

# Old Mutual Investment Funds Series II

## Authorised Corporate Director's Final Report

### For the Year Ended 31 October 2011

- Asian Select Fund
- European Equity Fund
- Global Equity Fund
- Global Strategic Bond Fund
- Japanese Select Fund
- North American Equity Fund
- UK Select Equity 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)  
PO Box 10278  
Chelmsford  
CM99 2AR

**Depository**

National Westminster Bank Plc  
135 Bishopsgate  
London  
EC2M 3UR

Authorised and regulated by the Financial Services Authority

**Auditors**

KPMG Audit Plc  
15 Canada Square  
London  
E14 5GL

## Old Mutual Investment Funds Series II

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### Information About the Company During the Period

Old Mutual Investment Funds Series II 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 Managers Limited.



P. Nathan  
Chief Operating Officer  
Old Mutual Fund Managers Limited  
22 February 2012



S. Wilson  
Sales & Marketing Director  
Old Mutual Fund Managers Limited  
22 February 2012

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

## Investment Adviser's Report

### For the year ended 31 October 2011

#### Performance

	1 year to 31 October 2011	1 year to 31 October 2010	1 year to 31 October 2009	1 year to 31 October 2008	1 year to 31 October 2007	1 year to 31 October 2006
Old Mutual Asian Select Fund	-9.6%	18.5%	61.0%	-48.3%	76.2%	27.4%
IMA Far East ex Japan	-6.4%	24.8%	60.6%	-45.6%	53.6%	24.0%
Quartile	4	4	2	3	1	2
MSCI Asia Pacific Free	-4.8%	24.2%	63.1%	-44.7%	53.1%	23.3%
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

#### Investment Objectives, Policy and Strategy

To achieve long term capital growth through the active management of a diversified portfolio of securities. There will be no geographic or economic restrictions but principally, investment will be in securities traded on Asian and Australasian stockmarkets.

Subject to the regulations, the property of the fund may include transferable securities, shares 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 Efficient Portfolio Management 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 fund aims to achieve long term capital growth by investing in a diversified portfolio of securities originating predominantly in the markets of the Asia Pacific region excluding Japan. This includes the more developed markets of Australia, Hong Kong and Singapore.

#### Review

Asian equity markets tracked higher through the first half of the review period, with investment sentiment buoyed by sustained economic growth in key emerging markets and a gradual but overall positive improvement in developed economies. Unfortunately, a number of events, financial and non-financial, combined to severely erode confidence, leading to a succession of crises and, in late July to early August, a sharp correction in share values. In February and March floods in Queensland affected commodity prices, while political unrest in the Middle East and North Africa affected the oil price. In early March Japan suffered significant damage from a tsunami, which in turn impacted global technology and automotive supply chains. Adding to concern, the summer quarter saw series of weak economic data from the US, including in key areas such as housing and employment.

The overwhelming issue however, was eurozone sovereign debt. The crisis in the eurozone served to highlight the levels of public debt across the large developed economies. Japan and the US both suffered credit downgrades in the period. Sentiment to Asian markets deteriorated sharply towards the end of the period as European authorities failed to deliver a solution sufficient to restore economic confidence. Within Asian economies, the risk of inflation kept monetary policy relatively tight, adding to concerns that alongside a slowing outlook for Asia's trade with developed economies tight monetary conditions could slow domestic activity.

The MSCI AC Asia Pacific Ex Japan fell 4.8% in sterling over the period. China and India under-performed as authorities kept monetary conditions tight to control inflation. Smaller economies, such as Indonesia, with more domestic oriented growth drivers made positive returns. Economically sensitive sectors such as industrials underperformed, while defensive sectors such as telecommunications led.

Overall fund performance for the period was disappointing. Detractors to performance included the overweight position in China where property developers Agile and China Overseas Land underperformed as investors feared sales growth would slow. Exposure to the technology sector further detracted from performance, as Catcher and Wintek underperformed on concern of increased competition. These negative features were partially offset by the overweight positions in the consumer sector. Jardine Cycle and Carriage benefited from strong demand for cars and motor cycles in Indonesia, while Daphne performed well as it demonstrated a recovery in growth. The fund also benefitted from a move to underweight in the mining sector where we owned Macarthur Coal, which performed strongly on a takeover approach.

#### Outlook

The issue of public debt in the developed economies is not going to disappear quickly or easily, but it appears increasingly likely that lurching from crisis to crisis will give way to broad agreement on longer-term solutions. This should be positive for equities as it will allow investors to return to fundamentals. These include good levels of growth in Asian economies, stimulating a global demand cycle, and stable, if low, levels of growth in developed economies. In the meantime, Asian equity valuations are at historically low levels.

#### 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 October 2006 and the close on 31 October 2011. Returns quoted are sterling or local currency returns as specified.

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

#### Net Asset Value per Share

The fund was launched on 14 September 1994. Income units were first issued on that date at 105p per unit. Accumulation units were first issued on 10 October 1999. On 19 September 2007, the fund was converted into a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series II.

#### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 October 2009 Class A Acc	75,117,977	205.32	36,584,938
31 October 2010 Class A Acc	88,158,365	240.53	36,651,897
31 October 2011 Class A Acc	72,713,198	219.77	33,085,469

#### Capital price range

The table below shows the highest buying and lowest selling prices of shares/units 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	147.33	115.36	156.72	121.08
2007 Class A	207.15	136.32	262.15	145.01
2008 Class A	-	-	255.35	113.83
2009 Class A	-	-	234.24	132.66
2010 Class A	-	-	262.20	202.24
2011* Class A	-	-	265.54	190.45

\*To 31 October

#### Net income distribution

The table below shows the net income distribution in pence per share/unit 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	1.7386	13.37	1.8248	13.37
2007 Class A	1.0549	8.11	1.1221	8.22
2008 Class A	-	-	0.9820	7.20
2009 Class A	-	-	1.5244	11.17
2010 Class A	-	-	1.1318	8.29
2011* Class A	-	-	1.4949	10.96

\*To 31 December

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the fund is explained on page 114.

#### Total Expense Ratio (TER)

	As at 31 October 2011	As at 31 October 2010
Share Class A	<u>1.82</u>	<u>1.84</u>

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

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

#### Portfolio Statement As at 31 October 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Equities (31 October 2010 95.57%)</b>			
<b>Australia (31 October 2010 13.94%)</b>			
Atlas Iron	272,037	565	0.78
Australia and New Zealand Bank	114,500	1,641	2.26
BHP Billiton	14,500	362	0.50
Commonwealth Bank of Australia	68,509	2,232	3.07
National Australia Bank	76,150	1,294	1.78
Newcrest Mining	87,287	1,935	2.66
Oil Search	302,702	1,313	1.80
Rio Tinto	18,817	861	1.18
Telstra	551,000	1,129	1.55
Wesfarmers	78,227	1,679	2.31
Westpac Banking	100,500	1,483	2.04
	<b>14,494</b>	<b>19.93</b>	
<b>Cayman Islands (31 October 2010 5.40%)</b>			
Daphne International	1,764,000	1,158	1.59
Sands China	525,200	1,009	1.39
Tencent	56,000	820	1.13
Want Want China	1,733,000	1,008	1.39
Wynn Macau	335,600	600	0.82
	<b>4,595</b>	<b>6.32</b>	
<b>China (31 October 2010 16.44%)</b>			
Anhui Conch Cement	367,000	842	1.16
Bank of China	2,996,000	677	0.93
China Construction Bank	2,687,000	1,252	1.72
China Petroleum & Chemical	1,746,000	1,042	1.43
China Shenhua Energy	320,000	931	1.28
Dongfeng Motor	638,000	666	0.92
Industrial & Commercial Bank	2,919,000	1,156	1.59
PetroChina	1,232,000	1,014	1.39
	<b>7,580</b>	<b>10.42</b>	
<b>Hong Kong (31 October 2010 6.93%)</b>			
AIA	525,200	1,017	1.40
BOC Hong Kong	612,000	917	1.26
Cheung Kong	146,000	1,144	1.57
China Mobile	263,500	1,580	2.18
China Resources Enterprise	458,000	1,049	1.44
CNOOC	914,000	1,118	1.54
Gome Electrical Appliances	5,410,000	1,061	1.46
Hutchison Whampoa	88,000	510	0.70
Power Assets	147,000	699	0.96
	<b>9,095</b>	<b>12.51</b>	
<b>India (31 October 2010 7.06%)</b>			
HDFC Bank	212,500	1,332	1.83
Infosys Technologies	19,800	744	1.02
ITC	530,000	1,450	2.00
Reliance Industries	62,000	695	0.96
Tata Motors	449,000	1,142	1.57
	<b>5,363</b>	<b>7.38</b>	
<b>Indonesia (31 October 2010 5.56%)</b>			
Bank Rakyat Indonesia Persero	1,400,000	656	0.91

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Indonesia (31 October 2010 5.56%) - (continued)</b>			
Indo Tambangraya Megah	205,000	642	0.88
PT Lippo Bank*	1,800,000	-	-
		<b>1,298</b>	<b>1.79</b>
<b>Malaysia (31 October 2010 4.24%)</b>			
CIMB	535,400	818	1.12
Gamuda	1,917,700	1,314	1.81
		<b>2,132</b>	<b>2.93</b>
<b>Singapore (31 October 2010 7.18%)</b>			
Fraser and Neave	300,000	925	1.27
Jardine Cycle & Carriage	67,000	1,521	2.09
Keppel	265,500	1,261	1.73
United Overseas Bank	144,000	1,235	1.70
Wilmar International	451,000	1,232	1.70
		<b>6,174</b>	<b>8.49</b>
<b>South Korea (31 October 2010 13.65%)</b>			
DGB Financial	87,000	668	0.92
Hyundai Motor	8,450	1,077	1.48
Kia Motors	25,300	1,028	1.41
LG Chemical	4,100	839	1.15
Lg Household and Healthcare	2,200	622	0.86
Posco	2,500	547	0.75
Samsung C&T Corp	14,360	562	0.77
Samsung Electronics	4,230	2,303	3.17
Samsung Engineering	7,000	902	1.24
Shinhan Financial	42,190	1,058	1.46
SK Innovation	3,900	372	0.51
		<b>9,978</b>	<b>13.72</b>
<b>Taiwan (31 October 2010 7.65%)</b>			
Catch Technology	150,000	533	0.73
Chipbond Technology	670,000	377	0.52
Far Eastone Telecom	796,000	819	1.13
Formosa Chemicals & Fibre	250,000	455	0.63
Fubon Financial	1,859,205	1,377	1.89
HTC	52,500	750	1.03
KGI Securities	2,529,104	670	0.92
Largan Precision	71,000	1,007	1.38
Mega Financial Hold	1,509,600	732	1.01
Taiwan Semiconductor Manufacturing ADR	171,800	1,366	1.88
		<b>8,086</b>	<b>11.12</b>
<b>Thailand (31 October 2010 1.89%)</b>			
Dhana Siam Finance FB*	154,000	-	-
First Bangkok Bank FB*	190,972	-	-
IFCT Finance FB*	74,000	-	-
Kasikornbank FB	352,100	891	1.22
Nava Finance FB*	163,000	-	-
PTT Global FB	265,687	353	0.49
Union Asia FB*	228,000	-	-
		<b>1,244</b>	<b>1.71</b>
<b>United Kingdom (31 October 2010 5.63%)</b>			
BHP Billiton	129,510	<b>2,615</b>	<b>3.60</b>

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

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

	Holding	Fair value £000	Percentage of total net assets %
<b>Non-equity Investment Instruments (31 October 2010 1.18%)</b>			
Insight Liquidity Fund	253,765	<u>254</u>	<u>0.35</u>
<b>Other (31 October 2010 2.06%)</b>			
<b>Portfolio of investments</b>		<u>72,908</u>	<u>100.27</u>
<b>Net Current Liabilities</b>			
(31 October 2010 -0.25%)		<u>(195)</u>	<u>(0.27)</u>
<b>Net Assets</b>		<u>72,713</u>	<u>100.00</u>

\*Suspended securities.

FB: represents securities held under Foreign Board requirements.

All of the above investments are denominated in the currency of the country of origin, 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 II

### Old Mutual Asian Select Fund

#### Statement of Total Return For the Year ended 31 October 2011

	Note	1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Income</b>					
Net capital (losses)/gains	2		(7,364)		12,390
Revenue	3	2,136		1,932	
Expenses	4	(1,513)		(1,411)	
Finance costs: Interest	6	(1)		-	
Net revenue before taxation		622		521	
Taxation	5	(114)		(121)	
Net revenue after taxation			508		400
<b>Total return before distributions</b>			(6,856)		12,790
Finance costs: Distributions	6		(508)		(400)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(7,364)</b>		<b>12,390</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the Year ended 31 October 2011

		1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			88,158		75,118
Amounts receivable on issue of shares		2,795		10,112	
Amounts payable on cancellation of shares		(11,370)		(9,876)	
			(8,575)		236
SDRT (see page 114)			(1)		(1)
Change in net assets attributable to shareholders from investment activities			(7,364)		12,390
Retained distribution on accumulation shares			495		415
<b>Closing net assets attributable to shareholders</b>			<b>72,713</b>		<b>88,158</b>

#### Balance Sheet As at 31 October 2011

	Note	As at 31 October 2011		As at 31 October 2010	
		£000	£000	£000	£000
<b>Assets</b>					
Investment assets			72,908		88,376
Debtors	7	1,338		569	
Cash and bank balances		789		1,147	
Total other assets			2,127		1,716
Total assets			75,035		90,092
<b>Liabilities</b>					
Creditors	8	2,322		1,934	
Total other liabilities			2,322		1,934
Total liabilities			2,322		1,934
<b>Net assets attributable to shareholders</b>			<b>72,713</b>		<b>88,158</b>

The notes on pages 12 to 16 form an integral part of these financial statements.

# Old Mutual Investment Funds Series II

## Old Mutual Asian Select 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 109.

#### 2. Net (Losses)/Gains on Investments

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

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Non-derivative securities	(7,250)	12,661
Currency losses	(84)	(217)
Transaction costs and handling charges	(30)	(54)
<b>Net capital (losses)/gains</b>	<b>(7,364)</b>	<b>12,390</b>

#### 3. Revenue

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
UK dividends	94	89
Overseas income	2,039	1,839
Securitised interest	2	2
Sundry income	1	2
	<b>2,136</b>	<b>1,932</b>

#### 4. Expenses

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,281	1,192
Administration fees	135	121
	<b>1,416</b>	<b>1,313</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	16	15
Safe custody fees	68	67
	<b>84</b>	<b>82</b>
Other expenses:		
Audit fees	12	6
Sundry expenses	1	10
	<b>13</b>	<b>16</b>
<b>Total expenses</b>	<b>1,513</b>	<b>1,411</b>

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

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

##### 5. Taxation

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

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas tax	114	121
<b>Total taxation</b>	<b>114</b>	<b>121</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	622	521
Corporation tax at 20%	124	104
Effects of:		
Revenue not subject to taxation	(19)	(18)
Overseas tax	114	121
Movement in excess management expenses	(105)	(86)
<b>Actual tax charge</b>	<b>114</b>	<b>121</b>

As at 31 October 2011, the fund had excess management expenses of £2,917,948 (31 October 2010: £1,407,432) 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 December. The distributions take account of revenue received on the creation of shares and income deducted on the cancellation of shares and comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Net revenue after taxation	508	400
	<b>508</b>	<b>400</b>
Final accumulation	495	415
	495	415
Add: Revenue paid on shares cancelled	17	14
Deduct: Revenue received on shares created	(4)	(29)
Net distribution for the year	508	400
Interest	1	-
<b>Total finance costs: Distributions</b>	<b>509</b>	<b>400</b>

##### 7. Debtors

	31 October 2011 £000	31 October 2010 £000
Amounts receivable from the ACD for creation of shares	3	-
Sales awaiting settlement	1,326	545
Accrued income	-	8
Withholding tax recoverable	6	5
Prepayment of expenses	3	11
	<b>1,338</b>	<b>569</b>

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

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

##### 8. Creditors

	31 October 2011	31 October 2010
	£000	£000
Amounts payable to the ACD for cancellation of shares	47	634
Purchases awaiting settlement	2,246	1,270
Accrued expenses	29	30
	<u>2,322</u>	<u>1,934</u>

##### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, National Westminster Bank 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 October 2010: Nil).

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

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 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 on the management of investment risk is driven by its objectives as stated on page 5.

The fund's market risk is monitored 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 8 to 10.

###### 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. 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 II

### Old Mutual Asian Select Fund

## Notes to the Financial Statements (continued)

### 11. Financial Instruments and the Management of Risk (continued)

Currency exposure:

The fund's foreign currency asset exposure as at 31 October 2011 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Australian Dollar	14,494	242	14,736
Euro	-	-	-
Hong Kong Dollar	21,270	(360)	20,910
Indonesian Rupiah	1,298	-	1,298
Indian Rupee	4,619	-	4,619
Malaysian Ringgit	2,132	-	2,132
New Zealand Dollar	-	-	-
Singapore Dollar	6,174	(478)	5,696
South Korean Won	9,978	-	9,978
Taiwanese Dollar	6,720	150	6,870
Thai Baht	1,244	-	1,244
United States Dollar	2,110	5	2,115
	<b>70,039</b>	<b>(441)</b>	<b>69,598</b>

The fund's foreign currency asset exposure as at 31 October 2010 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Australian Dollar	12,291	1	12,292
Euro	-	1	1
Hong Kong Dollar	27,005	(332)	26,673
Indonesian Rupiah	4,899	-	4,899
Indian Rupee	5,382	-	5,382
Malaysian Ringgit	3,736	-	3,736
New Zealand Dollar	-	4	4
Singapore Dollar	6,331	7	6,338
South Korean Won	12,032	-	12,032
Taiwanese Dollar	4,931	330	5,261
Thai Baht	1,665	806	2,471
United States Dollar	4,099	(334)	3,765
	<b>82,371</b>	<b>483</b>	<b>82,854</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 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.

