; Computer Services (31 July 2010 4.51%)</b>			
Anite	1,436,881	991	0.18
Aveva Group	681,000	11,659	2.14
Blinkx	4,567,000	4,978	0.91
Computacenter	1,638,000	7,964	1.46
EMIS Group	268,441	1,452	0.27
Fidessa Group	367,392	6,988	1.28
SDL	1,442,870	9,891	1.81
Telecity Group	2,097,820	11,706	2.14
		<b>55,629</b>	<b>10.19</b>
<b>Support Services (31 July 2010 9.77%)</b>			
Ashtead Group	4,137,000	6,673	1.22
Capital Drilling	3,232,000	3,200	0.59
Critical Information	136,000	5	-
Digital Barriers	2,064,000	3,612	0.66
Diploma	862,000	3,187	0.58
H Brammer	4,428,000	13,262	2.43
Hargreaves Services	589,000	6,243	1.14
Howden Joinery Group	5,294,000	6,083	1.12
Hyder Consulting	717,000	3,071	0.56
Interior Services Group	657,000	1,281	0.24
Interserve	558,498	1,823	0.33
John Menzies	417,500	2,119	0.39
Robert Walters	595,194	1,905	0.35
RPS	2,301,000	5,373	0.99
RWS	30,000	131	0.02
SIG	2,695,993	3,499	0.64
Smart Metering Systems	4,128,456	3,798	0.70
Staffline Group	276,189	663	0.12
Sthree	1,376,000	4,981	0.91
Waterlogic	1,695,644	2,798	0.51
WS Atkins	571,353	4,045	0.74
		<b>77,752</b>	<b>14.24</b>
<b>Technology Hardware &amp; Equipment (31 July 2010 2.45%)</b>			
IQE	7,624,876	2,612	0.48
Spirent Communications	4,400,895	5,721	1.04
		<b>8,333</b>	<b>1.52</b>



## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

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#### Portfolio Statement As at 31 July 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Travel &amp; Leisure (31 July 2010 6.78%)</b>			
Cineworld	1,642,000	3,046	0.56
Domino's Pizza	739,000	3,667	0.67
Games Workshop	882,000	3,881	0.71
Greene King	1,764,000	8,619	1.58
Punch Taverns	11,351,000	7,191	1.32
Rank Group	4,925,000	7,141	1.31
Restaurant Group	2,556,308	7,444	1.36
		<b>40,989</b>	<b>7.51</b>
<b>Non-equity Investment Instruments (31 July 2010 7.09%)</b>			
Insight Liquidity Fund	9,935,404	<b>9,935</b>	<b>1.82</b>
<b>Other (31 July 2010 18.90%)</b>			
<b>Portfolio of Investments</b>		<b>537,529</b>	<b>98.44</b>
<b>Net Current Assets (31 July 2010 1.50%)</b>		<b>8,540</b>	<b>1.56</b>
<b>Net Assets</b>		<b>546,069</b>	<b>100.00</b>

All the above investments are denominated in sterling, unless indicated otherwise.

Unless otherwise stated, all investments are ordinary shares or stocks and are listed or traded on an eligible exchange.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

#### Statement of Total Return For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
Income	Note	£000	£000	£000	£000
Net capital gains	2		118,688		77,726
Revenue	3	10,053		7,787	
Expenses	4	(9,704)		(7,286)	
Net revenue before taxation		349		501	
Taxation	5	(22)		(13)	
Net revenue after taxation			327		488
<b>Total return before distributions</b>			119,015		78,214
Finance costs: Distributions	6		(328)		(488)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>118,687</b>		<b>77,726</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			426,861		312,189
Amounts receivable on issue of shares		113,769		112,904	
Amounts payable on cancellation of shares		(113,018)		(76,012)	
			751		36,892
SDRT (see page 96)			(445)		(334)
Change in net assets attributable to shareholders from investment activities			118,687		77,726
Unclaimed distribution			-		1
Retained distribution on accumulation shares			215		387
<b>Closing net assets attributable to shareholders</b>			<b>546,069</b>		<b>426,861</b>