#### 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 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 countries and sectors and limiting its exposure to a particular sector and or country in relation to the whole portfolio.

#### 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 II

### Old Mutual Asian Select Fund

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

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

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 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	145,542	226,126
Commissions	243	723
Taxes	67	273
Total purchase costs	310	996
<b>Total purchases including transaction costs</b>	<b>145,852</b>	<b>227,122</b>
Analysis of total sale costs		
Gross sales before transaction costs	153,613	226,232
Commissions	(259)	(674)
Taxes	(156)	(401)
Total sale costs	(415)	(1,075)
<b>Total sales net of transaction costs</b>	<b>153,198</b>	<b>225,157</b>

## Old Mutual Investment Funds Series II

### Old Mutual Asian Select Fund

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#### Distribution on 31 December 2011 for the year ended 31 October 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>Accumulation shares</b>				
Group 1	1.4949	-	1.4949	1.1318
Group 2	1.2028	0.2921	1.4949	1.1318

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.

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

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

##### Performance

	1 year to 31 October 2011	1 year to 31 October 2010	1 year to 31 October 2009	1 year to 31 October 2008	1 year to 31 October 2007	1 year to 31 October 2006
Old Mutual European Equity Fund	-2.4%	6.5%	36.9%	-40.8%	18.2%	28.1%
IMA Europe ex UK sector median	-5.8%	9.3%	34.4%	-35.7%	18.0%	24.0%
Quartile	1	3	2	4	2	1
MSCI Europe ex UK Index	-8.9%	10.6%	28.3%	35.7%	19.6%	24.0%
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To achieve long term capital growth through the active management of a diversified portfolio invested primarily in European stock markets excluding the United Kingdom.

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 Efficient Portfolio Management 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 European Equity Fund is a core Europe (ex UK) fund managed using OMAM's proprietary quantitative investment process.

The fund aims to generate long term capital growth through an actively managed, diversified portfolio of listed European equities.

##### Review

Global equity markets tracked higher through the first four months of the review period, with investment sentiment buoyed by sustained economic growth in key emerging markets and a gradual but overall positive improvement in developed economies. Unfortunately, a number of events combined to severely erode confidence, leading in late July to early August to a sharp correction in share values. In February and March came floods in Queensland, affecting commodity prices, and political unrest in the Middle East and North Africa, affecting the oil price. A tsunami in Japan impacted global technology and automotive supply chains. Adding to concern, the summer quarter saw series of weak economic data from the US, including in key areas such as housing and employment.

The overwhelming issue, however, was eurozone sovereign debt. Lacking established political or fiscal institutions, and with the European Central Bank reluctant to take a lead, politicians struggled to find means to ensure that highly indebted peripheral states would avoid default. Although Greece was the epicentre of the successive crises which characterised the period, the real danger was always a loss of confidence in Italy, the world's third-largest debtor state. The crisis in the eurozone served to highlight the levels of public debt across the large developed economies. Japan and the US both suffered credit downgrades in the period.

The MSCI Europe ex UK Index fell 8.9% in sterling over the period. The periphery markets were hit the hardest, although the larger markets of Germany, France and particularly Italy were also hit hard over the period. Performance of the fund was extremely strong in the 12 months to the end of October with the fund strongly outperforming both benchmark and peer group in a very volatile period for equity markets. Both stock and sector selection added to performance with stock selection positive in eight out of ten sectors and sector selection positive in all ten sectors over the year. Returns to the individual investment strategies were also strong, with dynamic valuation, market dynamics and company management strategies of particular note.

##### Outlook

The issue of public debt in the developed economies is not going to disappear quickly or easily, but it appears increasingly likely that lurching from crisis to crisis will give way to broad agreement on longer-term solutions. This should be positive for equities as it will allow investors to return to fundamentals. These include good levels of growth in emerging markets, stimulating a global demand cycle, and stable, if low, levels of growth in developed economies. In the meantime, equity valuations are at historically low levels.

##### 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 October 2006 and the close on 31 October 2011. Returns quoted are sterling or local currency returns as specified.

31 October 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

#### Net Asset Value per Share

The fund was launched on 28 April 1998. Accumulation units were first issued on that date at 100p per unit. Income units were first issued on 6 January 2003. On 19 September 2007, the fund was converted into a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series II.

#### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 October 2009 Class A Acc	69,622,761	130.92	53,181,075
31 October 2009 Class B Acc	9,338	93.38	10,000
31 October 2010 Class A Acc	73,446,263	139.63	52,602,083
31 October 2010 Class B Acc	10,008	100.08	10,000
31 October 2011 Class A Acc	61,818,095	136.29	45,358,617
31 October 2011 Class B Acc	9,819	98.19	10,000

#### Capital price range

The table below shows the highest buying and lowest selling prices of shares/units 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	143.25	109.90	150.83	115.71
2007 Class A	162.31	132.33	172.97	140.03
2008 Class A	-	-	166.31	87.75
2008 Class B	-	-	105.00	62.47
2009 Class A	-	-	148.29	84.78
2009 Class B	-	-	105.91	60.45
2010 Class A	-	-	148.60	83.80
2010 Class B	-	-	106.60	96.55
2011* Class A	-	-	162.99	117.26
2011* Class B	-	-	117.13	84.44

\*To 31 October

#### Net income distribution

The table below shows the net income distribution in pence per share/unit 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	1.2559	10.51	1.3094	10.51
2007 Class A	3.4535	28.91	3.6585	29.38
2008 Class A	-	-	1.5127	12.15
2009 Class A	-	-	2.3026	18.49
2009 Class B**	-	-	1.9798	19.80
2010 Class A	-	-	2.5750	20.68
2010 Class B**	-	-	2.0725	20.73
2011* Class A	-	-	1.1839	9.51
2011* Class B**	-	-	1.4039	14.04

\*To 31 December

\*\*Launched 1 July 2008

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the fund is explained on page 114.

#### Total Expense Ratio (TER)

	As at 31 October 2011	As at 31 October 2010
Share Class A	<u>1.79</u>	<u>1.75</u>
Share Class B	<u>1.29</u>	<u>1.25</u>

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

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

#### Portfolio Statement As at 31 October 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Equities (31 October 2010 98.28%)</b>			
<b>Austria (31 October 2010 0.67%)</b>			
Andritz	5,264	302	0.49
Mayr-Melnhof Karton	1,291	76	0.12
Schoeller Bleckmann	1,880	95	0.15
		<b>473</b>	<b>0.76</b>
<b>Belgium (31 October 2010 2.20%)</b>			
Ageas	188,587	245	0.40
KBC	31,885	467	0.75
Mobistar	32,788	1,191	1.93
Solvay	19,549	1,274	2.06
		<b>3,177</b>	<b>5.14</b>
<b>Denmark (31 October 2010 5.22%)</b>			
Novo Nordisk 'B'	28,711	1,955	3.16
Coloplast	5,606	514	0.83
		<b>2,469</b>	<b>3.99</b>
<b>Finland (31 October 2010 4.78%)</b>			
Nokia	194,208	850	1.38
Nokian Tyres	35,352	842	1.36
Orion Corp	12,746	168	0.27
		<b>1,860</b>	<b>3.01</b>
<b>France (31 October 2010 17.96%)</b>			
Arkema	14,420	633	1.02
ATOS	4,157	128	0.21
AXA	30,945	319	0.52
BIC	22,953	1,308	2.11
BNP Paribas	18,701	556	0.90
CNP Assurances	18,366	181	0.29
Credit Agricole	205,590	1,049	1.69
Dassault Systemes	7,557	404	0.65
Edenred	38,593	692	1.12
EDF	63,904	1,222	1.98
Eramet SA	3,394	347	0.56
Faurecia	21,311	365	0.59
L'Oreal	13,037	914	1.48
Remy Cointreau	1,998	105	0.17
Sanofi-Aventis	19,136	877	1.42
SCOR	23,901	357	0.58
Total	47,785	1,588	2.57
Vivendi	36,871	536	0.87
		<b>11,581</b>	<b>18.73</b>
<b>Germany (31 October 2010 22.61%)</b>			
Bayer	7,089	297	0.48
Beiersdorf	35,928	1,326	2.14
Celesio	27,499	280	0.45
Commerzbank	298,208	481	0.78
Deutsche Telekom	56,611	463	0.75
E.ON AG	28,354	444	0.72
Fresenius	18,349	1,150	1.86
Hugo Boss	9,958	603	0.98
Infineon Technologies	113,236	652	1.06

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Germany (31 October 2010 22.61%) - (continued)</b>			
K+S AG	35,515	1,432	2.32
Muenchener Rueckversicherungs	18,256	1,561	2.52
Rational	2,619	381	0.62
Rhoen Klinikum AG	4,494	57	0.09
Salzgitter	9,128	335	0.54
Sap	2,993	114	0.18
		<b>9,576</b>	<b>15.49</b>
<b>Greece (31 October 2010 1.70%)</b>			
Hellenic Exchanges	6,474	21	0.03
Marfin Popular	63,169	14	0.02
OPAP	43,893	313	0.51
		<b>348</b>	<b>0.56</b>
<b>Ireland (31 October 2010 3.68%)</b>			
Paddy Power	5,118	178	0.29
United Drug	37,552	73	0.12
		<b>251</b>	<b>0.41</b>
<b>Italy (31 October 2010 4.54%)</b>			
Assicurazioni Generali	129,995	1,486	2.40
Danieli & C Officine Meccaniche	6,310	104	0.17
DiaSorin	5,955	122	0.20
Exor	50,257	712	1.15
Exor Pref	1,383	18	0.03
Fiat	33,909	135	0.22
Fiat Industrial SPA	14,162	82	0.13
Finmeccanica	19,690	88	0.14
Geox SPA	93,458	244	0.39
Mediolanum	118,044	290	0.47
Monte Dei Paschi di Siena	471,988	143	0.23
Parmalat SPA	25,513	36	0.06
Pirelli	152,011	867	1.40
Recordati	6,073	34	0.06
Unipol Gruppo Finanziario	115,515	30	0.05
		<b>4,391</b>	<b>7.10</b>
<b>Jersey (31 October 2010 0.00%)</b>			
Atrium European Real Estate	6,316	<b>20</b>	<b>0.03</b>
<b>Luxembourg (31 October 2010 2.19%)</b>			
Tenaris	96,137	<b>980</b>	<b>1.59</b>
<b>Netherlands (31 October 2010 1.35%)</b>			
Aegon	40,780	126	0.21
ASML Holding	879	23	0.04
EADS (Euro Aeronautic Defense Space)	50,366	942	1.52
Koninklijke DSM	36,316	1,197	1.94
Qiagen	43,859	391	0.63
SBM Offshore	28,998	410	0.66
Unilever	842	18	0.03
		<b>3,107</b>	<b>5.03</b>
<b>Norway (31 October 2010 3.08%)</b>			
Cermaq	13,283	96	0.15
Fred Olsen Energy	10,313	226	0.37

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Norway (31 October 2010 3.08%) - (continued)</b>			
TGS Nopec Geophysical	43,976	638	1.03
		<b>960</b>	<b>1.55</b>
<b>Portugal (31 October 2010 0.05%)</b>			
Jeronimo Martins	14,382	158	0.25
Portugal Telecom	56,466	258	0.42
		<b>416</b>	<b>0.67</b>
<b>Spain (31 October 2010 5.46%)</b>			
Acciona SA	2,374	145	0.24
Banco Santander	149,723	823	1.33
Bankinter	50,414	198	0.32
Corporacion Financiera Alba	883	27	0.04
Dia	175,809	512	0.83
Enagas	1,508	19	0.03
Gas Natural	106,923	1,282	2.07
Grifols	1,368	16	0.03
Inditex	21,288	1,250	2.02
Mapfre	62,777	145	0.24
Repsol	31,015	601	0.97
Zardoya Otis	67,385	582	0.94
		<b>5,600</b>	<b>9.06</b>
<b>Sweden (31 October 2010 9.03%)</b>			
AarhusKarlshamn	2,238	38	0.06
Atlas Copco 'A'	19,081	270	0.44
Axfood	1,710	41	0.07
Axis	18,842	263	0.42
Hennes & Mauritz	66,100	1,406	2.27
Lundin Petroleum	12,068	189	0.31
Nibe Industrier	5,329	51	0.08
Saab 'B'	46,907	580	0.94
Swedish Match	33,537	737	1.19
Tele2	84,737	1,152	1.86
		<b>4,727</b>	<b>7.64</b>
<b>Switzerland (31 October 2010 11.92%)</b>			
Actelion	32,853	781	1.26
Cie Financiere Richemont 'A'	17,502	640	1.04
Gam Holding	127,132	998	1.62
Geberit	10,825	1,415	2.29
Lindt & Spruengli	4	93	0.15
Nestle	64,832	2,383	3.86
Novartis	19,492	699	1.13
Pargesa	1,133	57	0.09
Partners Group Holding	7,266	855	1.38
Roche	5,607	582	0.94
SGS SA	673	738	1.19
Straumann	2,935	328	0.53
Swatch Group	957	258	0.42
Syngenta	1,158	224	0.36
Zurich Financial Services	2,521	372	0.60
		<b>10,423</b>	<b>16.86</b>
<b>United States (31 October 2010 1.84%)</b>			
Transocean	18,100	665	1.08

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

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

	Holding	Fair value £000	Percentage of total net assets %
<b>Futures (31 October 2010 0.00%)</b>			
Dow Jones Euro Stoxx	36	43	0.07
<b>Other (31 October 2010 1.13%)</b>			
<b>Portfolio of Investments</b>		<u>61,067</u>	<u>98.77</u>
<b>Net Current Assets</b> (31 October 2010 0.59%)		<u>761</u>	<u>1.23</u>
<b>Net Assets</b>		<u><u>61,828</u></u>	<u><u>100.00</u></u>

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

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

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

#### Statement of Total Return For the Year ended 31 October 2011

	Note	1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Income</b>					
Net capital (losses)/gains	2		(1,759)		3,408
Revenue	3	2,026		2,442	
Expenses	4	(1,255)		(1,161)	
Net revenue before taxation		771		1,281	
Taxation	5	(183)		(116)	
Net revenue after taxation			588		1,165
<b>Total return before distributions</b>			(1,171)		4,573
Finance costs: Distributions	6		(588)		(1,165)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,759)</b>		<b>3,408</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the Year ended 31 October 2011

		1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			73,458		69,632
Amounts receivable on issue of shares	213			7,098	
Amounts payable on cancellation of shares	(10,622)			(7,869)	
			(10,409)		(771)
Change in net assets attributable to shareholders from investment activities			(1,759)		3,408
Unclaimed distribution			1		1
Retained distribution on accumulation shares			537		1,188
<b>Closing net assets attributable to shareholders</b>			<b>61,828</b>		<b>73,458</b>

#### Balance Sheet As at 31 October 2011

	Note	As at 31 October 2011		As at 31 October 2010	
		£000	£000	£000	£000
<b>Assets</b>					
Investment assets			61,067		73,022
Debtors	7	287		567	
Cash and bank balances		509		544	
Total other assets			796		1,111
Total assets			61,863		74,133
<b>Liabilities</b>					
Creditors	8	35		675	
Total other liabilities			35		675
Total liabilities			35		675
<b>Net assets attributable to shareholders</b>			<b>61,828</b>		<b>73,458</b>

The notes on pages 26 to 30 form an integral part of these financial statements.

# Old Mutual Investment Funds Series II

## Old Mutual European Equity 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 109.

#### 2. Net (Losses)/Gains on Investments

The net (losses)/gains on investments during the year comprise

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Non-derivative securities	(1,710)	3,382
Derivative contracts	(26)	107
Currency gains/(losses)	26	(55)
Transaction costs and handling charges	(49)	(26)
<b>Net capital (losses)/gains</b>	<b>(1,759)</b>	<b>3,408</b>

#### 3. Revenue

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
UK dividends	-	186
Overseas income	2,024	2,254
Bank interest*	1	1
Securitised interest	-	1
Sundry income	1	-
	<b>2,026</b>	<b>2,442</b>

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

#### 4. Expenses

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,096	1,018
Administration fees	109	102
	<b>1,205</b>	<b>1,120</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	15	14
Safe custody fees	23	21
	<b>38</b>	<b>35</b>
Other expenses:		
Audit fees	12	6
	<b>12</b>	<b>6</b>
<b>Total expenses</b>	<b>1,255</b>	<b>1,161</b>

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

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

##### 5. Taxation

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

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas tax	183	116
<b>Total taxation</b>	<b>183</b>	<b>116</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	771	1,281
Corporation tax at 20%	154	256
Effects of:		
Revenue not subject to taxation	-	(37)
Overseas tax	183	116
Movement in excess management expenses	(154)	(219)
<b>Actual tax charge</b>	<b>183</b>	<b>116</b>

As at 31 October 2011, the fund had surplus management expenses of £1,448,222 (31 October 2010: £869,314) 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 December. The distributions take account of revenue received on the creation of shares and income deducted on the cancellation of shares and comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Net revenue after taxation	588	1,165
	<b>588</b>	<b>1,165</b>
Final accumulation	537	1,188
	537	1,188
Add: Revenue paid on shares cancelled	52	70
Deduct: Revenue received on shares created	(1)	(93)
Net distribution for the year	588	1,165
<b>Total finance costs: Distributions</b>	<b>588</b>	<b>1,165</b>

##### 7. Debtors

	31 October 2011 £000	31 October 2010 £000
Sales awaiting settlement	9	369
Accrued income	-	2
Withholding tax recoverable	276	187
Prepayment of expenses	2	9
	<b>287</b>	<b>567</b>

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

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

##### 8. Creditors

	31 October 2011	31 October 2010
	£000	£000
Amounts payable to the ACD for cancellation of shares	12	225
Purchases awaiting settlement	-	435
Accrued expenses	23	15
	<b>35</b>	<b>675</b>

##### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, National Westminster Bank 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 October 2010: £1,175).

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

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 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 on the management of investment risk is driven by its objectives as stated on page 18.

The fund's market risk is monitored 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 21 to 24.

##### 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. 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 October 2011 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Danish Kroner	2,469	1	2,470
Euro	41,823	449	42,272
Norwegian Kroner	960	54	1,014
Swedish Kronor	4,727	27	4,754
Swiss Franc	10,423	127	10,550
United States Dollar	665	-	665
	<b>61,067</b>	<b>658</b>	<b>61,725</b>

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

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

##### 11. Financial Instruments and the Management of Risk (continued)

The fund's foreign currency asset exposure as at 31 October 2010 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Danish Kroner	3,830	5	3,835
Euro	49,358	(103)	49,255
Norwegian Kroner	2,262	15	2,277
Swedish Kronor	6,632	430	7,062
Swiss Franc	10,110	95	10,205
	<b>72,192</b>	<b>442</b>	<b>72,634</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 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.

##### **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 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 European markets and limiting exposure to particular risk factors 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 II

### Old Mutual European Equity Fund

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

##### 11. Financial Instruments and the Management of Risk (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. 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 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	135,889	93,326
Commissions	46	63
Taxes	26	21
Total purchase costs	72	84
<b>Total purchases including transaction costs</b>	<b>135,961</b>	<b>93,410</b>
Analysis of total sale costs		
Gross sales before transaction costs	146,302	93,980
Commissions	(50)	(63)
Taxes	(1)	(3)
Total sale costs	(51)	(66)
<b>Total sales net of transaction costs</b>	<b>146,251</b>	<b>93,914</b>

## Old Mutual Investment Funds Series II

### Old Mutual European Equity Fund

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#### Distribution on 31 December 2011 for the year ended 31 October 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>Accumulation shares</b>				
Group 1	1.1839	-	1.1839	2.2575
Group 2	0.4822	0.7017	1.1839	2.2575
<b>Class B</b>				
<b>Accumulation shares</b>				
Group 1	1.4039	-	1.4039	2.0725
Group 2	1.4039	-	1.4039	2.0725

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.

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

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

##### Performance

	1 year to 31 October 2011	1 year to 31 October 2010	1 year to 31 October 2009	1 year to 31 October 2008	1 year to 31 October 2007	1 year to 31 October 2006
Old Mutual Global Equity Fund*	8.1%	16.0%	15.3%	-33.4%	9.5%	14.8%
IMA Global Growth sector median	-0.05%	14.9%	25.0%	-31.2%	13.9%	15.1%
Quartile	1	2	4	3	3	2
MSCI World Index	1.3%	16.8%	16.9%	-24.8%	10.5%	12.6%
*Accumulation shares						
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To achieve long term capital growth through the active management of a diversified portfolio invested primarily in a broad range of global 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 initially only use derivatives for Efficient Portfolio Management 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 Global Equity Fund is a diversified portfolio managed using a quantitative approach to generate long term capital growth. The fund is not subject to geographical restraints, although in practice it does not tend to invest in those markets or countries not represented in the MSCI World Index.

##### Review

Global equity markets tracked higher through the first four months of the review period, with investment sentiment buoyed by sustained economic growth in key emerging markets and a gradual but overall positive improvement in developed economies. Unfortunately, a number of events combined to severely erode confidence, leading in late July to early August to a sharp correction in share values. In February and March came floods in Queensland, affecting commodity prices, and political unrest in the Middle East and North Africa, affecting the oil price. A tsunami in Japan impacted global technology and automotive supply chains. Adding to concern, the summer quarter saw series of weak economic data from the US, including in key areas such as housing and employment.

The overwhelming issue, however, was eurozone sovereign debt. Lacking established political or fiscal institutions, and with the European Central Bank reluctant to take a lead, politicians struggled to find means to ensure that highly indebted peripheral states would avoid default. Although Greece was the epicentre of the successive crises which characterised the period, the real danger was always a loss of confidence in Italy, the world's third-largest debtor state. The crisis in the eurozone served to highlight the levels of public debt across the large developed economies. Japan and the US both suffered credit downgrades in the period.

The US was the only large market to deliver a positive return. Health care, retailing, energy and software were the best performing sectors. Performance of the fund was extremely strong in the 12 months to the end of October with the fund strongly outperforming both benchmark and peer group in a very volatile period for equity markets. Both stock and sector selection added to performance with stock selection positive in nine out of ten sectors. Returns to the individual investment strategies were also strong, with dynamic valuation, market dynamics and company management strategies of particular note.

##### Outlook

The issue of public debt in the developed economies is not going to disappear quickly or easily, but it appears increasingly likely that lurching from crisis to crisis will give way to broad agreement on longer-term solutions. This should be positive for equities as it will allow investors to return to fundamentals. These include good levels of growth in emerging markets, stimulating a global demand cycle, and stable, if low, levels of growth in developed economies. In the meantime, equity valuations are at historically low levels.

##### 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 October 2006 and the close on 31 October 2011. Returns quoted are sterling or local currency returns as specified.*

31 October 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

#### Net Asset Value per Share

The fund was launched on 15 July 1998. Accumulation units were first issued on that date at 100p per unit. Income units were first issued on 6 January 2003.

##### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 October 2009 Class A Acc	30,330,348	105.28	28,808,966
31 October 2010 Class A Acc	29,656,718	122.12	24,284,320
31 October 2011 Class A Acc	28,464,342	132.03	21,559,258

##### Capital price range

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

Calendar year	Income shares		Accumulation shares	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)
2008 Class A	-	-	139.56	81.52
2009 Class A	-	-	117.77	77.11
2010 Class A	-	-	136.09	107.17
2011* Class A	-	-	145.89	115.45

\*To 31 October

##### Net income distribution

The table below shows the net income distribution in pence per share/unit 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	0.5924	4.99	0.6150	4.97
2007 Class A	1.6350	13.78	1.4283	11.53
2008 Class A	-	-	0.1736	1.40
2009 Class A	-	-	1.1424	9.23
2010 Class A	-	-	0.5182	4.18
2011* Class A	-	-	0.1976	1.60

\*To 31 December

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the fund is explained on page 114.

#### Total Expense Ratio (TER)

	As at 31 October 2011	As at 31 October 2010
Share Class A	<u>1.94</u>	<u>1.83</u>

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

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

#### Portfolio Statement As at 31 October 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Equities (31 October 2010 98.50%)</b>			
<b>Australia (31 October 2010 3.85%)</b>			
Ansell	12,567	116	0.41
BHP Billiton	498	12	0.04
Caltex Australia	2,162	19	0.07
Carsales.com	32,437	106	0.37
Challenger Financial	22,165	67	0.24
Computershare	6,636	33	0.12
Crown	26,784	143	0.50
Duluxgroup	47,109	82	0.29
Fortescue Metals	37,933	122	0.43
QR National	32,832	72	0.25
Ramsay Health Care	11,790	146	0.51
Tabcorp	81,828	159	0.56
		<b>1,077</b>	<b>3.79</b>
<b>Austria (31 October 2010 0.08%)</b>			
Andritz	651	37	0.13
Mayr-Melnhof Karton	371	22	0.08
		<b>59</b>	<b>0.21</b>
<b>Belgium (31 October 2010 0.36%)</b>			
Mobistar	3,901	142	0.50
Solvay	2,367	154	0.54
		<b>296</b>	<b>1.04</b>
<b>Bermuda (31 October 2010 2.39%)</b>			
Biosensors International (Singapore Dollar)	38,000	27	0.09
Catlin Group (GBP)	5,567	22	0.08
Smartone Telecommunications	110,000	128	0.45
Validus (US Dollar)	8,404	142	0.50
		<b>319</b>	<b>1.12</b>
<b>Canada (31 October 2010 5.41%)</b>			
Alimentation Couche-Tard	6,090	116	0.41
Atco	3,557	134	0.47
Bombardier 'B'	56,333	156	0.55
Calfrac Well Services	762	15	0.05
Canadian Utilities	3,450	131	0.46
Canadian Western Bank	2,941	53	0.19
Enerplus Corp	1,611	29	0.10
Ensign Energy Services	6,386	63	0.22
Macdonald Dettwiler & Associates	5,218	141	0.50
Maple Leaf Foods	4,248	30	0.10
Petrominerales	8,856	150	0.53
Precision Drilling Corp	7,310	57	0.20
Rogers Communications	7,053	160	0.56
Tahoe Resources	11,280	135	0.47
		<b>1,370</b>	<b>4.81</b>
<b>Cayman Islands (31 October 2010 0.55%)</b>			
Herbalife (US Dollar)	4,083	156	0.55
Hutchi Telecommunications (HK Dollar)	152,000	34	0.12
Wynn Macau	68,400	123	0.43
		<b>313</b>	<b>1.10</b>

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Denmark (31 October 2010 1.77%)</b>			
Christian Hansen	613	8	0.03
Coloplast	387	36	0.12
H Lundbeck A/S	6,462	85	0.30
Novo Nordisk 'B'	3,088	210	0.74
		<b>339</b>	<b>1.19</b>
<b>Finland (31 October 2010 1.57%)</b>			
Nokian Tyres	5,277	126	0.44
Orion Corp	8,345	110	0.39
		<b>236</b>	<b>0.83</b>
<b>France (31 October 2010 2.97%)</b>			
Arkema	2,632	115	0.41
AXA	5,968	62	0.22
BIC	2,717	155	0.54
CNP Assurances	2,962	29	0.10
Credit Agricole	8,544	44	0.15
Dassault Systemes	171	9	0.03
Edenred	845	15	0.05
EDF	774	15	0.05
L'Oreal	1,276	89	0.32
Remy Cointreau	1,033	54	0.19
		<b>587</b>	<b>2.06</b>
<b>Germany (31 October 2010 3.66%)</b>			
Beiersdorf	4,186	154	0.54
K+S AG	3,663	148	0.52
Muenchener Rueckversicherungs	131	11	0.04
Rational	928	135	0.47
		<b>448</b>	<b>1.57</b>
<b>Greece (31 October 2010 0.78%)</b>			
Hellenic Petroleum	8,420	47	0.17
<b>Hong Kong (31 October 2010 0.99%)</b>			
PCCW	264,000	66	0.23
<b>Ireland (31 October 2010 1.04%)</b>			
Accenture	5,019	193	0.68
Paddy Power	3,959	138	0.48
		<b>331</b>	<b>1.16</b>
<b>Italy (31 October 2010 0.83%)</b>			
Exor	7,747	110	0.38
Exor Pref	1,202	16	0.06
Geox SPA	13,812	36	0.13
Recordati	13,805	77	0.27
		<b>239</b>	<b>0.84</b>
<b>Japan (31 October 2010 9.39%)</b>			
77th Bank	35,000	87	0.31
Acom	1,640	18	0.06
Aoyama Trading	9,200	91	0.32
Aozora Bank	95,000	151	0.53
Bank of Yokohama	44,000	127	0.45
Central Japan Railway	28	150	0.53

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Japan (31 October 2010 9.39%) - (continued)</b>			
Cosmos Pharmaceutical Corp	400	12	0.04
Daishi Bank	14,000	28	0.10
Dena	1,900	52	0.18
Hachijuni Bank	4,000	14	0.05
Hitachi Capital Corp	17,200	134	0.47
Hokuto	1,900	25	0.09
Hyakugo Bank	4,000	10	0.03
Idemitsu Kosan	1,800	107	0.38
Itochu Corp	24,200	152	0.53
Itochu Techno-Solutions Corp	3,400	93	0.33
Itoham Foods Group	6,000	13	0.05
Japan Petroleum Exploration	5,600	140	0.49
JFE Shoji	4,000	10	0.04
Kaken Pharmaceutical	5,000	39	0.14
Keiyo Bank	11,000	33	0.12
Kyorin	1,000	12	0.04
Marubeni Corp	34,000	126	0.44
Mitsubishi Chemical Holdings Corp	37,000	143	0.50
Mitsubishi UFJ Financial Group	53,200	147	0.51
Musashino Bank	900	18	0.06
Nishi-Nippon City Bank	13,000	22	0.08
NS Solutions Corp	1,700	24	0.08
San-in Godo Bank	6,000	27	0.09
Sapporo Hokuyo	34,400	72	0.25
Seven & I	2,300	39	0.14
Seven Bank	63	71	0.25
SKY Perfect JSAT	97	30	0.11
So-Net Entertainment Corp	4	10	0.04
Tosoh Corp	58,000	120	0.42
United Arrows	8,200	101	0.35
UNY	23,600	135	0.47
Valor	2,700	25	0.09
		<b>2,608</b>	<b>9.16</b>
<b>Jersey (31 October 2010 0.00%)</b>			
Henderson Group (GBP)	53,956	<b>67</b>	<b>0.24</b>
<b>Luxembourg (31 October 2010 0.00%)</b>			
Tenaris	7,625	<b>78</b>	<b>0.27</b>
<b>Netherlands (31 October 2010 0.52%)</b>			
Core Laboratories	2,127	149	0.53
EADS (Euro Aeronautic Defense Space)	481	9	0.03
Qiagen	6,682	60	0.21
		<b>218</b>	<b>0.77</b>
<b>New Zealand (31 October 2010 0.00%)</b>			
Nuplex Industries	7,098	10	0.03
Ryman Healthcare	8,892	12	0.04
Sky Network Television	6,933	19	0.07
		<b>41</b>	<b>0.14</b>
<b>Norway (31 October 2010 1.03%)</b>			
Cermaq	1,827	13	0.05
Prosafe	14,184	69	0.24
TGS Nopec Geophysical	6,866	100	0.35
Tomra Systems AS	2,182	10	0.03
		<b>192</b>	<b>0.67</b>

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Portugal (31 October 2010 0.05%)</b>			
Portugal Telecom	23,092	105	0.37
<b>Singapore (31 October 2010 1.47%)</b>			
OSIM International	77,000	48	0.17
Singapore Land	3,000	9	0.03
Yangzijiang Shipbuilding	199,000	94	0.33
		<b>151</b>	<b>0.53</b>
<b>Spain (31 October 2010 0.00%)</b>			
Bankinter	2,241	9	0.03
Enagas	655	8	0.03
Inditex	2,788	164	0.58
Zardoya Otis	15,294	132	0.46
		<b>313</b>	<b>1.10</b>
<b>Sweden (31 October 2010 1.71%)</b>			
AarhusKarlshamn	1,489	25	0.09
Axfood	1,882	45	0.16
Axis	4,572	64	0.22
Hennes & Mauritz	9,011	192	0.67
Lundin Petroleum	8,972	141	0.50
Saab 'B'	11,894	147	0.52
Swedish Match	7,112	156	0.55
Tele2	11,143	152	0.53
		<b>922</b>	<b>3.24</b>
<b>Switzerland (31 October 2010 3.32%)</b>			
Actelion	4,235	101	0.35
Gam Holding	18,326	144	0.51
Geberit	1,230	161	0.57
Lindt & Spruengli	2	47	0.17
Nestle	9,714	357	1.25
Novartis	819	29	0.10
Partners Group Holding	300	35	0.12
Straumann	1,313	147	0.52
		<b>1,021</b>	<b>3.59</b>
<b>United Kingdom (31 October 2010 9.44%)</b>			
Aberdeen Asset Management	9,359	18	0.06
Admiral Group	11,788	140	0.49
Aggreko	4,319	74	0.26
Amec	14,808	139	0.49
Ashmore Group	38,627	137	0.48
ASOS	3,636	56	0.20
AstraZeneca	5,917	180	0.63
BP	6,360	30	0.10
British American Tobacco	8,882	260	0.91
Burberry Group	6,114	84	0.30
Cairn Energy	10,326	31	0.11
Centrica	3,026	9	0.03
Drax Group	25,517	142	0.50
Fresnillo	1,853	32	0.11
Hargreaves Lansdown	28,477	144	0.51
Hochschild Mining	22,748	104	0.37
HSBC Holdings	11,109	61	0.21
IMI	4,695	39	0.14
Michael Page International	9,445	39	0.14
Premier Oil	25,613	95	0.33

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>United Kingdom (31 October 2010 9.44%) - (continued)</b>			
Provident Financial	13,455	150	0.53
Reed Elsevier	2,367	13	0.05
Rexam	42,124	147	0.52
Rightmove	7,874	104	0.37
Rotork	8,528	147	0.52
Royal Dutch Shell 'A' (Euro)	484	11	0.04
Sage Group	21,344	60	0.21
Smith & Nephew	25,429	148	0.52
Spirax-Sarco Engineering	850	17	0.06
Victrex	3,638	46	0.16
Vodafone Group	15,544	27	0.09
Wood Group (John)	15,772	101	0.35
		<b>2,785</b>	<b>9.79</b>
<b>United States (31 October 2010 45.32%)</b>			
Acacia Research Corp	6,015	157	0.55
Accretive Health	9,635	151	0.53
Acme Packet	2,014	46	0.16
Advance Auto Parts	1,736	71	0.25
Alexion Pharmaceutical	3,011	128	0.45
Amazon Com	1,312	178	0.63
Amerigroup	1,690	59	0.21
Apollo Group 'A'	4,973	149	0.52
Apple	1,223	309	1.09
AT&T	3,696	69	0.24
Athenahealth	3,000	100	0.35
Autodesk	7,077	158	0.56
BMC Software	6,209	136	0.48
Buckle	2,961	84	0.30
Capital One Financial Corp	2,777	81	0.28
Capital Source	2,798	11	0.04
Cash America International	4,046	141	0.50
Cerner Corp	3,284	133	0.47
Chevron Corp	6,131	419	1.47
Coach	4,336	179	0.63
Coca-Cola	800	34	0.12
Colgate-Palmolive	3,081	175	0.61
Commerce Bancshares	5,289	131	0.46
Conocophillips	2,103	94	0.33
Costco Wholesale Corp	1,176	62	0.22
Covance	4,779	158	0.56
Credit Acceptance Corp	3,546	160	0.56
Cubist Pharmaceuticals	3,864	94	0.33
CVR Energy	9,428	151	0.53
Dr Pepper Snapple Group	3,826	89	0.31
Du Pont (E.I.) De Nemours & Co	2,885	89	0.31
Ecolab	4,536	156	0.55
Erie Indemnity	2,820	140	0.49
Esterline Technologies Corp	4,021	143	0.50
Exelon Corp	6,422	178	0.63
Express Scripts	2,781	40	0.14
Express Scripts	6,647	194	0.68
Exxon Mobil Corp	6,796	346	1.22
Ezcorp	7,023	121	0.42
Factset Research Systems	2,252	142	0.50
Federated Investors 'B'	11,052	140	0.49
Fidelity National Financial	870	8	0.03
First Cash Financial Services	3,362	89	0.31
Foot Locker	751	11	0.04
Forest Laboratories	1,544	31	0.11
Fortinet	3,798	55	0.19