#### Balance Sheet As at 31 July 2011

	Note	As at 31 July 2011 £000	As at 31 July 2010 £000
<b>Assets</b>			
Investment assets		537,529	420,463
Debtors	7	7,288	4,614
Cash and bank balances		5,000	4,000
Total other assets		12,288	8,614
Total assets		549,817	429,077
<b>Liabilities</b>			
Creditors	8	3,694	2,091
Distribution payable on income shares		54	125
Total other liabilities		3,748	2,216
Total liabilities		3,748	2,216
<b>Net assets attributable to shareholders</b>		<b>546,069</b>	<b>426,861</b>

The notes on pages 83 to 86 form an integral part of these financial statements.

# Old Mutual Investment Funds Series I

## Old Mutual UK Select Smaller Companies Fund

### Notes to the Financial Statements

#### 1. Accounting Policies

The accounting policies are set out in note 1 to the aggregated financial statements on page 91.

#### 2. Net Capital Gains

The net capital gains during the year comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Non-derivative securities	118,723	77,785
Currency losses	-	(2)
Transaction costs and handling charges	(35)	(57)
<b>Net capital gains</b>	<b>118,688</b>	<b>77,726</b>

#### 3. Revenue

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
UK dividends	9,004	6,985
Overseas income	834	656
Underwriting commission	64	13
Securitised interest	151	128
Sundry income	-	5
	<b>10,053</b>	<b>7,787</b>

\*Bank interest is earned on deposits held with an associate of the Depositary.

#### 4. Expenses

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	8,830	6,630
Administration fees	768	574
	<b>9,598</b>	<b>7,204</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	67	50
Safe custody fees	30	24
	<b>97</b>	<b>74</b>
Other expenses:		
Audit fees	8	8
Sundry expenses	1	-
	<b>9</b>	<b>8</b>
<b>Total expenses</b>	<b>9,704</b>	<b>7,286</b>

# Old Mutual Investment Funds Series I

## Old Mutual UK Select Smaller Companies Fund

### Notes to the Financial Statements (continued)

#### 5. Taxation

##### a) Analysis of the charge for the year:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Overseas tax	22	13
<b>Total taxation</b>	<b>22</b>	<b>13</b>

##### b) Factors affecting current tax charge for year:

The tax deductible expenses substantially exceed the taxable revenue of the Fund and, as a result, there is no corporation tax charge.

Net revenue before taxation	349	501
Corporation tax at 20%	70	100
Effects of:		
Revenue not subject to taxation	(1,801)	(1,397)
Overseas tax	22	13
Movement in excess management expenses	1,731	1,297
<b>Actual tax charge</b>	<b>22</b>	<b>13</b>

As at 31 July 2011 the Fund had surplus management expenses of £39,014,697 (31 July 2010: £36,664,876) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable revenue in a future period in excess of deductible expenses of that period and accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing surplus expenses.

#### 6. Finance Costs

##### Distributions

Revenue will normally be distributed annually on the last day of September. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Net revenue after taxation	327	488
	<b>327</b>	<b>488</b>
Final distribution	54	125
Final accumulation	215	387
	269	512
Add: Revenue paid on shares cancelled	111	31
Deduct: Revenue received on shares created	(52)	(55)
Net distribution for the year	328	488
Income deficit Class C shares	(1)	
<b>Total finance costs: Distributions</b>	<b>327</b>	<b>488</b>

#### 7. Debtors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts receivable from the ACD for creation of shares	679	2,407
Sales awaiting settlement	6,066	1,332
Accrued income	427	824
Withholding tax recoverable	29	12
Prepayment of expenses	87	39
	<b>7,288</b>	<b>4,614</b>

# Old Mutual Investment Funds Series I

## Old Mutual UK Select Smaller Companies Fund

### Notes to the Financial Statements (continued)

#### 8. Creditors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts payable to the ACD for cancellation of shares	422	430
Purchases awaiting settlement	3,179	1,627
Accrued expenses	93	34
	<u>3,694</u>	<u>2,091</u>

#### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, The Royal Bank of Scotland PLC, are regarded as the controlling parties of the fund by virtue of acting together in respect of the operations of the Fund and are considered related parties of the fund. Transactions between the ACD and the Fund are included in the Statement of Change in Shareholders' Net Assets and disclosed in notes 4, 7 and 8. Transactions with the Depositary and its associates are disclosed in notes 4 and 8.