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

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#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>United States (31 October 2010 45.32%) - (continued)</b>			
Franklin Resources	2,266	157	0.55
Fresh Market	5,661	146	0.51
Gartner	1,860	47	0.16
General Electric	7,717	83	0.29
Global Payments	5,301	155	0.54
Google	332	124	0.44
Graco	1,559	43	0.15
Halliburton	6,193	151	0.53
Hansen Natural Corp	2,717	147	0.52
HealthNet	2,363	43	0.15
Humana	3,089	155	0.54
Hunt (J.B) Transport Services	5,804	158	0.56
Intel Corp	19,261	300	1.05
International Business Machine Corp	1,763	206	0.72
Intuit	4,490	153	0.54
ITT Educational Services	3,528	147	0.52
Jazz Pharmaceutical	1,238	31	0.11
Johnson & Johnson	1,893	77	0.27
Joy Global	2,625	149	0.52
JPMorgan Chase	1,084	25	0.09
Liberty Media Corp	1,599	67	0.24
Lorillard	2,251	161	0.57
LSI	10,138	40	0.14
Lululemon Athletica	4,477	162	0.57
Magellan Health Services	2,000	65	0.23
Mastercard 'A'	880	195	0.68
Mckesson Corp	3,256	171	0.60
Micros Systems	753	24	0.08
Microsoft Corp	23,032	388	1.36
Myriad Genetics	642	9	0.03
Netflix	2,115	111	0.39
Oceaneering International	5,146	139	0.49
Oracle Corp	903	19	0.07
Parametric Technology Corp	11,391	155	0.54
Pfizer	3,532	44	0.15
Philip Morris International	6,539	294	1.03
Plantronics	3,256	70	0.25
Polaris Industries	3,710	145	0.51
Priceline	559	183	0.64
Primerica	6,401	92	0.32
Procter & Gamble	2,107	85	0.30
Quality Systems	4,362	106	0.37
Regions Financial	3,809	10	0.04
Ross Stores	2,724	149	0.52
RPC	12,363	145	0.51
Sauer-Danfoss	6,163	156	0.55
Seacor	1,351	76	0.27
SEI Investments	9,474	100	0.35
Shutterfly	4,656	125	0.44
Sigma Aldrich	379	16	0.06
Southwest Gas Corp	2,909	73	0.26
Southwestern Energy	1,272	35	0.12
Suntrust Banks	4,708	61	0.21
Syntel	1,262	39	0.14
T Rowe Price Group	3,530	124	0.44
Techne Corp	813	36	0.13
Tibco Software	6,051	111	0.39
TJX Companies	4,418	166	0.58
Torchmark	2,939	76	0.27
Toro	2,243	77	0.27
UGI Corp	4,300	78	0.27
Ulta Salon Cosmetic	3,148	133	0.47

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

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

	Holding	Fair value £000	Percentage of total net assets %
<b>United States (31 October 2010 45.32%) - (continued)</b>			
United Health Group	6,887	210	0.74
United Therapeutics Corp	5,410	151	0.53
US Cellular Corp	794	20	0.07
Valero Energy Corp	10,881	181	0.64
Verisign	5,116	105	0.37
Waddell & Reed Financial	7,461	135	0.47
Walgreen	8,219	173	0.61
Wells Fargo & Co	984	17	0.06
Werner Enterprises	3,815	57	0.20
WGL	4,542	123	0.43
WR Grace	1,618	43	0.15
		<b>14,013</b>	<b>49.23</b>
<b>Futures (31 October 2010 0.00%)</b>			
Dow Jones Euro Stoxx	3	1	-
S&P 500	2	1	0.01
Topix Index (Tokyo)	1	-	-
		<b>2</b>	<b>0.01</b>
<b>Other (31 October 2010 0.44%)</b>			
<b>Portfolio of Investments</b>		<b>28,253</b>	<b>99.26</b>
<b>Net Current Assets</b> <b>(31 October 2010 0.90%)</b>		<b>211</b>	<b>0.74</b>
<b>Net Assets</b>		<b>28,464</b>	<b>100.00</b>
AMP NZ Office	23,040	<b>10</b>	<b>0.03</b>

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

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

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

#### Statement of Total Return For the Year ended 31 October 2011

	Note	1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Income</b>					
Net capital gains	2		2,335		4,410
Revenue	3	635		751	
Expenses	4	(539)		(536)	
Net revenue before taxation		96		215	
Taxation	5	(50)		(69)	
Net revenue after taxation			46		146
<b>Total return before distributions</b>			2,381		4,556
Finance costs: Distributions	6		(46)		(146)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>2,335</b>		<b>4,410</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the Year ended 31 October 2011

		1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			29,657		30,330
Amounts receivable on issue of shares		479		1,169	
Amounts payable on cancellation of shares		(4,049)		(6,378)	
			(3,570)		(5,209)
SDRT (see page 114)			(1)		-
Change in net assets attributable to shareholders from investment activities			2,335		4,410
Retained distribution on accumulation shares			43		126
<b>Closing net assets attributable to shareholders</b>			<b>28,464</b>		<b>29,657</b>

#### Balance Sheet As at 31 October 2011

	Note	As at 31 October 2011		As at 31 October 2010	
		£000		£000	
<b>Assets</b>					
Investment assets			28,253		29,390
Debtors	7	167		232	
Cash and bank balances		163		347	
Total other assets			330		579
Total assets			28,583		29,969
<b>Liabilities</b>					
Creditors	8	119		312	
Total other liabilities			119		312
Total liabilities			119		312
<b>Net assets attributable to shareholders</b>			<b>28,464</b>		<b>29,657</b>

The notes on pages 43 to 47 form an integral part of these financial statements.

# Old Mutual Investment Funds Series II

## Old Mutual Global Equity 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 109.

#### 2. Net Gains on Investments

The net gains on investments during the year comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Non-derivative securities	2,372	4,462
Derivative contracts	13	26
Forward currency contracts	-	(1)
Currency gains/(losses)	11	(40)
Transaction costs and handling charges	(61)	(37)
<b>Net capital gains</b>	<b>2,335</b>	<b>4,410</b>

#### 3. Revenue

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
UK dividends	97	115
Overseas income	537	636
Sundry income	1	-
	<b>635</b>	<b>751</b>

#### 4. Expenses

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	466	470
Administration fees	47	47
	<b>513</b>	<b>517</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	8	7
Safe custody fees	5	5
	<b>13</b>	<b>12</b>
Other expenses:		
Audit fees	13	7
	<b>13</b>	<b>7</b>
<b>Total expenses</b>	<b>539</b>	<b>536</b>

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

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

##### 5. Taxation

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

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas tax	50	69
<b>Total taxation</b>	<b>50</b>	<b>69</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	96	215
Corporation tax at 20%	19	43
Effects of:		
Revenue not subject to taxation	(19)	(23)
Overseas tax	50	69
Movement in excess management expenses	-	(20)
<b>Actual tax charge</b>	<b>50</b>	<b>69</b>

As at 31 October 2011, the fund had excess unrelieved overseas tax of £1,017,085 (31 October 2010: £510,902) 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 December. The distributions take account of revenue received on the creation of shares and income deducted on the cancellation of shares and comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Net revenue after taxation	46	146
	<b>46</b>	<b>146</b>
Final accumulation	43	126
	43	126
Add: Revenue paid on shares cancelled	3	24
Deduct: Revenue received on shares created	-	(4)
Net distribution for the year	46	146
<b>Total finance costs: Distributions</b>	<b>46</b>	<b>146</b>

##### 7. Debtors

	31 October 2011 £000	31 October 2010 £000
Amounts receivable from the ACD for creation of shares	31	-
Sales awaiting settlement	81	187
Accrued income	39	30
Withholding tax recoverable	15	11
Prepayment of expenses	1	4
	<b>167</b>	<b>232</b>

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

## Notes to the Financial Statements (continued)

### 8. Creditors

	31 October 2011	31 October 2010
	£000	£000
Amounts payable to the ACD for cancellation of shares	2	185
Purchases awaiting settlement	94	112
Accrued expenses	23	15
	<b>119</b>	<b>312</b>

### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, National Westminster Bank 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 October 2010: £1,000).

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

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 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 on the management of investment risk is driven by its objectives as stated on page 32.

The fund's market risk is monitored 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 35 to 41.

#### 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. 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 October 2011 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Australian Dollar	1,078	2	1,080
Canadian Dollar	1,370	11	1,381
Danish Kroner	339	1	340
Euro	2,615	26	2,641
Hong Kong Dollar	351	6	357
Japanese Yen	2,609	43	2,652
Norwegian Kroner	192	11	203
New Zealand Dollar	50	-	50
Singapore Dollar	178	20	198
Swedish Kronor	922	13	935
Swiss Franc	1,021	7	1,028
United States Dollar	14,656	39	14,695
	<b>25,381</b>	<b>179</b>	<b>25,560</b>

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

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

##### 11. Financial Instruments and the Management of Risk (continued)

The fund's foreign currency asset exposure as at 31 October 2010 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Australian Dollar	1,141	(12)	1,129
Canadian Dollar	1,742	31	1,773
Danish Kroner	524	15	539
Euro	3,661	(28)	3,633
Hong Kong Dollar	391	1	392
Japanese Yen	2,786	24	2,810
Norwegian Kroner	304	23	327
New Zealand Dollar	48	1	49
Singapore Dollar	287	11	298
Swedish Kronor	506	84	590
Swiss Franc	1,077	10	1,087
United States Dollar	14,132	214	14,346
	<b>26,599</b>	<b>374</b>	<b>26,973</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 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.

##### **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 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 markets and limiting exposure to particular risk factors 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

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

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

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

##### 12. Portfolio Transaction Costs

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	57,674	43,841
Commissions	19	23
Taxes	24	21
Total purchase costs	<u>43</u>	<u>44</u>
<b>Total purchases including transaction costs</b>	<b><u>57,717</u></b>	<b><u>43,885</u></b>
Analysis of total sale costs		
Gross sales before transaction costs	60,414	49,080
Commissions	(20)	(27)
Taxes	(1)	(4)
Total sale costs	<u>(21)</u>	<u>(31)</u>
<b>Total sales net of transaction costs</b>	<b><u>60,393</u></b>	<b><u>49,049</u></b>

## Old Mutual Investment Funds Series II

### Old Mutual Global Equity Fund

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#### Distribution on 31 December 2011 for the year ended 31 October 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>Accumulation shares</b>				
Group 1	0.1975	-	0.1975	0.5182
Group 2	0.1153	0.0822	0.1975	0.5182

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.

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

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

##### Performance

	1 year to 31 October 2011	1 year to 31 October 2010	1 year to 31 October 2009	1 year to 31 October 2008	1 year to 31 October 2007	1 year to 31 October 2006
Old Mutual Global Strategic Fund*	1.71%	13.08%	35.96%	8.54%	0.2%	-1.37%
IMA Global Bond sector median	0.5%	10.8%	22.58%	8.09%	-0.28%	-0.84%
Quartile	2	2	1	2	2	2
*Accumulation shares						
Data Source - © Standard & Poor's, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To produce an attractive level of income together with capital appreciation by investing in a diversified portfolio of fixed and variable rate bond investments, including convertible securities. The fund will vary the currencies in which it invests to enable it to achieve its objective.

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 set out in Appendix 2.

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 aim of the fund is to produce an attractive level of income together with capital appreciation by investing in a diversified portfolio of fixed and variable rate bond investments, including convertible securities. The fund will vary the currencies in which it invests to enable it to achieve its objective.

##### Review

Global Strategic Bond fund delivered 1.7% for the twelve months under review, outperforming funds in the IMA Global Bond sector which on average returned 0.5% through the same period. The fund's positioning for interest rates and currency were the sources of positive return. The fund actively avoided owning peripheral eurozone bonds.

Large-scale US Treasury buying by the Federal Reserve (coined QE2) helped to drive US government bond prices to record highs through the third quarter of 2010, with UK and core European sovereign bonds following. Spurred by emerging market demand, record US government stimulus and corporations repairing their balance sheets, risk appetite increased globally through 2010 Q4. In response, capital flows increased towards corporate bonds, commodities and equity markets. In contrast, through the first half of 2011 markets were driven by largely non-financial exogenous events. Australian floods impacted global commodity and energy supplies, popular uprisings in the Middle East affected oil prices and the tsunami in Japan disrupted global supply chains.

The overwhelming issue, however, was eurozone sovereign debt. European leaders failed to deliver a credible package to ring fence Greece, putting the currency union at risk and raising questions on how the single currency could operate without fiscal and political union. The European central bank was forced to intervene in open markets to allow member states to fund their deficits. The key risk was Italy, the world's third largest public bond market. Europe's woes highlighted the scale of public debt in other developed economies. The US narrowly avoided default, while ever increasing volumes of new government debt forced rating agencies to downgrade the US and Japan.

Between January and June 2011 the fund was positioned for a rise in interest rates, based on signs of economic recovery, along with high levels of inflation and burgeoning government debt. However, strategy was rotated for falling interest rates through June/July as it became clear that politics overshadowed economic fundamentals. At this time credit default swaps (CDS) were introduced into the fund to dampen volatility.

##### Outlook

Toward the end of the period, economic data outside of Europe tended to surprise positively. Robust corporate earnings, consumer spending, goods orders and vehicle sales provide evidence for growth. However, Western governments are being forced into deficit reduction and together with weak sentiment risk potential for economic growth. In this environment, we remain cautious. Investment focus remains with government bonds in core countries supported by safe-haven currencies and selected corporate bonds that offer strategic long-term value.

##### 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.

##### 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 October 2006 and the close on 31 October 2011. Returns quoted are sterling or local currency returns as specified.

31 October 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

#### Net Asset Value per Share

The fund was launched on 26 November 1991 as the Old Mutual International Bond & Convertible Fund. Income units were first issued on that date at 105p per unit. On 19 September 2007, the fund was converted into a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series II and renamed the Old Mutual Global Strategic Bond Fund.

#### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 October 2009 Class A Inc	36,240,344	183.73	19,724,358
31 October 2009 Class A Acc	37,654,946	275.27	13,679,309
31 October 2009 Class B Inc	6,763,465	96.44	7,013,351
31 October 2009 Class B Acc	8,163	96.61	8,449
31 October 2010 Class A Inc	69,236,659	203.06	34,096,277
31 October 2010 Class A Acc	166,017,861	310.83	53,411,034
31 October 2010 Class B Inc	138,882,835	106.58	130,313,758
31 October 2010 Class B Acc	8,655,678	109.56	7,900,724
31 October 2011 Class A Inc	99,751,257	205.21	48,610,202
31 October 2011 Class A Acc	238,785,656	316.16	75,527,766
31 October 2011 Class B Inc	194,292,927	107.71	180,392,136
31 October 2011 Class B Acc	11,477,657	111.87	10,260,040

#### Capital price range

The table below shows the highest buying and lowest selling prices of shares/units 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	155.76	137.59	200.40	183.05
2007 Class A	145.87	131.15	201.77	178.62
2008 Class A	177.66	138.10	254.53	195.62
2009 Class A	201.36	152.88	298.91	222.21
2009 Class B	104.87	95.09	104.87	95.28
2010 Class A	216.14	182.81	329.66	273.88
2010 Class B	113.53	96.03	116.17	96.22
2011* Class A	208.73	188.86	321.14	290.14
2011* Class B	109.62	99.21	113.58	102.55

\*To 31 October

#### Net income distribution

The table below shows the net income distribution in pence per share/unit 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	5.3161	34.13	6.9340	34.60
2007 Class A	4.7955	30.79	6.4893	32.38
2008 Class A	5.0132	32.18	6.9874	34.87
2009 Class A	7.7071	49.48	11.1113	55.45
2009 Class B**	0.1837	1.84	0.1858	1.86
2010 Class A	4.1564	26.68	6.2779	31.33
2010 Class B**	2.5964	25.96	2.6311	26.31
2011* Class A	1.2743	8.18	1.9550	9.76
2011* Class B**	1.0726	10.73	1.1071	11.07

\*To 31 December

\*\*Launched 1 October 2008

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the fund is explained on page 114.

#### Total Expense Ratio (TER)

	As at 31 October 2011	As at 31 October 2010
Share Class A	<u>1.14</u>	<u>1.13</u>
Share Class B	<u>0.64</u>	<u>0.63</u>

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

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

#### Portfolio Statement As at 31 October 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Bonds (31 October 2010 81.92%)</b>			
<b>Euros (31 October 2010 16.23%)</b>			
Agence Francaise De Developpement 4.615% PERP	450,000	318	0.06
Alba Group 8% 15 May 2018	2,800,000	2,400	0.44
Allianz (FRN) 0.00% PERP	2,800,000	2,345	0.43
Ardagh Packaging Finance 9.25% 15 October 2020	1,400,000	1,157	0.21
Boats Investment 11% 31 March 2017	1,000,000	1,031	0.19
Campofrio Food 8.25% 31 October 2016	700,000	624	0.11
Conti Gummi Finance 7.5% 15 September 2017	2,100,000	1,885	0.35
Convatec Healthcare 7.375% 15 December 2017	1,200,000	1,052	0.19
Cyfrowy Polsat Finance 7.125% 20 May 2018	1,400,000	1,188	0.22
Dong Energy 7.75% 1 June 2050	1,800,000	1,639	0.30
Edcon Holdings 0.00% 15 June 2014	1,600,000	1,175	0.22
France Telecom 3.875% 9 April 2020	1,300,000	1,160	0.21
Germany 4.25% 4 July 2017	20,500,000	20,698	3.80
Germany 4% 13 April 2012	35,000,000	31,111	5.72
Germany 4.25% 12 October 2012	22,000,000	19,922	3.66
Greif Luxembourg Finance 7.375% 15 July 2021	1,400,000	1,194	0.22
Grohe Holding 8.625% 1 October 2014	1,650,000	1,366	0.25
Heidelberg Cement 8.5% 31 October 2019	1,200,000	1,116	0.21
Jarden Corporation 7.5% 15 January 2020	2,600,000	2,217	0.41
Kabel BW Erste Bet 7.5% 15 March 2019	800,000	710	0.13
Kabel Deutschland 6.5% 29 June 2018	2,854,000	2,547	0.47
Kuka 8.75% 15 November 2017	1,200,000	1,055	0.19
Lehman Brothers (Default) 0.00% 14 March 2019	300,000	-	-
Musketeer GMBH 9.5% 15 March 2021	2,800,000	2,398	0.44
Nalco 6.875% 15 January 2019	1,400,000	1,362	0.25
OI European Group 6.75% 15 September 2020	2,600,000	2,247	0.41
R&R Ice Cream 8.375% 15 November 2017	1,300,000	1,028	0.19
RBS 6.934% 9 April 2018	1,000,000	752	0.14
Rexel 7% 17 December 2018	2,775,000	2,354	0.43
RWE 4.625% PERP	1,500,000	1,232	0.23
SHB 4.375% 20 October 2021	1,700,000	1,524	0.28
Smurfit Kappa Acquisitions 7.75% 15 November 2019	2,700,000	2,429	0.45
South Africa 5.25% 16 May 2013	3,550,000	3,204	0.59
Standard Chartered Bank 3.875% 20 October 2016	2,800,000	2,466	0.45
Styrolution Group 7.625% 15 May 2016	700,000	489	0.09
Telstra 4.25% 23 March 2020	1,000,000	898	0.16
Unitymedia 8.125% 1 December 2017	2,050,000	1,872	0.34
Unitymedia GMBH 9.625% 1 December 2019	1,000,000	921	0.17
UPC Holding 8.375% 15 August 2020	2,700,000	2,344	0.43
Wind Acquisition Finance 12.25% 15 July 2017	2,367,914	1,962	0.36
Ziggo 6.125% 15 November 2017	1,450,000	1,289	0.24
		<b>128,681</b>	<b>23.64</b>
<b>Sterling (31 October 2010 48.14%)</b>			
Abbey National Treasury Services 5.125% 14 April 2021	1,500,000	1,559	0.29
Anglian Water 7% 31 January 2018	300,000	288	0.05
Aviva (FRN) 6.625% 3 June 2041	1,100,000	930	0.17
Bank Nederland Gemeenten 2.625% 10 December 2013	750,000	771	0.14
CNP Assurances (FRN) 0.00% 30 September 2041	2,500,000	1,984	0.36
Co-operative Group 5.625% 8 July 2020	2,430,000	2,426	0.45
Comcast 5.5% 23 November 2029	1,300,000	1,399	0.26
FirstGroup 8.125% 19 September 2018	2,800,000	3,357	0.62
Group 4 Security 7.75% 13 May 2019	1,850,000	2,148	0.39
HSBC Holdings 6.375% 18 October 2022	850,000	866	0.16
ING Bank 6.875% 29 May 2023	911,000	866	0.16
ING Groep 5.14% PERP	2,050,000	1,447	0.27
Jaguar Land Rover 8.125% 15 May 2018	2,500,000	2,409	0.44
Legal & General Group (FRN) 0.00% 23 July 2041	2,000,000	2,289	0.42

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Sterling (31 October 2010 48.14%) - (continued)</b>			
Odeon & UCI Finco 9% 1 August 2018	1,200,000	1,158	0.21
Pinton Estates 11.25% 3 March 2012	300,000	222	0.04
RSA Insurance Group 9.375% 20 May 2039	1,900,000	2,156	0.40
Scottish Widows 5.125% PERP	2,866,000	1,988	0.36
Standard Chartered 7.75% 3 April 2018	2,150,000	2,322	0.43
TDC 5.625% 23 February 2023	550,000	605	0.11
The Society of Lloyds (FRN) 6.875% 17 November 2025	2,150,000	2,161	0.40
UK Treasury 1.25% 22 November 2027	18,800,000	26,288	4.83
UK Treasury 5% 7 March 2012	19,479,475	19,933	3.66
Virgin Media Finance 8.875% 15 October 2019	2,200,000	2,371	0.44
Wales and West Finance 4.625% 13 December 2023	1,100,000	1,100	0.20
Western Power Distribution 5.25% 17 January 2023	2,450,000	2,609	0.48
Yorkshire Water Services Finance 6% 24 April 2025	1,300,000	1,397	0.26
Zurich Financial UK 6.625% PERP	2,500,000	2,148	0.39
	<b>89,197</b>	<b>16.39</b>	
<b>United States Dollar (31 October 2010 15.92%)</b>			
Avis Budget Car Rental 8.25% 15 January 2019	1,900,000	1,140	0.21
HYVA Global 8.625% 24 March 2016	4,000,000	2,197	0.40
Rabobank Nederland 0.00% PERP	2,500,000	1,884	0.35
USA 0.00% 15 July 2021	48,200,000	31,577	5.80
USA 0.25% 15 September 2014	41,350,000	25,668	4.71
	<b>62,466</b>	<b>11.47</b>	
<b>Australian Dollar (31 October 2010 1.63%)</b>			
Queensland Treasury 6% 14 September 2017	17,300,000	<b>12,139</b>	<b>2.23</b>
<b>Swiss Franc (31 October 2010 0.00%)</b>			
Aguila 3 7.875% 31 January 2018	3,289,000	<b>2,288</b>	<b>0.42</b>
<b>Forward Currency Contracts (31 October 2010 -0.48%)</b>			
Bought CAD Sold GBP	66		0.01
Bought CNY Sold USD	(23)		-
Bought EUR Sold GBP	(150)		(0.03)
Bought EUR Sold JPY	978		0.18
Bought EUR Sold USD	866		0.16
Bought GBP Sold AUD	(23)		(0.01)
Bought GBP Sold CHF	(35)		(0.01)
Bought GBP Sold EUR	(19)		-
Bought GBP Sold JPY	1,017		0.19
Bought GBP Sold USD	2,393		0.44
Bought JPY Sold EUR	(2,025)		(0.37)
Bought NOK Sold GBP	68		0.01
Bought SEK Sold GBP	215		0.04
Bought SGD Sold GBP	4		-
Bought SGD Sold USD	269		0.05
Bought USD Sold EUR	(1,591)		(0.29)
Bought USD Sold GBP	(282)		(0.05)
Bought ZAR Sold USD	(4)		-
	<b>1,724</b>	<b>0.32</b>	
<b>Futures (31 October 2010 0.00%)</b>			
Treasury Bonds USA	(656)	(67)	(0.01)
Long Gilt Sterling	(405)	385	0.07
	<b>318</b>	<b>0.06</b>	
<b>Euros (31 October 2010 0.03%)</b>			
Euro Bund	880	<b>423</b>	<b>0.08</b>

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

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

	Holding	Fair value £000	Percentage of total net assets %
<b>Treasury Bills (31 October 2010 0.00%)</b>			
<b>Sterling (31 October 2010 0.00%)</b>			
UK 0.00% 21 November 2011	105,000,000	104,973	19.28
UK 0.00% 7 November 2011	45,000,000	44,996	8.27
UK 0.00% 28 November 2011	35,000,000	34,989	6.43
		<b>184,958</b>	<b>33.98</b>
<b>Non-equity Investment Instruments (31 October 2010 0.00%)</b>			
Insight Liquidity Fund	45,000,000	<b>45,000</b>	<b>8.27</b>
<b>Other (31 October 2010 0.30%)</b>			
<b>Portfolio of Investments</b>		<b>527,194</b>	<b>96.86</b>
<b>Net Current Assets (31 October 2010 18.23%)</b>		<b>17,114</b>	<b>3.14</b>
<b>Net Assets</b>		<b>544,308</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 II

### Old Mutual Global Strategic Bond Fund

#### Statement of Total Return For the Year ended 31 October 2011

	Note	1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Income</b>					
Net capital gains	2		9,626		15,327
Revenue	3	9,588		6,214	
Expenses	4	(4,369)		(1,690)	
Finance costs: Interest	6	(710)		-	
Net revenue before taxation		4,509		4,524	
Taxation	5	-		-	
Net revenue after taxation			4,509		4,524
<b>Total return before distributions</b>			14,135		19,851
Finance costs: Distributions	6		(4,509)		(4,524)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>9,626</b>		<b>15,327</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the Year ended 31 October 2011

	1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		382,793		80,667
Amounts receivable on issue of shares	377,194		434,453	
Amounts payable on cancellation of shares	(226,708)		(149,693)	
		150,486		284,760
SDRT (see page 114)		(4)		(3)
Change in net assets attributable to shareholders from investment activities		9,626		15,327
Unclaimed distribution		2		2
Retained distribution on accumulation shares		1,405		2,040
<b>Closing net assets attributable to shareholders</b>		<b>544,308</b>		<b>382,793</b>

#### Balance Sheet As at 31 October 2011

	Note	As at 31 October 2011		As at 31 October 2010	
		£000	£000	£000	£000
<b>Assets</b>					
Investment assets			527,194		312,993
Debtors	7	12,862		32,224	
Cash and bank balances		10,440		48,322	
Total other assets			23,302		80,546
Total assets			550,496		393,539
<b>Liabilities</b>					
Creditors	8	5,586		9,844	
Distribution payable on income shares		602		902	
Total other liabilities			6,188		10,746
Total liabilities			6,188		10,746
<b>Net assets attributable to shareholders</b>			<b>544,308</b>		<b>382,793</b>

The notes on pages 56 to 61 form an integral part of these financial statements.

# Old Mutual Investment Funds Series II

## Old Mutual Global Strategic 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 109.

#### 2. Net Gains on Investments

The net gains on investments during the year comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Non-derivative securities	(8,331)	11,775
Derivative contracts	7,359	(1,326)
Forward currency contracts	12,439	4,295
Currency (losses)/gains	(1,768)	591
Sundry income	3	2
Transaction costs and handling charges	(76)	(10)
<b>Net capital gains</b>	<b>9,626</b>	<b>15,327</b>

#### 3. Revenue

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Interest on debt securities	11,499	6,698
EIR adjustment	(2,706)	(548)
Bank interest*	41	12
Deposit interest	8	40
Securitised interest	745	12
Sundry income	1	-
	<b>9,588</b>	<b>6,214</b>

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

#### 4. Expenses

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,782	1,475
Administration fees	465	166
	<b>4,247</b>	<b>1,641</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	62	25
Safe custody fees	47	18
	<b>109</b>	<b>43</b>
Other expenses:		
Audit fees	12	6
Sundry expenses	1	-
	<b>13</b>	<b>6</b>
<b>Total expenses</b>	<b>4,369</b>	<b>1,690</b>

# Old Mutual Investment Funds Series II

## Old Mutual Global Strategic Bond Fund

### Notes to the Financial Statements (continued)

#### 5. Taxation

No corporation tax charge arises in 2010 as a result of the fund opting to distribute the net revenue as an interest distribution.

#### 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 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Net revenue after taxation	4,509	4,524
	<b>4,509</b>	<b>4,524</b>
1st interim interest distribution	1,009	530
2nd interim interest distribution	452	625
3rd interim interest distribution	717	675
Final interest distribution	746	1,075
1st interim interest accumulation	661	400
2nd interim interest accumulation	203	521
3rd interim interest accumulation	426	770
Final interest accumulation	452	765
	4,666	5,361
Add: Revenue paid on shares cancelled	218	394
Deduct: Revenue received on shares created	(375)	(1,231)
Net distribution for the year	4,509	4,524
Interest	710	-
<b>Total finance costs: Distributions</b>	<b>5,219</b>	<b>4,524</b>

#### 7. Debtors

	31 October 2011 £000	31 October 2010 £000
Amounts receivable from the ACD for creation of shares	8,888	5,099
Sales awaiting settlement	-	23,544
Accrued income	3,962	3,554
Prepayment of expenses	12	25
Other debtors	-	2
	<b>12,862</b>	<b>32,224</b>

#### 8. Creditors

	31 October 2011 £000	31 October 2010 £000
Amounts payable to the ACD for cancellation of shares	4,240	1,996
Purchases awaiting settlement	1,094	7,538
Accrued expenses	22	14
UK Income tax payable	230	296
	<b>5,586</b>	<b>9,844</b>

#### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, National Westminster Bank 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.

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

## Notes to the Financial Statements (continued)

### 10. Contingent Liabilities and Commitments

The fund had the following contingent liability as at the balance sheet date £67,000 (31 October 2010: Nil).

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

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 52 to 54.

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 49.

Details of the nature of the Fund's investment portfolio at the balance sheet date are disclosed in the Portfolio Statement on pages 52 to 54.

#### 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 October 2011 was as follows:

	<b>Investments</b>	<b>Net Current Assets</b>	<b>Total</b>
	£000	£000	£000
Australian Dollar	12,139	1	12,140
Canadian Dollar	66	1	67
Chinese Yuan	(23)	-	(23)
Danish Kroner	-	-	-
Euro	130,798	283	131,081
Japanese Yen	(2,025)	-	(2,025)
Norwegian Kroner	68	-	68
New Zealand Dollar	-	-	-
Singapore Dollar	273	-	273
South African Rand	(4)	-	(4)
Swedish Kronor	215	-	215
Swiss Franc	2,288	-	2,288
United States Dollar	60,592	2,468	63,060
	<b>204,387</b>	<b>2,753</b>	<b>207,140</b>

The fund's foreign currency asset exposure as at 31 October 2010 was as follows:

	<b>Investments</b>	<b>Net Current Assets</b>	<b>Total</b>
	£000	£000	£000
Australian Dollar	6,236	192	6,428
Canadian Dollar	-	6	-
Danish Kroner	-	2	2
Euro	62,225	35,371	97,596
Japanese Yen	-	1	1
New Zealand Dollar	-	1	1
United States Dollar	62,096	6,404	68,500

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

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

##### 11. Financial Instruments and the Management of Risk (continued)

Investments	Net Current Assets	Total
£000	£000	£000
<b>130,557</b>	<b>41,977</b>	<b>172,534</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;
- Positions in interest rate derivatives; 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.

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 October 2011 was:

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Financial Assets Not Carrying Interest	Total
	£000	£000	£000	£000
Australian Dollar	-	12,140	-	12,140
Canadian Dollar	-	1	66	67
Euro	4,753	124,351	1,694	130,798
Norwegian Krone	-	-	68	68
Singapore Dollar	-	-	273	273
Sterling	31,491	263,146	51,084	345,721
Swedish Kronor	-	-	214	214
Swiss Franc	-	2,289	-	2,289
United States Dollar	33,461	29,390	-	62,851
	<b>69,705</b>	<b>431,317</b>	<b>53,399</b>	<b>554,421</b>

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

	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Financial Liabilities Not Carrying Interest	Total
	£000	£000	£000	£000
Chinese Yuan	-	-	(23)	(23)
Japanese Yen	-	-	(2,025)	(2,025)
South African Rand	(4)	-	-	(4)
Sterling	-	-	(6,188)	(6,188)
United States Dollar	-	-	(1,873)	(1,873)
	<b>(4)</b>	<b>-</b>	<b>(10,109)</b>	<b>(10,113)</b>

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

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

##### 11. Financial Instruments and the Management of Risk (continued)

The interest rate risk profile of the company's financial assets at 31 October 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	4,502	1,925	-	6,427
Canadian Dollar	-	6	-	6
Danish Krone	-	2	-	2
Euro	60,309	38,327	100	98,736
Japanese Yen	-	1	-	1
New Zealand Dollar	-	1	-	1
Sterling	149,636	36,743	-	186,379
United States Dollar	60,960	6,404	1,137	68,501
	<b>275,407</b>	<b>83,409</b>	<b>1,237</b>	<b>360,053</b>

The interest rate risk profile of the company's financial liabilities at 31 October 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	-	-	(2,531)	(2,531)
Sterling	-	-	(8,214)	(8,214)
	<b>-</b>	<b>-</b>	<b>(10,745)</b>	<b>(10,745)</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.

<b>31 October 2011</b>	<b>Weighted average interest rate</b>	<b>Weighted average period for which rate is fixed No. of years</b>
	<b>%</b>	
Australian Dollar	6.00	5.88
CHF	7.88	6.26
Euro	5.33	6.99
Sterling	1.49	5.20
United States Dollar	0.55	8.98

<b>31 October 2010</b>	<b>Weighted average interest rate</b>	<b>Weighted average period for which rate is fixed No. of years</b>
	<b>%</b>	
Australian Dollar	6.00	6.88
Euro	6.02	17.03
Sterling	4.19	8.12
United States Dollar	4.20	27.51

##### **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 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 countries, sectors and debt type (Government/Corporate) limiting its exposure to a particular sector and or country in relation to the whole portfolio.