#### 10. Contingent Liabilities and Commitments

There are no contingent liabilities or commitments at the balance sheet date (31 July 2010: Nil).

#### 11. Financial Instruments and Associated Risks

The main risk arising from the fund's financial instruments is market price. Market risk arises mainly from uncertainty about future prices of the financial instruments held.

There is no material difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

The Fund has no financial liabilities other than short-term creditors and short-term bank overdrafts arising from time differences in the transactions of the Fund. Interest payable on bank overdrafts is at floating rates linked to the Bank of England Base Rate.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Fund are discussed below.

##### Market risk

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and other price risk.

The Fund's strategy on the management of investment risk is driven by its objectives as stated on page 73. The Fund's market risk is managed on a daily basis by an independent risk team of the Investment Adviser. The Fund's overall market positions are monitored daily by the Fund's Investment Adviser and reviewed by the ACD on a quarterly basis.

Details of the nature of the Fund's investment portfolio at the balance sheet date are disclosed in the Portfolio Statement on pages 78 to 81.

##### Currency risk

Currency risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in currency exchange rates. The Fund is not exposed to any significant currency risk because the majority of the Fund's assets or liabilities are denominated in Sterling.

##### Interest rate risk

Interest rate risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in interest rates. Interest rate risk arises in the Fund through the surplus cash placed on short term deposits. As a result, the Fund is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates received. The objective of the Fund is to invest any surplus cash while leaving sufficient amount for paying expenses of the Fund hence reducing the amount of surplus cash to be placed on short term deposits.

##### Other price risk

Other price risk is the risk that the revenue and capital of the Fund will be adversely affected by movements in other market prices, including the price of financial instruments. Other price risk arises in the Fund through its investments which will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or other factors affecting all instruments traded in the market.

The objective of the Fund is to maintain a diversified portfolio by investing in different sectors and limiting its exposure to a particular sector in relation to the whole portfolio. The Fund Manager actively reviews the portfolio on an ongoing basis to ensure it is consistent with the Fund's objectives and re-balance as required to achieve this.

##### Credit risk

Credit risk is the risk that revenue and capital of the Fund will be adversely affected by inability of counterparties to meet their contractual payment obligations. Credit risk arises in the Fund through the potential for counterparties to various financial instruments failing to discharge an obligation or commitment they have entered into with the Fund.

This risk is managed through the use of an approved counterparty policy, which requires all approved counterparties to meet a number of criteria, including a minimum credit rating and counterparty limits.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

## Notes to the Financial Statements (continued)

### 11. Financial Instruments and Associated Risks (continued)

#### Liquidity risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. Liquidity risk arises in the Fund through the potential redemption of any shares that investors wish to sell.

The objective of the Fund is to monitor the redemption rate and manage its liquidity accordingly. The Fund's assets comprise mainly of readily realisable securities, which can be sold to meet liquidity requirements. The Fund's prospectus provides for daily creation and cancellation of shares and is therefore exposed to the liquidity risk of meeting shareholder redemptions at anytime.

### 12. Portfolio Transaction Costs

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	394,345	391,993
Commissions	779	516
Taxes	1,199	1,298
Other	-	210
Total purchase costs	1,978	2,024
<b>Total purchases including transaction costs</b>	<b>396,323</b>	<b>394,017</b>
Analysis of total sale costs		
Gross sales before transaction costs	379,080	374,402
Commissions	(512)	(562)
Taxes	-	-
Other	-	(2)
Total sale costs	(512)	(564)
<b>Total sales net of transaction costs</b>	<b>378,568</b>	<b>373,838</b>

### 13. Sensitivity Analysis

The Fund does not make use of any derivative products and is not sophisticated and as such sensitivity analysis has not been presented.