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

## Notes to the Financial Statements (continued)

### 11. Financial Instruments and the Management of Risk (continued)

#### 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.

#### Bond Portfolio Rating As at 31 October 2011

	Fair value £000	Percentage of total net assets
AAA	151,859	27.90%
AA+	12,139	2.23%
AA	318	0.06%
AA-	1,524	0.28%
A+	2,750	0.51%
A	6,552	1.20%
A-	6,753	1.24%
BBB+	9,682	1.78%
BBB	11,039	2.03%
BBB-	3,357	0.62%
BB+	3,086	0.57%
BB	10,933	2.01%
BB-	8,076	1.48%
B+	10,126	1.86%
B	8,083	1.49%
B-	9,035	1.66%
CCC+	3,763	0.69%
Not Rated	220,654	40.54%
Non-Interest Bearing Securities	30,741	5.65%
Net Current Assets	33,837	6.22%
<b>Net Assets</b>	<b>544,307</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 requirement to fund the redemption of any shares that investors wish to sell. 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 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.

## Old Mutual Investment Funds Series II

### Old Mutual Global Strategic Bond Fund

#### Distribution on 31 December 2011 for the period ended 31 October 2011

Group 1: Shares purchased prior to 1 August 2010

Group 2: Shares purchased on or after 1 August 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	0.3638	0.0728	0.2910	-	0.2910	0.7382
Group 2	0.1619	0.0324	0.1295	0.1615	0.2910	0.7382
<b>Accumulation shares</b>						
Group 1	0.5598	0.1120	0.4478	-	0.4478	1.1259
Group 2	0.2541	0.0508	0.2033	0.2445	0.4478	1.1259
<b>Class B</b>						
<b>Income shares</b>						
Group 1	0.3199	0.0640	0.2559	-	0.2559	0.4992
Group 2	0.0849	0.0170	0.0679	0.1880	0.2559	0.4992
<b>Accumulation shares</b>						
Group 1	0.3316	0.0663	0.2653	-	0.2653	0.5109
Group 2	0.1268	0.0254	0.1014	0.1639	0.2653	0.5109

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.

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

Group 1: Shares purchased prior to 1 May 2010

Group 2: Shares purchased on or after 1 May 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	0.3473	0.0695	0.2778	-	0.2778	1.0027
Group 2	0.2075	0.0415	0.1660	0.1119	0.2778	1.0027
<b>Accumulation shares</b>						
Group 1	0.5340	0.1068	0.4272	-	0.4272	1.5214
Group 2	0.3323	0.0665	0.2658	0.1614	0.4272	1.5214
<b>Class B</b>						
<b>Income shares</b>						
Group 1	0.3069	0.0614	0.2455	-	0.2455	0.6280
Group 2	0.2009	0.0402	0.1607	0.0848	0.2455	0.6280
<b>Accumulation shares</b>						
Group 1	0.3172	0.0634	0.2538	-	0.2538	0.6386
Group 2	0.2206	0.0441	0.1765	0.0772	0.2538	0.6386

Equalisation applies only to shares purchased since 1 May 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 II

### Old Mutual Global Strategic Bond Fund

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

Group 1: Shares purchased prior to 1 February 2010

Group 2: Shares purchased on or after 1 February 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	0.1794	0.0359	0.1435	-	0.1435	1.1550
Group 2	0.0709	0.0142	0.0567	0.0867	0.1435	1.1550
<b>Accumulation shares</b>						
Group 1	0.2753	0.0551	0.2202	-	0.2202	1.7421
Group 2	0.0908	0.0182	0.0726	0.1475	0.2202	1.7421
<b>Class B</b>						
<b>Income shares</b>						
Group 1	0.2165	0.0433	0.1732	-	0.1732	0.7042
Group 2	0.1347	0.0269	0.1078	0.0655	0.1732	0.7042
<b>Accumulation shares</b>						
Group 1	0.2234	0.0447	0.1787	-	0.1787	0.7121
Group 2	0.0740	0.0148	0.0592	0.1195	0.1787	0.7121

Equalisation applies only to shares purchased since 1 February 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 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	0.7026	0.1405	0.5621	-	0.5621	1.2605
Group 2	0.3421	0.0684	0.2737	0.2884	0.5621	1.2605
<b>Accumulation shares</b>						
Group 1	1.0750	0.2150	0.8600	-	0.8600	1.8885
Group 2	0.5154	0.1031	0.4123	0.4477	0.8600	1.8885
<b>Class B</b>						
<b>Income shares</b>						
Group 1	0.4976	0.0995	0.3981	-	0.3981	0.7650
Group 2	0.2233	0.0447	0.1786	0.2195	0.3981	0.7650
<b>Accumulation shares</b>						
Group 1	0.5117	0.1023	0.4094	-	0.4094	0.7695
Group 2	0.2345	0.0469	0.1876	0.2218	0.4094	0.7695

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.

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

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

##### Performance

	1 year to 31 October 2011	1 year to 31 October 2010	1 year to 31 October 2009	1 year to 31 October 2008	1 year to 31 October 2007	1 year to 31 October 2006
Old Mutual Japanese Select Fund*	7.75%	11.83%	10.87%	-22.89%	-5.96%	0.32%
IMA Japan sector median	1.73%	7.13%	13.32%	-20.94%	-8.34%	2.76%
Quartile	1	1	3	2	2	3
MSCI Japan Index	-3.1%	8.17%	11.65%	-19.53%	-3.65%	8.25%
*Accumulation shares						
Data Source - © Standard & Poors, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To achieve an above average return through the active management of a diversified portfolio invested in the Japanese stock markets, whilst constraining the overall level of portfolio risk.

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 Efficient Portfolio Management 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 Japanese Select Fund is a core Japanese equity fund managed using OMAM's proprietary quantitative investment process.

The fund aims to generate long term capital growth through an actively managed, diversified portfolio of listed Japanese equities.

##### Review

The Japanese equity market tracked higher at the start of the review period, with investment sentiment buoyed by sustained economic growth in key emerging markets and a gradual but overall positive improvement in developed economies. Unfortunately, a number of events, financial and non-financial, combined to severely erode confidence, leading to a succession of crises and, in late July to early August, a sharp correction in share values. In February and March came floods in Queensland, affecting commodity prices, and political unrest in the Middle East and North Africa, affecting the oil price. More importantly for Japanese markets Japan suffered significant damage from the earthquake and subsequent tsunami and nuclear disaster. European sovereign debt issues also played a part in affecting investor sentiment over the summer months. Whilst Japan's economy is not shielded from the effect of this on global growth, and is itself dealing with debt and political issues, the recovery from the extreme dislocation of the earthquake and subsequent nuclear disaster continues. Although the recession continued into Q2, the fall in output was less than expected. The rebuilding of the area affected by the earthquake is also likely to act as an economic stimulus over the longer term.

While Japanese markets were affected by the ongoing investor sentiment issues, the Yen has been soaring recently which has shielded sterling investors to a degree. Performance of the fund was extremely strong in the 12 months to the end of October with the fund strongly outperforming both benchmark and peer group in a very volatile period for equity markets. Stock and sector selection were both positive over the year. Indeed, stock selection and sector allocation were both positive in nine of the ten sectors. All strategies used in stock selection performed very well over the twelve months.

##### Outlook

The issue of public debt in the developed economies is not going to disappear quickly or easily, but it appears increasingly likely that lurching from crisis to crisis will give way to broad agreement on longer-term solutions. This should be positive for equities as it will allow investors to return to fundamentals. These include good levels of growth in emerging markets, stimulating a global demand cycle, and stable, if low, levels of growth in developed economies. In the meantime, equity valuations are at historically low levels.

##### 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 October 2006 and the close on 31 October 2011. Returns quoted are sterling or local currency returns as specified.

31 October 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

#### Net Asset Value per Share

The fund was launched on 18 June 1986. 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 II.

#### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 October 2009 Class A Acc	27,669,166	70.53	39,232,421
31 October 2010 Class A Acc	22,990,478	78.87	29,151,237
31 October 2011 Class A Acc	20,684,456	84.96	24,345,095

#### Capital price range

The table below shows the highest buying and lowest selling prices of shares/units 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	115.96	82.75	115.96	82.75
2007 Class A	96.93	79.35	96.93	75.61
2008 Class A	-	-	86.27	59.04
2009 Class A	-	-	80.69	58.42
2010 Class A	-	-	92.25	72.36
2011* Class A	-	-	91.25	73.24

\*To 31 October

#### Net income distribution

The table below shows the net income distribution in pence per share/unit 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	-	-	-	-
2007 Class A	-	-	-	-
2008 Class A	-	-	0.2464	2.26
2009 Class A	-	-	-	-
2010 Class A	-	-	0.0430	0.39
2011* Class A	-	-	0.0856	0.78

\*To 31 December

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the fund is explained on page 114.

#### Total Expense Ratio (TER)

	As at 31 October 2011	As at 31 October 2010
Share Class A	<u>1.82</u>	<u>1.76</u>

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

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

#### Portfolio Statement As at 31 October 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Equities (31 October 2010 91.47%)</b>			
<b>Auto Components (31 October 2010 10.98%)</b>			
Bridgestone Corp	6,900	103	0.50
NHK Spring	7,000	41	0.20
Sumitomo Rubber Industries	40,800	322	1.56
Toyota Industries Corp	13,000	234	1.13
Unipres Corp	2,900	51	0.24
		<b>751</b>	<b>3.63</b>
<b>Automobiles (31 October 2010 10.35%)</b>			
Fuji Heavy Industries	14,000	57	0.28
Toyota Motor Corp	71,800	1,519	7.34
		<b>1,576</b>	<b>7.62</b>
<b>Chemicals (31 October 2010 7.89%)</b>			
Mitsubishi Chemical Holdings Corp	176,000	680	3.29
Sumitomo Chemical	61,000	143	0.69
Toagosei	22,000	62	0.30
Tokyo Ohka Kogyo	2,900	38	0.18
Tosoh Corp	283,000	585	2.83
Toyo Ink	2,000	5	0.02
Zeon Corp	1,000	6	0.03
		<b>1,519</b>	<b>7.34</b>
<b>Commercial Banks (31 October 2010 5.72%)</b>			
77th Bank	10,000	25	0.12
Aozora Bank	140,000	222	1.07
Bank of Yokohama	161,000	467	2.26
Daishi Bank	19,000	38	0.18
Hyakugo Bank	6,000	15	0.07
Mitsubishi UFJ Financial Group	213,700	589	2.85
Nishi-Nippon City Bank	9,000	15	0.08
San-in Goto Bank	10,000	45	0.22
Sapporo Hokuyo	8,500	18	0.09
Seven Bank	48	54	0.26
		<b>1,488</b>	<b>7.20</b>
<b>Commercial Services &amp; Supplies (31 October 2010 0.00%)</b>			
Asahi	3,700	46	0.22
<b>Construction &amp; Engineering (31 October 2010 0.00%)</b>			
Kinden Corp	15,000	78	0.38
Toda Corp	4,000	9	0.04
		<b>87</b>	<b>0.42</b>
<b>Consumer Finance (31 October 2010 4.48%)</b>			
Acom	5,400	61	0.29
Credit Saison	20,400	256	1.24
Hitachi Capital Corp	23,900	186	0.90
		<b>503</b>	<b>2.43</b>
<b>Containers &amp; Packaging (31 October 2010 0.00%)</b>			
Rengo	10,000	41	0.20

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Diversified Financial Services (31 October 2010 0.24%)</b>			
Fuyo General Lease	600	13	0.06
<b>Diversified Telecommunication Services (31 October 2010 4.05%)</b>			
Nippon Telegraph & Telephone	28,800	927	4.48
<b>Electric Utilities (31 October 2010 0.00%)</b>			
Okinawa Electric Power	5,300	136	0.66
<b>Electrical Equipment (31 October 2010 0.00%)</b>			
Nissin Electric	20,000	78	0.38
<b>Electronic Equipment &amp; Instruments (31 October 2010 6.00%)</b>			
Citizen	4,100	14	0.07
Fujifilm Holdings Corp	29,900	466	2.25
Oki Electric Industry	11,000	6	0.03
		<b>486</b>	<b>2.35</b>
<b>Food &amp; Staples Retailing (31 October 2010 3.08%)</b>			
Aeon	38,400	318	1.54
Cosmos Pharmaceutical Corp	1,600	47	0.23
Heiwado	6,100	46	0.22
Seven & I	17,600	297	1.43
Tsuruha	1,300	42	0.20
UNY	30,800	176	0.85
Valor	3,000	28	0.14
		<b>954</b>	<b>4.61</b>
<b>Food Products (31 October 2010 1.57%)</b>			
Itoham Foods Group	17,000	37	0.18
Morinaga Milk Industry	12,000	30	0.14
Nippon Flour Mills	3,000	9	0.04
Nippon Meat Packers	6,000	47	0.23
		<b>123</b>	<b>0.59</b>
<b>Gas Utilities (31 October 2010 1.19%)</b>			
Osaka Gas	40,000	95	0.46
<b>Health Care Providers &amp; Services (31 October 2010 0.00%)</b>			
Medipal	59,000	348	1.68
Nichii Gakkan	5,200	33	0.16
Ship Healthcare	4,000	62	0.30
Suzuken	7,600	115	0.56
Toho	14,100	112	0.54
		<b>670</b>	<b>3.24</b>
<b>Household Products (31 October 2010 0.00%)</b>			
Kao Corp	17,000	282	1.36
<b>Insurance (31 October 2010 0.00%)</b>			
Tokio Marine	24,200	366	1.77
<b>Internet &amp; Catalogue Retail (31 October 2010 1.46%)</b>			
Dena	8,300	227	1.10
Start Today	16,300	218	1.05
		<b>445</b>	<b>2.15</b>

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Internet Software &amp; Services (31 October 2010 0.63%)</b>			
eAccess	1,491	256	1.24
Gree	7,500	154	0.75
So-Net Entertainment Corp	7	17	0.08
		<b>427</b>	<b>2.07</b>
<b>IT Services (31 October 2010 0.75%)</b>			
IT Holdings Corp	33,200	217	1.05
Itochu Techno-Solutions Corp	5,700	155	0.75
Nomura Research Institute	2,700	39	0.19
NS Solutions Corp	4,900	68	0.33
Obic	740	89	0.43
Sumisho Computer Systems	13,500	133	0.64
		<b>701</b>	<b>3.39</b>
<b>Leisure Equipment &amp; Products (31 October 2010 0.00%)</b>			
Heiwa Corp	8,400	88	0.42
Namco Bandai	19,700	181	0.88
Yamaha Corp	11,300	73	0.35
		<b>342</b>	<b>1.65</b>
<b>Machinery (31 October 2010 9.79%)</b>			
Hino Motors	54,000	202	0.98
Mitsubishi Heavy Industries	131,000	340	1.64
NSK	59,000	285	1.38
Toshiba Machine	18,000	57	0.27
		<b>884</b>	<b>4.27</b>
<b>Media (31 October 2010 0.26%)</b>			
Asatsu DK	700	10	0.05
Daiichikoshoh	1,300	16	0.07
Fuji Media	237	215	1.04
Kadokawa Group	500	10	0.05
SKY Perfect JSAT	632	195	0.94
TV Asahi	8	8	0.04
		<b>454</b>	<b>2.19</b>
<b>Metals &amp; Mining (31 October 2010 2.94%)</b>			
Aichi Steel Corp	3,000	10	0.05
Nippon Light Metal	99,000	91	0.44
		<b>101</b>	<b>0.49</b>
<b>Multiline Retail (31 October 2010 0.00%)</b>			
Izumi	1,300	13	0.06
Marui Group	36,300	179	0.87
		<b>192</b>	<b>0.93</b>
<b>Office Electronics (31 October 2010 0.00%)</b>			
Ricoh	22,000	115	0.56
Toshiba Tec	4,000	9	0.04
		<b>124</b>	<b>0.60</b>
<b>Oil (31 October 2010 6.38%)</b>			
Idemitsu Kosan	7,300	433	2.09

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Oil (31 October 2010 6.38%) - (continued)</b>			
Japan Petroleum Exploration	5,000	126	0.61
		<b>559</b>	<b>2.70</b>
<b>Paper &amp; Forest Products (31 October 2010 2.14%)</b>			
Hokuetsu Kishu Paper	7,000	29	0.14
<b>Personal Products (31 October 2010 0.00%)</b>			
Dr CI Labo	40	136	0.66
<b>Pharmaceuticals (31 October 2010 0.78%)</b>			
Kaken Pharmaceutical	19,000	150	0.72
Kyorin	16,000	186	0.90
Otsuka	19,400	314	1.52
Taisho Pharmaceutical	9,900	436	2.11
		<b>1,086</b>	<b>5.25</b>
<b>Real Estate Management &amp; Development (31 October 2010 1.38%)</b>			
Daito Trust Construction	8,800	494	2.39
<b>Road &amp; Rail (31 October 2010 0.35%)</b>			
Central Japan Railway	145	777	3.76
Nippon Express	25,000	61	0.29
Sankyu	5,000	12	0.06
Seino	44,000	210	1.02
		<b>1,060</b>	<b>5.13</b>
<b>Software (31 October 2010 0.00%)</b>			
Capcom	5,500	91	0.44
Konami Corp	13,700	284	1.37
Square Enix	8,500	103	0.50
		<b>478</b>	<b>2.31</b>
<b>Specialty Retail (31 October 2010 0.00%)</b>			
Aoyama Trading	19,300	191	0.92
DCM	12,600	64	0.31
Edion	1,500	8	0.04
K's	600	16	0.08
Shimachu	17,300	236	1.14
United Arrows	17,600	216	1.04
Xebio	8,700	134	0.65
		<b>865</b>	<b>4.18</b>
<b>Textiles (31 October 2010 0.00%)</b>			
Onward	15,000	69	0.34
<b>Trading Companies &amp; Distributors (31 October 2010 9.06%)</b>			
Itochu Corp	123,600	777	3.76
Marubeni Corp	94,000	348	1.68
Sumitomo Corp	63,000	497	2.40
		<b>1,622</b>	<b>7.84</b>
<b>Transportation Infrastructure (31 October 2010 0.00%)</b>			
Japan Airport Terminal	1,900	16	0.08

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

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

	Holding	Fair value £000	Percentage of total net assets %
<b>Wireless Telecommunication Services (31 October 2010 0.00%)</b>			
Softbank	7,000	145	0.70
<b>Futures (31 October 2010 -0.03%)</b>			
Topix Index (Tokyo)	5	5	0.02
<b>Other (31 October 2010 6.80%)</b>			
<b>Portfolio of Investments</b>		<b>20,375</b>	<b>98.50</b>
<b>Net Current Assets</b>			
<b>(31 October 2010 1.76%)</b>		<b>309</b>	<b>1.49</b>
<b>Net Assets</b>		<b>20,684</b>	<b>100.00</b>

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

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

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

#### Statement of Total Return For the Year ended 31 October 2011

	Note	1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Income</b>					
Net capital gains	2		1,790		3,031
Revenue	3	461		514	
Expenses	4	(403)		(465)	
Net revenue before taxation		58		49	
Taxation	5	(36)		(35)	
Net revenue after taxation			22		14
<b>Total return before distributions</b>			1,812		3,045
Finance costs: Distributions	6		(22)		(14)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,790</b>		<b>3,031</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the Year ended 31 October 2011

		1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			22,990		27,669
Amounts receivable on issue of shares		3,113		4,226	
Amounts payable on cancellation of shares		(7,230)		(11,949)	
			(4,117)		(7,723)
Change in net assets attributable to shareholders from investment activities			1,790		3,031
Retained distribution on accumulation shares			21		13
<b>Closing net assets attributable to shareholders</b>			<b>20,684</b>		<b>22,990</b>

#### Balance Sheet As at 31 October 2011

	Note	As at 31 October 2011		As at 31 October 2010	
		£000	£000	£000	£000
<b>Assets</b>					
Investment assets			20,375		22,586
Debtors	7	984		492	
Cash and bank balances		148		108	
Total other assets			1,132		600
Total assets			21,507		23,186
<b>Liabilities</b>					
Creditors	8	823		196	
Total other liabilities			823		196
Total liabilities			823		196
<b>Net assets attributable to shareholders</b>			<b>20,684</b>		<b>22,990</b>

The notes on pages 73 to 76 form an integral part of these financial statements.

# Old Mutual Investment Funds Series II

## Old Mutual Japanese Select 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 109.

#### 2. Net Gains on Investments

The net gains on investments during the year comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Non-derivative securities	1,708	3,029
Derivative contracts	36	(99)
Currency gains	63	113
Transaction costs and handling charges	(17)	(12)
<b>Net capital gains</b>	<b>1,790</b>	<b>3,031</b>

#### 3. Revenue

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas income	460	514
Sundry income	1	-
	<b>461</b>	<b>514</b>

#### 4. Expenses

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	347	408
Administration fees	35	41
	<b>382</b>	<b>449</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	6	6
Safe custody fees	3	4
	<b>9</b>	<b>10</b>
Other expenses:		
Audit fees	12	6
	<b>12</b>	<b>6</b>
<b>Total expenses</b>	<b>403</b>	<b>465</b>

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

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

##### 5. Taxation

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

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas tax	36	35
<b>Total taxation</b>	<b>36</b>	<b>35</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	58	49
Corporation tax at 20%	11	10

Effects of:

Overseas tax	36	35
Movement in excess management expenses	(11)	(10)
<b>Actual tax charge</b>	<b>36</b>	<b>35</b>

As at 31 October 2011, the fund had surplus management expenses of £4,894,285 (31 October 2010: £4,491,915) 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 December. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Net revenue after taxation	22	14
	<b>22</b>	<b>14</b>
Final accumulation	21	13
	21	13
Add: Revenue paid on shares cancelled	1	2
Deduct: Revenue received on shares created	-	(1)
Net distribution for the year	22	14
<b>Total finance costs: Distributions</b>	<b>22</b>	<b>14</b>

##### 7. Debtors

	31 October 2011 £000	31 October 2010 £000
Amounts receivable from the ACD for creation of shares	5	-
Sales awaiting settlement	786	289
Accrued income	192	200
Prepayment of expenses	1	3
	<b>984</b>	<b>492</b>

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

## Notes to the Financial Statements (continued)

### 8. Creditors

	31 October 2011	31 October 2010
	£000	£000
Amounts payable to the ACD for cancellation of shares	12	143
Purchases awaiting settlement	797	43
Accrued expenses	14	10
	<b>823</b>	<b>196</b>

### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, National Westminster Bank 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 October 2010: £6,500).

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

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 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 on the management of investment risk is driven by its objectives as stated on page 64.

The fund's market risk is monitored 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 67 to 71.

#### 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.

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 October 2011 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Japanese Yen	20,375	55	20,430
	<b>20,375</b>	<b>55</b>	<b>20,430</b>

The fund's foreign currency asset exposure as at 31 October 2010 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Japanese Yen	22,586	521	23,107
	<b>22,586</b>	<b>521</b>	<b>23,107</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 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.

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

## Notes to the Financial Statements (continued)

### 11. Financial Instruments and the Management of Risk (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 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 limiting exposure to particular risk factors 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.

#### 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. 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 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	43,090	37,317
Commissions	13	14
Total purchase costs	13	14
<b>Total purchases including transaction costs</b>	<b>43,103</b>	<b>37,331</b>
Analysis of total sale costs		
Gross sales before transaction costs	47,049	45,219
Commissions	(14)	(17)
Total sale costs	(14)	(17)
<b>Total sales net of transaction costs</b>	<b>47,035</b>	<b>45,202</b>

## Old Mutual Investment Funds Series II

### Old Mutual Japanese Select Fund

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#### Distribution on 31 December 2011 for the year ended 31 October 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>Accumulation shares</b>				
Group 1	0.0856	-	0.0856	0.0430
Group 2	0.0777	0.0079	0.0856	0.0430

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.

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

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

##### Performance

	1 year to 31 October 2011	1 year to 31 October 2010	1 year to 31 October 2009	1 year to 31 October 2008	1 year to 31 October 2007	1 year to 31 October 2006
Old Mutual North American Equity Fund	15.38%	19.07%	7.02%	-25.9%	4.03%	9.61%
IMA North America sector median	6.09%	16.04%	13.92%	-22.12%	6.18%	7.51%
Quartile	1	1	4	4	3	2
MSCI North American Index	6.41%	21.10%	9.59%	-18.97%	7.43%	8.54%
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To achieve long term capital growth through the active management of a diversified portfolio invested primarily in North American stock markets.

Subject to the regulations, the property of the fund may include transferable securities, shares 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 Efficient Portfolio Management 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 fund is designed to generate long term capital appreciation through a diversified portfolio of investments in North America, primarily the United States. The portfolio is managed using an active quantitative process which employs a number of 'return factors' to generate return forecasts for each stock in the investment universe. Holdings are drawn primarily from the MSCI North America Index.

##### Review

The North American equity market tracked higher at the start of the review period, with investment sentiment buoyed by sustained economic growth in key emerging markets and a gradual but overall positive improvement in developed economies. Unfortunately, a number of events, financial and non-financial, combined to severely erode confidence, leading to a succession of crises and, in late July to early August, a sharp correction in share values. In February and March came floods in Queensland, affecting commodity prices, and political unrest in the Middle East and North Africa, affecting the oil price. In early March Japan suffered significant damage from a tsunami, which in turn impacted global technology and automotive supply chains. Adding to concern, the summer quarter saw series of weak economic data from the US, including in key areas such as housing and employment.

The overwhelming issue, however, was eurozone sovereign debt. Lacking established political or fiscal institutions, and with the European Central Bank reluctant to take a lead, politicians struggled to find means to ensure that highly indebted peripheral states would avoid default. Although Greece was the epicentre of the successive crises which engulfed the eurozone through the period, the real danger was always the prospect of a loss of confidence in Italy, the world's third-largest debtor state and with a government perceived by many to be at the margin of dysfunction. The crisis in the eurozone served to highlight the levels of public debt across the large developed economies. Japan and the US both suffered credit downgrades in the period, while the UK and France have struggled to make meaningful cuts to their deficits.

The North American market was the only large market to deliver a positive return in the year, with the index up 6.4% in sterling terms. Health care, retailing, energy and software were the best performing sectors. Performance of the fund was extremely strong in the 12 months to the end of October with the fund strongly outperforming both benchmark and peer group to be placed the best performing fund in the sector in a very volatile period for equity markets. Stock selection dominated performance over the year, with sector allocation flat. Indeed, stock selection was positive in all ten sectors. Returns to the individual investment strategies were also strong, with dynamic valuation, analyst sentiment and company management strategies of particular note.

##### Outlook

The issue of public debt in the developed economies is not going to disappear quickly or easily, but it appears increasingly likely that lurching from crisis to crisis will give way to broad agreement on longer-term solutions. This should be positive for equities as it will allow investors to return to fundamentals. These include good levels of growth in emerging markets, stimulating a global demand cycle, and stable, if low, levels of growth in developed economies. In the meantime, equity valuations are at historically low levels.

##### 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 October 2006 and the close on 31 October 2011. Returns quoted are sterling or local currency returns as specified.

31 October 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

#### Net Asset Value per Share

The fund was launched on 6 April 1985. Income and accumulation units were 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 II.

##### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 October 2009 Class A Acc	83,190,154	270.73	30,728,396
31 October 2009 Class B Acc	8,922	89.22	10,000
31 October 2010 Class A Acc	67,332,825	322.36	20,887,646
31 October 2010 Class B Acc	10,679	106.79	10,000
31 October 2011 Class A Acc	68,339,119	371.94	18,373,885
31 October 2011 Class B Acc	12,385	123.85	10,000

##### Capital price range

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

Calendar year	Income shares		Accumulation shares	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)
2008 Class A	-	-	351.57	213.33
2008 Class B	-	-	113.67	70.07
2009 Class A	-	-	312.34	202.28
2009 Class B	-	-	103.02	66.56
2010 Class A	-	-	362.12	285.08
2010 Class B	-	-	120.05	94.08
2011* Class A	-	-	396.57	315.93
2011* Class B	-	-	131.83	105.07

\*To 31 October

##### Net income distribution

The table below shows the net income distribution in pence per share/unit paid over the last three 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	-	-	-	-
2007 Class A	-	-	-	-
2008 Class A	-	-	-	-
2009 Class A	-	-	1.3769	4.07
2009 Class B**	-	-	0.9017	9.02
2010 Class A	-	-	-	-
2010 Class B**	-	-	-	-
2011* Class A	-	-	-	-
2011* Class B**	-	-	0.2101	2.10

\*To 31 December

\*\*Launched 01 July 2008

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

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#### Stamp Duty Reserve Tax (SDRT)

The SDRT regime, applicable to the fund is explained on page 114.

#### Total Expense Ratio (TER)

	As at 31 October 2011	As at 31 October 2010
Share Class A	<u>1.73</u>	<u>1.71</u>
Share Class B	<u>1.23</u>	<u>1.21</u>

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

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

#### Portfolio Statement As at 31 October 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Bermuda (31 October 2010 3.55%)</b>			
<b>Equities (31 October 2010 3.55%)</b>			
<b>Insurance (31 October 2010 3.55%)</b>			
Aspen Insurance (US Dollar)	9,752	163	0.24
Axis Capital (US Dollar)	1,196	23	0.03
Endurance Specialty (US Dollar)	8,882	210	0.31
Validus (US Dollar)	34,693	588	0.86
		<b>984</b>	<b>1.44</b>
<b>Total Bermuda</b>			
		<b>984</b>	<b>1.44</b>
<b>Canada (31 October 2010 7.33%)</b>			
<b>Equities (31 October 2010 7.33%)</b>			
<b>Aerospace &amp; Defence (31 October 2010 0.00%)</b>			
Bombardier 'B'	178,887	<b>495</b>	<b>0.72</b>
<b>Commercial Banks (31 October 2010 0.00%)</b>			
Canadian Western Bank	1,131	<b>20</b>	<b>0.03</b>
<b>Communications Equipment (31 October 2010 0.28%)</b>			
Research in Motion	12,410	<b>164</b>	<b>0.24</b>
<b>Diversified Telecommunication Services (31 October 2010 0.00%)</b>			
Telus Corp	2,302	<b>73</b>	<b>0.11</b>
<b>Energy Equipment &amp; Services (31 October 2010 0.65%)</b>			
Ensign Energy Services	27,641	270	0.39
Precision Drilling Corp	23,694	186	0.27
Trican Well Service	4,816	54	0.08
		<b>510</b>	<b>0.74</b>
<b>Food &amp; Staples Retailing (31 October 2010 1.58%)</b>			
Alimentation Couche-Tard	18,113	344	0.50
George Weston	904	40	0.06
Shoppers Drug Mart Corp	6,256	165	0.24
		<b>549</b>	<b>0.80</b>
<b>Food Products (31 October 2010 0.00%)</b>			
Maple Leaf Foods	11,804	<b>84</b>	<b>0.12</b>
<b>Hotels (31 October 2010 0.00%)</b>			
Tim Hortons	9,255	<b>287</b>	<b>0.42</b>
<b>Insurance (31 October 2010 0.45%)</b>			
Great West Lifeco	17,242	243	0.36
Sun Life Financial	23,031	363	0.53
		<b>606</b>	<b>0.89</b>
<b>Media (31 October 2010 0.00%)</b>			
Thomson-Reuters Corp	9,373	<b>176</b>	<b>0.26</b>
<b>Metals &amp; Mining (31 October 2010 1.29%)</b>			
Barrick Gold Corp	2,995	95	0.14

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Metals &amp; Mining (31 October 2010 1.29%) - (continued)</b>			
Goldcorp	3,601	112	0.17
Tahoe Resources	4,172	50	0.07
		<b>257</b>	<b>0.38</b>
<b>Multi-Utilities (31 October 2010 0.00%)</b>			
Atco	16,938	639	0.94
Canadian Utilities	15,945	604	0.88
		<b>1,243</b>	<b>1.82</b>
<b>Oil (31 October 2010 2.04%)</b>			
Enerplus Corp	5,873	105	0.15
Nexen	1,850	19	0.03
Petrominerales	32,676	553	0.81
Suncor Energy	2,286	47	0.07
		<b>724</b>	<b>1.06</b>
<b>Software (31 October 2010 0.00%)</b>			
Macdonald Dettwiler & Associates	16,503	<b>447</b>	<b>0.65</b>
<b>Textiles (31 October 2010 0.00%)</b>			
Gildan Activewear	4,249	<b>70</b>	<b>0.10</b>
<b>Wireless Telecommunication Services (31 October 2010 1.04%)</b>			
Rogers Communications	33,336	<b>757</b>	<b>1.11</b>
		<b>6,462</b>	<b>9.45</b>
<b>Total Canada</b>			
<b>Cayman Islands (31 October 2010 1.02%)</b>			
<b>Equities (31 October 2010 1.02%)</b>			
<b>Personal Products (31 October 2010 1.02%)</b>			
Herbalife (US Dollar)	18,713	<b>716</b>	<b>1.05</b>
<b>Switzerland (31 October 2010 3.62%)</b>			
<b>Equities (31 October 2010 3.62%)</b>			
<b>Insurance (31 October 2010 3.62%)</b>			
ACE	8,980	<b>408</b>	<b>0.60</b>
<b>United States (31 October 2010 81.90%)</b>			
<b>Equities (31 October 2010 81.90%)</b>			
<b>Aerospace &amp; Defence (31 October 2010 1.55%)</b>			
Boeing	12,679	539	0.79
General Dynamics Corp	19,621	801	1.17
L-3 Communications	11,300	491	0.72
Lockheed Martin Corp	16,097	757	1.11
Rockwell Collins	3,150	110	0.16
		<b>2,698</b>	<b>3.95</b>
<b>Air Freight &amp; Logistics (31 October 2010 0.00%)</b>			
Fedex Corp	16,107	847	1.24
United Parcel Service 'B'	496	22	0.03
		<b>869</b>	<b>1.27</b>

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Beverages (31 October 2010 0.00%)</b>			
Coca-Cola	1,190	51	0.07
Dr Pepper Snapple Group	29,316	684	1.00
Hansen Natural Corp	11,703	634	0.93
		<b>1,369</b>	<b>2.00</b>
<b>Biotechnology (31 October 2010 1.61%)</b>			
Alexion Pharmaceutical	7,602	322	0.47
Biogen Idec	8,677	643	0.94
Cubist Pharmaceuticals	11,046	269	0.40
United Therapeutics Corp	17,417	487	0.71
		<b>1,721</b>	<b>2.52</b>
<b>Capital Markets (31 October 2010 0.00%)</b>			
Federated Investors 'B'	34,684	438	0.64
Franklin Resources	11,244	777	1.14
SEI Investments	9,754	103	0.15
T Rowe Price Group	13,375	472	0.69
Waddell & Reed Financial	15,227	276	0.40
		<b>2,066</b>	<b>3.02</b>
<b>Chemicals (31 October 2010 4.00%)</b>			
Du Pont (E.I.) De Nemours & Co	30,010	924	1.35
Ecolab	12,241	420	0.61
FMC Corp	1,544	79	0.12
		<b>1,423</b>	<b>2.08</b>
<b>Commercial Banks (31 October 2010 0.06%)</b>			
Comerica	2,803	45	0.07
Commerce Bancshares	21,636	535	0.78
Wells Fargo & Co	12,185	206	0.30
		<b>786</b>	<b>1.15</b>
<b>Communications Equipment (31 October 2010 1.03%)</b>			
Plantronics	3,007	<b>65</b>	<b>0.09</b>
<b>Computers &amp; Peripherals (31 October 2010 3.45%)</b>			
Apple	4,864	<b>1,229</b>	<b>1.80</b>
<b>Consumer Finance (31 October 2010 0.00%)</b>			
Capital One Financial Corp	17,522	512	0.75
Cash America International	17,122	597	0.87
Credit Acceptance Corp	8,060	363	0.53
Ezcorp	31,741	545	0.80
First Cash Financial Services	5,348	142	0.21
		<b>2,159</b>	<b>3.16</b>
<b>Diversified Consumer Services (31 October 2010 0.00%)</b>			
Apollo Group 'A'	20,752	624	0.91
ITT Educational Services	15,886	662	0.97
		<b>1,286</b>	<b>1.88</b>
<b>Diversified Financial Services (31 October 2010 2.84%)</b>			
Bank of America Corp	9,275	42	0.06
JPMorgan Chase	1,401	32	0.05
		<b>74</b>	<b>0.11</b>