## Old Mutual Investment Funds Series I

### Old Mutual UK Select Smaller Companies Fund

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#### Distribution on 30 September 2011 for the year ended 31 July 2011

Group 1: Shares purchased prior to 1 August 2010

Group 2: Shares purchased on or after 1 August 2010

	Net Income 2011 pence per share	Equalisation 2011 pence per share	Distribution Payable 2011 pence per share	Distribution Paid 2010 pence per share
<b>Class A</b>				
<b>Income shares</b>				
Group 1	0.0637	-	0.0637	0.1498
Group 2	0.0363	0.0274	0.0637	0.1498
<b>Accumulation shares</b>				
Group 1	0.0596	-	0.0596	0.1481
Group 2	0.0163	0.0433	0.0596	0.1481
<b>Class B</b>				
<b>Accumulation shares</b>				
Group 1	0.6879	-	0.6879	0.6599
Group 2	0.3673	0.3206	0.6879	0.6599

Equalisation applies only to shares purchased since 1 August 2010 (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### Post Balance Sheet Event

## Old Mutual Investment Funds Series I

### Statement of Responsibilities

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#### Authorised Corporate Director's Responsibilities

The ACD is responsible for the management of the fund in accordance with its prospectus and the rules in the Collective Investment Schemes Sourcebook published by the Financial Services Authority. These regulations require the ACD to prepare Financial Statements for each annual accounting period which give a true and fair view of the financial affairs of the fund and of the net revenue and the net gains/(losses) on the property of the fund for the period. In preparing the Financial Statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice on Authorised Funds 2010 issued by the Investment Management Association;
- follow generally accepted UK accounting principles and practice and UK applicable accounting standards (UK GAPP);
- keep proper accounting records which enable it to demonstrate that the Financial Statements as prepared comply with the above requirements;
- take reasonable steps for the prevention and detection of fraud and other irregularities;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

#### Depository's Responsibilities

The Depository is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depository to take reasonable care to ensure that the Company is managed in accordance with the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulation 2001 (SI 2001/1228), as amended ('the OEIC Regulations'), the Company's instrument of incorporation and prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depository of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with COLL and, where applicable, the OEIC Regulations, the instruments of incorporation and prospectus of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

The Royal Bank of Scotland Plc  
Edinburgh  
31 July 2011



## Old Mutual Investment Funds Series I

### Independent Auditors Report

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#### Independent auditors' report to the shareholders of Old Mutual Investment Funds Series I ('the Company')

We have audited the financial statements of the Company for the year ended 31 July 2011 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet together with the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Services Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Authorised Corporate Director ('the ACD') Old Mutual Fund Managers Limited and the auditor**

As explained more fully in the Statement of ACD's Responsibilities set out on page 88, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Company as at 31 July 2011 and of its net revenue and net capital gains on the property of the Company for the year then ended; and
- have been prepared in accordance with the requirements of the Instrument of Incorporation, Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

#### **Opinion on other matters prescribed by the COLL Rules**

In our opinion the information given in the Authorised Corporate Directors' Report is consistent with the financial statements.

We have received all of the information and explanations which we consider necessary for the purposes of the audit.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

**N. Palmer**

**For and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

London

24 November 2011

## Old Mutual Investment Funds Series I

### Aggregated Financial Statements

#### Statement of Total Return For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
Income	Note	£000	£000	£000	£000
Net capital gains	2		301,031		365,335
Revenue	3	76,391		84,868	
Expenses	4	(33,235)		(29,478)	
Finance costs: Interest	6	(158)		1	
Net revenue before taxation		42,998		55,391	
Taxation	5	(46)		(26)	
Net revenue after taxation			42,952		55,365
<b>Total return before distributions</b>			343,983		420,700
Finance costs: Distributions	6		(42,953)		(55,365)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>301,030</b>		<b>365,335</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the year ended 31 July 2011

		1 August 2010 - 31 July 2011		1 August 2009 - 31 July 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			1,988,695		1,722,762
Amounts receivable on creation of shares		474,859		450,074	
Amounts payable on cancellation of shares		(674,124)		(574,298)	
			(199,265)		(124,224)
SDRT (see page 96)			(1,126)		(949)
Change in net assets attributable to shareholders from investment activities			301,030		365,335
Unclaimed distribution			20		33
Retained distribution on accumulation shares			19,886		25,738
<b>Closing net assets attributable to shareholders</b>			<b>2,109,240</b>		<b>1,988,695</b>

#### Balance Sheet As at 31 July 2011

		As at 31 July 2011		As at 31 July 2010	
	Note	£000		£000	
<b>Assets</b>					
Investments assets			2,067,721		1,947,855
Current assets					
Debtors	7	35,767		49,347	
Cash and bank balances		25,476		17,552	
Total other assets			61,243		66,899
Total assets			2,128,964		2,014,754
<b>Liabilities</b>					
Creditors	8	16,085		20,851	
Distribution payable on income shares		3,639		5,208	
Total other liabilities			19,724		26,059
Total liabilities			19,724		26,059
<b>Net assets attributable to shareholders</b>			<b>2,109,240</b>		<b>1,988,695</b>

The notes on pages 91 to 95 form an integral part of these financial statements.

# Old Mutual Investment Funds Series I

## Aggregated Financial Statements

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### Notes to the Financial Statements

#### 1. Accounting Policies

##### **Basis of accounting**

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investments, in compliance with the Financial Service Authority's Collective Investment Schemes Sourcebook. They have been prepared in accordance with applicable accounting standards and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the IMA in November 2008.

##### **Income**

Dividends on equities and distributions on unit trust holdings are recognised when the relevant securities are quoted ex-dividend or ex-distribution. Interest, underwriting commission and other income are accounted for on an accruals basis and the rules for Effective Interest Rate (EIR) accounting as outlined in the SORP.

##### **Special dividends**

Special dividends are treated as repayments of capital or income depending on the circumstances surrounding the dividend. Where special dividends are taken to capital they are disclosed as realised gains on investments during the period (note 2).

##### **Script dividends**

The ordinary element of stocks received in lieu of cash are recognised as income. Any enhancement above the cash dividend is taken to capital and disclosed as realised gains on investments.

##### **Management expenses**

Management expenses are accounted for on an accruals basis.

##### **Distributions**

Amounts distributable are calculated after charging all of the ACD's periodic charge and all other expenses except those of a capital nature. Interest distributions will be made on an Effective Interest Rate (EIR) basis.

##### **Basis of valuation of investments**

The valuation point is 12.00 noon on the last business day of the accounting period. Quoted investments are valued at the market bid price net of any accrued interest which is included in the balance sheet as an income-related item.

##### **Foreign currencies**

Assets and liabilities have been translated into sterling at the mid-market exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated at the exchange rate prevailing at the transaction date. Where forward positions in currencies are held, these are translated at the appropriate forward rate. Any resulting exchange differences are disclosed as currency gains/(losses) in the Statement of Total Return.

##### **Deferred tax**

Deferred tax is provided for on a full liability basis for all timing differences. Deferred tax assets are only recognised to the extent that it can be regarded as more likely than not that there will be sufficient suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

##### **Forward foreign exchange contracts**

Forward foreign exchange contracts are used in order to hedge against currency exchange rate movements on underlying investments in overseas bonds. The difference between the forward and spot and movement in the spot rate are taken to the capital account.

**Taxation** Corporation tax is charged at 20% of the income liable to Corporation tax less expenses.

**Shares** Where a fund has more than one share class, each class may incur different expenses. Consequently the level of net revenue available to each share class may differ.

**Allocation of Revenue and Expenses to Multiple Share Classes** With the exception of the annual management charge, which is directly attributable to individual Share Classes, all revenue and expenses are allocated to Share Classes pro rata to the value of the new assets of the relevant Share Class on the day the revenue or expense is recognised.

# Old Mutual Investment Funds Series I

## Aggregated Financial Statements

### Notes to the Financial Statements (continued)

#### 2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Non-derivative securities	315,621	363,707
Derivative contracts	(8,538)	(11)
Forward currency contracts	(3,860)	3,540
Currency gains/(losses)	(1,272)	(899)
Sundry income	27	12
ACD fee capitalised	(828)	(852)
Transaction costs and handling charges	(119)	(162)
<b>Net capital gains</b>	<b>301,031</b>	<b>365,335</b>

#### 3. Revenue

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
UK dividends	28,173	24,090
Overseas income	2,376	2,564
Interest on debt securities	46,534	55,717
EIR adjustment	(1,379)	2,143
Bank interest*	21	4
Underwriting commission	119	13
Securitised interest	547	312
Sundry income	-	25
	<b>76,391</b>	<b>84,868</b>

\*Bank interest is earned on deposits held with an associate of the Depositary.

#### 4. Expenses

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	29,801	26,386
Administration fees	2,885	2,570
	<b>32,686</b>	<b>28,956</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	288	256
Safe custody fees	208	208
	<b>496</b>	<b>464</b>
Other expenses:		
Audit fees	52	53
Sundry expenses	1	5
Total other expenses	<b>53</b>	<b>58</b>
<b>Total expenses</b>	<b>33,235</b>	<b>29,478</b>

## Old Mutual Investment Funds Series I

### Aggregated Financial Statements

#### Notes to the Financial Statements (continued)

##### 5. Taxation

###### a) Analysis of the charge for the period:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Overseas tax	46	26
<b>Total taxation</b>	<b>46</b>	<b>26</b>

###### b) Factors affecting current tax charge for the year:

The tax deductible expenses substantially exceed the taxable revenue of the Fund and, as a result, there is no corporation tax charge.

Net revenue before taxation	42,998	55,391
Interest distribution	(35,690)	(48,085)
Corporation tax at 20%	1,462	1,461
Effects of:		
Revenue not subject to taxation	(5,634)	(4,819)
Overseas tax	46	26
Movement in excess management expenses	4,172	3,357
<b>Actual tax charge</b>	<b>46</b>	<b>26</b>

##### 6. Finance Costs

###### Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Net revenue after taxation	42,952	55,365
	<b>42,952</b>	<b>55,365</b>
1st interim distribution	5,152	5,709
2nd interim distribution	4,314	5,962
3rd interim distribution	3,565	5,418
4th interim distribution	61	72
5th interim distribution	88	73
6th interim distribution	62	82
7th interim distribution	12	69
8th interim distribution	77	75
9th interim distribution	80	47
10th interim distribution	56	52
11th interim distribution	119	39
Final distribution	4,156	6,145
1st interim accumulation	6,275	6,865
2nd interim accumulation	4,946	7,260
3rd interim accumulation	4,529	6,543
4th interim accumulation	43	131
5th interim accumulation	58	126
6th interim accumulation	29	139
7th interim accumulation	2	114
8th interim accumulation	30	117
9th interim accumulation	29	70
10th interim accumulation	22	75
11th interim accumulation	42	54
Final accumulation	7,957	9,683
	41,704	54,920
Add: Revenue paid on shares cancelled	2,631	1,805
Deduct: Revenue received on shares created	(1,382)	(1,360)

# Old Mutual Investment Funds Series I

## Aggregated Financial Statements

### Notes to the Financial Statements (continued)

#### 6. Finance Costs (continued)

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Net distribution for the year	42,953	55,365
Interest	158	(1)
Income deficit Class C shares	(1)	-
<b>Total finance costs: Distributions</b>	<b>43,110</b>	<b>55,364</b>

#### 7. Debtors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts receivable from the ACD for creation of shares	5,163	4,601
Sales awaiting settlement	16,021	24,302
Accrued income	14,235	20,260
Withholding tax recoverable	71	33
Prepayment of expenses	277	151
	<b>35,767</b>	<b>49,347</b>

#### 8. Creditors

	As at 31 July 2011 £000	As at 31 July 2010 £000
Amounts payable to the ACD for cancellation of shares	7,655	2,503
Purchases awaiting settlement	6,683	15,998
Accrued expenses	355	159
UK Income tax payable	1,392	2,191
	<b>16,085</b>	<b>20,851</b>

#### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, The Royal Bank of Scotland PLC, are regarded as the controlling parties of the fund by virtue of acting together in respect of the operations of the fund and are considered related parties of the fund. Transactions between the ACD and the fund are included in the Statement of Change in Shareholders' Net Assets and disclosed in notes 4, 7 and 8.

#### 10. Contingent Liabilities and Commitments

There was contingent liabilities of £651,000 as at the balance sheet date (31 July 2010: Nil).

#### 11. Financial Instruments and the Management of Risk

The main risk arising from the Company's financial instruments is market price. Market risk arises mainly from uncertainty about future prices of the financial instruments held.

There is no material difference between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

Although the Company's performance is measured in sterling, a large proportion of the Company's assets are denominated in other currencies and, as a result, the income and capital value of the Company may be significantly affected by currency movements. The Company is permitted to hedge against price and currency fluctuations and, where there are foreign currency risks, these are disclosed as appropriate. The currencies in which investments are denominated are detailed in the portfolio statement of the individual sub fund.

The Company generally hedges the exposure to currency risk but from time to time does take forward currency exchanges (FX) in relation to overseas denominated investments. Generally during the period, forward FX was used to manage the currency exposure of Euros and US dollars.

The majority of the Company's assets are fixed income securities, which are exposed to interest rate risk. In addition, interest payable on bank overdrafts is at floating rates linked to the Bank of England Base Rate whilst Interest receivable on cash is at floating rates linked to LIBOR.

Where the Company's assets are comprised of fixed rate bonds, further information is provided in relation to the numerical disclosures in the financial statements of the individual sub funds.

## Old Mutual Investment Funds Series I Aggregated Financial Statements

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### Notes to the Financial Statements (continued)

#### 12. Portfolio Transaction Costs

	1 August 2010 - 31 July 2011 £000	1 August 2009 - 31 July 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	1,200,308	1,273,535
Commissions	2,476	1,645
Taxes	3,949	4,506
Other	-	232
Total purchase costs	6,425	6,383
<b>Total purchases including transaction costs</b>	<b>1,229,362</b>	<b>1,279,918</b>
Analysis of total sale costs		
Gross sales before transaction costs	1,162,422	1,380,614
Commissions	(1,580)	(2,107)
Other	-	(4)
Total sale costs	(1,580)	(2,111)
<b>Total sales net of transaction costs</b>	<b>1,160,842</b>	<b>1,378,503</b>

## Old Mutual Investment Funds Series I

### Other Significant Information

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#### **Individual Savings Accounts**

From 6 April 1999, each fund has been managed so as to ensure that it is a qualifying investment for the stocks and shares component of an Individual Savings Account, within the Individual Savings Account ('ISA') Regulations 1999.

#### **Stamp Duty Reserve Tax (SDRT)**

##### **What is SDRT?**

SDRT is a tax charge levied by HM Revenue & Customs on the disposal or switching of shares in an OEIC. The tax is charged when shares are sold back to the ACD (Authorised Corporate Director), or when there is a non-exempt transfer of an investment. SDRT is charged at the maximum rate of 0.5% on eligible investments (although this figure may be reduced depending on the investments in and number of issues and surrenders applicable to the fund). If applicable, SDRT is paid to HM Revenue & Customs on the 14th of the month following the monthly charging period.

##### **When is SDRT charged?**

SDRT will be charged to redemptions of shares where the transaction is 2% or greater of the value of the fund as at the date of the transaction. The charge will be at a rate appropriate to the fund concerned, by reference to the proportion of exempt and non-exempt assets used in the calculation for the previous month.

##### **ACD's policy on charging SDRT**

Except for SDRT on larger deals and on non-exempt transfers between third parties OMFM intends that any liability to SDRT will be borne by the fund concerned.

For further information on the application of SDRT please refer to the full prospectus which is available on request from the ACD.

#### **Capital Gains Tax**

Capital gains within the fund are not liable to tax. You may be liable to capital gains tax when you sell some of your shares if the total gains in the relevant tax year exceed the annual exemption. For the tax year 2010/2011, the first £10,100 is exempt. This is the personal allowance for all your investments. If you have any queries regarding your tax position, you should contact your financial adviser.

#### **Fund Merger**

Following a share holder resolution and FSA approval the Old Mutual Extra Income Fund merged with the Old Mutual Equity Income Fund as of 25 February 2011.



#### Contact Details

Old Mutual Fund Managers Limited,  
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