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Diversified Telecommunication Services (31 October 2010 0.34%)</b>			
AT&T	31,629	587	0.86
Verizon Communications	41,014	963	1.41
		<b>1,550</b>	<b>2.27</b>
<b>Electric Utilities (31 October 2010 0.00%)</b>			
Entergy	2,641	114	0.17
Exelon Corp	29,086	808	1.18
Pepco	56,270	707	1.03
		<b>1,629</b>	<b>2.38</b>
<b>Energy Equipment &amp; Services (31 October 2010 1.96%)</b>			
Atwood Oceanics	5,229	146	0.21
Diamond Offshore Drilling	1,537	66	0.10
Halliburton	27,839	680	0.99
Oceaneering International	22,380	605	0.89
RPC	21,746	255	0.37
Seacor	4,742	265	0.39
		<b>2,017</b>	<b>2.95</b>
<b>Food &amp; Staples Retailing (31 October 2010 1.13%)</b>			
Fresh Market	26,763	688	1.01
Kroger	45,918	672	0.98
Walgreen	36,832	777	1.14
		<b>2,137</b>	<b>3.13</b>
<b>Gas Utilities (31 October 2010 1.63%)</b>			
Atmos Energy Corp	6,733	146	0.22
Southwest Gas Corp	16,512	412	0.60
UGI Corp	23,159	419	0.61
WGL	1,315	36	0.05
		<b>1,013</b>	<b>1.48</b>
<b>Health Care Providers &amp; Services (31 October 2010 7.89%)</b>			
Accretive Health	1,470	23	0.03
Cardinal Health	25,031	710	1.04
Express Scripts	19,757	576	0.84
Humana	8,193	411	0.60
Magellan Health Services	5,079	164	0.24
Mckesson Corp	13,168	693	1.02
United Health Group	29,435	897	1.31
		<b>3,474</b>	<b>5.08</b>
<b>Health Care Technology (31 October 2010 0.00%)</b>			
Cerner Corp	12,874	523	0.76
<b>Healthcare Equipment &amp; Supplies (31 October 2010 0.00%)</b>			
Medtronic	11,670	258	0.38
Stryker Corp	1,988	62	0.09
Zimmer	5,019	170	0.25
		<b>490</b>	<b>0.72</b>
<b>Household Products (31 October 2010 0.47%)</b>			
Colgate-Palmolive	15,632	890	1.30
Procter & Gamble	6,376	257	0.38
		<b>1,147</b>	<b>1.68</b>

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Industrial Conglomerates (31 October 2010 0.44%)</b>			
General Electric	23,233	250	0.37
<b>Insurance (31 October 2010 0.00%)</b>			
Aflac	1,201	35	0.05
Erie Indemnity	14,284	710	1.04
Primerica	16,927	243	0.36
Principal Financial Group	14,513	244	0.36
Progressive Corp	3,666	45	0.06
		<b>1,277</b>	<b>1.87</b>
<b>Internet &amp; Catalogue Retail (31 October 2010 1.87%)</b>			
Amazon Com	2,126	288	0.42
Netflix	1,777	93	0.14
Priceline	2,539	830	1.21
Shutterfly	11,977	321	0.47
		<b>1,532</b>	<b>2.24</b>
<b>Internet Software &amp; Services (31 October 2010 2.45%)</b>			
Google	2,318	868	1.27
Verisign	7,966	163	0.24
		<b>1,031</b>	<b>1.51</b>
<b>IT Services (31 October 2010 0.00%)</b>			
Gartner	1,851	47	0.07
Global Payments	24,609	719	1.05
International Business Machine Corp	15,701	1,837	2.69
Mastercard 'A'	1,446	320	0.47
		<b>2,923</b>	<b>4.28</b>
<b>Leisure Equipment &amp; Products (31 October 2010 0.00%)</b>			
Polaris Industries	4,000	157	0.23
<b>Life Sciences Tools &amp; Services (31 October 2010 0.00%)</b>			
Covance	22,115	730	1.07
PerkinElmer	13,815	186	0.27
Techne Corp	1,887	83	0.12
Thermo Fisher Scientific	16,539	531	0.78
		<b>1,530</b>	<b>2.24</b>
<b>Machinery (31 October 2010 5.64%)</b>			
Joy Global	946	54	0.08
Sauer-Danfoss	1,865	47	0.07
Toro	9,358	320	0.47
		<b>421</b>	<b>0.62</b>
<b>Media (31 October 2010 2.69%)</b>			
Liberty Media Corp	5,643	237	0.35
<b>Multi-Utilities (31 October 2010 0.00%)</b>			
Ameren Corp	4,906	99	0.14
MDU Resources Group	9,214	121	0.18
		<b>220</b>	<b>0.32</b>
<b>Oil (31 October 2010 7.26%)</b>			
Chevron Corp	26,321	1,801	2.63

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Oil (31 October 2010 7.26%) - (continued)</b>			
Conocophillips	21,087	943	1.38
CVR Energy	4,928	79	0.11
Devon Energy Corp	8,346	355	0.52
Exxon Mobil Corp	30,204	1,536	2.25
Valero Energy Corp	35,157	586	0.86
		<b>5,300</b>	<b>7.75</b>
<b>Pharmaceuticals (31 October 2010 2.25%)</b>			
Eli Lilly	15,123	361	0.53
Forest Laboratories	21,703	430	0.63
Johnson & Johnson	16,293	667	0.97
Pfizer	7,095	88	0.13
		<b>1,546</b>	<b>2.26</b>
<b>Road &amp; Rail (31 October 2010 0.00%)</b>			
Hunt (J.B) Transport Services	26,501	<b>723</b>	<b>1.06</b>
<b>Semiconductors &amp; Semiconductor Equipment (31 October 2010 0.47%)</b>			
Intel Corp	88,706	<b>1,383</b>	<b>2.02</b>
<b>Software (31 October 2010 3.90%)</b>			
BMC Software	9,711	213	0.31
Factset Research Systems	7,988	502	0.73
Intuit	13,524	461	0.67
Microsoft Corp	102,985	1,734	2.54
Oracle Corp	4,268	90	0.13
Parametric Technology Corp	26,421	359	0.53
		<b>3,359</b>	<b>4.91</b>
<b>Specialty Retail (31 October 2010 2.58%)</b>			
Advance Auto Parts	17,180	704	1.03
American Eagle Outfitter	16,832	142	0.21
Express Scripts	11,025	159	0.23
Limited Brands	16,431	450	0.66
Petsmart	15,514	456	0.67
Ross Stores	2,588	141	0.21
TJX Companies	20,371	768	1.12
		<b>2,820</b>	<b>4.13</b>
<b>Textiles (31 October 2010 0.00%)</b>			
Coach	19,848	822	1.20
Lululemon Athletica	10,689	386	0.57
		<b>1,208</b>	<b>1.77</b>
<b>Tobacco (31 October 2010 1.19%)</b>			
Lorillard	9,697	694	1.01
Philip Morris International	30,188	1,358	1.99
		<b>2,052</b>	<b>3.00</b>
<b>Wireless Telecommunication Services (31 October 2010 0.00%)</b>			
US Cellular Corp	5,975	<b>152</b>	<b>0.22</b>
<b>Other (31 October 2010 23.20%)</b>			

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

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

	Holding	Fair value £000	Percentage of total net assets %
<b>Futures (31 October 2010 0.00%)</b>			
S&P 500	19	18	0.03
		<u>57,864</u>	<u>84.66</u>
<b>Total United States</b>			
<b>Non-equity Investment Instruments (31 October 2010 0.09%)</b>			
Insight Liquidity Fund	248,998	249	0.36
<b>Equities (31 October 2010 1.97%)</b>			
Accenture	22,899	882	1.29
		<u>1,131</u>	<u>1.65</u>
<b>Total Ireland</b>			
<b>Netherlands (31 October 2010 0.00%)</b>			
<b>Equities (31 October 2010 0.00%)</b>			
Core Laboratories	10,393	730	1.07
		<u>68,295</u>	<u>99.92</u>
<b>Portfolio of investments</b>			
<b>Net Current Assets</b>			
<b>(31 October 2010 0.52%)</b>		<u>57</u>	<u>0.08</u>
<b>Net Assets</b>		<u><u>68,352</u></u>	<u><u>100.00</u></u>

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

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

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

#### Statement of Total Return For the Year ended 31 October 2011

	Note	1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Income</b>					
Net capital gains	2		10,108		14,130
Revenue	3	1,115		1,316	
Expenses	4	(1,194)		(1,299)	
Net (expense)/revenue before taxation		(79)		17	
Taxation	5	(150)		(178)	
Net expense after taxation			(229)		(161)
<b>Total return before distributions</b>			9,879		13,969
Finance costs: Distributions	6		(1)		(2)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>9,878</b>		<b>13,967</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the Year ended 31 October 2011

		1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			67,344		83,199
Amounts receivable on issue of shares		8,851		5,154	
Amounts payable on cancellation of shares		(17,721)		(34,976)	
			(8,870)		(29,822)
Change in net assets attributable to shareholders from investment activities			9,878		13,967
<b>Closing net assets attributable to shareholders</b>			<b>68,352</b>		<b>67,344</b>

#### Balance Sheet As at 31 October 2011

	Note	As at 31 October 2011		As at 31 October 2010	
		£000		£000	
<b>Assets</b>					
Investment assets			68,295		66,991
Debtors	7	194		273	
Cash and bank balances		592		675	
Total other assets			786		948
Total assets			69,081		67,939
<b>Liabilities</b>					
Creditors	8	729		595	
Total other liabilities			729		595
Total liabilities			729		595
<b>Net assets attributable to shareholders</b>			<b>68,352</b>		<b>67,344</b>

The notes on pages 89 to 92 form an integral part of these financial statements.

# Old Mutual Investment Funds Series II

## Old Mutual North American Equity 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 109.

#### 2. Net Gains on Investments

The net gains on investments during the year comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Non-derivative securities	10,125	14,091
Derivative contracts	(13)	77
Currency gains/(losses)	18	(21)
Transaction costs and handling charges	(22)	(17)
<b>Net capital gains</b>	<b>10,108</b>	<b>14,130</b>

#### 3. Revenue

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas income	1,113	1,315
Bank interest*	-	1
Securitised interest	1	-
Sundry income	1	-
	<b>1,115</b>	<b>1,316</b>

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

#### 4. Expenses

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,054	1,155
Administration fees	105	116
	<b>1,159</b>	<b>1,271</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	14	15
Safe custody fees	7	7
	<b>21</b>	<b>22</b>
Other expenses:		
Audit fees	14	6
	<b>14</b>	<b>6</b>
<b>Total expenses</b>	<b>1,194</b>	<b>1,299</b>

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

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

##### 5. Taxation

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

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas tax	150	178
<b>Total taxation</b>	<b>150</b>	<b>178</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	(79)	17
Corporation tax at 20%	(16)	3

Effects of:

Overseas tax	150	178
Movement in excess management expenses	16	(3)
<b>Actual tax charge</b>	<b>150</b>	<b>178</b>

As at 31 October 2011, the fund had surplus management expenses of £2,384,867 (31 October 2010: £3,203,045) 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 December. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Net expense after taxation	(229)	(161)
	<b>(229)</b>	<b>(161)</b>
Add: Revenue paid on shares cancelled	1	2
Net distribution for the year	1	2
<b>Total finance costs: Distributions</b>	<b>1</b>	<b>2</b>

##### 7. Debtors

	31 October 2011 £000	31 October 2010 £000
Amounts receivable from the ACD for creation of shares	137	-
Sales awaiting settlement	-	239
Accrued income	50	24
Withholding tax recoverable	2	1
Prepayment of expenses	2	9
Other debtors	3	-
	<b>194</b>	<b>273</b>

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

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

##### 8. Creditors

	31 October 2011	31 October 2010
	£000	£000
Amounts payable to the ACD for cancellation of shares	464	488
Purchases awaiting settlement	249	94
Accrued expenses	16	13
	<b>729</b>	<b>595</b>

##### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, National Westminster Bank 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 October 2010: Nil).

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

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 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 on the management of investment risk is driven by its objectives as stated on page 78.

The fund's market risk is monitored 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 81 to 87.

##### 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.

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 October 2011 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Canadian Dollar	6,462	180	6,642
Euro	-	-	-
United States Dollar	61,583	301	61,884
	<b>68,045</b>	<b>481</b>	<b>68,526</b>

The fund's foreign currency asset exposure as at 31 October 2010 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
Canadian Dollar	5,866	(2)	5,864
Euro	-	57	57
United States Dollar	61,068	722	61,790

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

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

##### 11. Financial Instruments and the Management of Risk (continued)

Investments	Net Current Assets	Total
£000	£000	£000
<b>66,934</b>	<b>777</b>	<b>67,711</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 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.

##### **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 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 limiting exposure to particular risk factors 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.

##### **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. 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 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	128,592	104,032
Commissions	37	31
Total purchase costs	37	31
<b>Total purchases including transaction costs</b>	<b>128,629</b>	<b>104,063</b>
Analysis of total sale costs		
Gross sales before transaction costs	137,508	134,130
Commissions	(42)	(42)
Taxes	-	-
Total sale costs	(42)	(42)
<b>Total sales net of transaction costs</b>	<b>137,466</b>	<b>134,088</b>

## Old Mutual Investment Funds Series II

### Old Mutual North American Equity Fund

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#### Distribution on 31 December 2011 for the year ended 31 October 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	1.2396	-	1.2396	1.9982
Group 2	0.9987	0.2409	1.2396	1.9982
<b>Accumulation shares</b>				
Group 1	1.9137	-	1.9137	3.0465
Group 2	0.9479	0.9658	1.9137	3.0465
<b>Class B</b>				
<b>Accumulation shares</b>				
Group 1	1.5641	-	1.5641	1.9390
Group 2	0.7368	0.8273	1.5641	1.9390
<b>Class C</b>				
<b>Income Shares</b>				
Group 1	1.5805	-	1.5805	1.3107
Group 2	1.5532	0.0273	1.5805	1.3107

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.

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

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

##### Performance

	1 year to 31 October 2011	1 year to 31 October 2010	1 year to 31 October 2009	1 year to 31 October 2008	1 year to 31 October 2007	1 year to 31 October 2006
Old Mutual UK Select Equity Fund*	0.32%	14.76%	36.87%	-42.36%	9.95%	20.91%
IMA UK All Companies sector median	1.18%	15.53%	31.11%	-37.77%	12.32%	22.76%
Quartile	3	2	1	4	3	3
FSE All-Share Index	0.63%	17.47%	23.47%	-34.36%	13.62%	21.66%
*Income shares						
Data Source - © Morningstar, bid to bid, net income reinvested, sterling						

##### Investment Objectives, Policy and Strategy

To achieve long term capital growth through the active management of a diversified portfolio invested primarily in a broad range of 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 initially only use derivatives for EPM purposes.

The fund may use derivatives for purposes other than Efficient Portfolio Management, 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 Equity Fund is an actively managed fund aiming to provide capital growth from investment in a broad-based portfolio of UK companies. The fund aims to outperform the IMA UK All Companies sector average over rolling 12-month periods.

##### Review

Never has the phrase "a game of two halves" seemed more appropriate than for this review period. The first half was driven by a re-acceleration of economic activity globally, strong corporate profits growth, and relative calm surrounding the sovereign debt issues of Europe. This allowed the UK equity market to rise some 9% or so. In contrast the second half was dominated by slowing global growth, in part driven by the disruption to global supply chains following the Japanese tsunami, and heightened sovereign debt worries not just in Greece but also Italy, Spain and even the USA. Consequently most of the previous equity gains were lost, resulting in a market rise of just 0.6% for the whole period. The fund modestly underperformed the market and peer group rising 0.3%.

Whilst the market environment changed significantly during the period we kept the general structure of the portfolio reasonably consistent and chose to maintain a cyclical bias as we believe the current economic expansion still has further to run. However, we have been increasing the quality of our cyclical holdings over the period by investing in businesses that have additional angles to the investment case aside from just economic sensitivity. Examples include luxury goods company Burberry where we still see a strong period of roll out potential ahead, and Filtrona an industrial business and Wolseley a building supplies business where, in both cases, management change is reinvigorating performance of the various operating units.

These additions have been funded by disposals of companies whose fortunes we feel rely to a greater degree on just the economic cycle. Examples include distributor Premier Farnell, media groups WPP, Informa and Aegis and industrial conglomerates IMI and Smiths Industries.

##### Outlook

We believe the key risk to markets is a continued lack of coordinated response from Europe over the financial crisis which in turn fuels further economic weakness. More recently it seems that political leaders on the continent are aware of the potential consequences of inaction and we are hopeful that actions in the coming months will prove positive. So whilst we cannot rule out a return to recession in the global economy, our view remains that we will continue to see economic growth into next year that will translate into profit growth for our investments. The UK equity market is currently trading on approximately nine times forward earnings and a prospective yield in excess of 4%, factors which we believe support our positive view into the medium term.

##### 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 October 2006 and the close on 31 October 2011. Returns quoted are sterling or local currency returns as specified.

31 October 2011  
Old Mutual Asset Managers (UK) Limited

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

#### Net Asset Value per Share

The fund was launched on 29 March 1971. Income units were first issued on that date at 5p per unit. Accumulation units were first issued on 25 March 1986. On 2 January 1986, each unit income unit was subdivided into ten. On 19 September 2007, the fund was converted into a sub fund of an Open Ended Investment Company, Old Mutual Investment Funds Series II.

#### Fund size

Date	Net asset value £	Net asset value per share (pence)	Equivalent number of shares in issue
31 October 2009 Class A Inc	16,661,013	180.83	9,213,859
31 October 2009 Class A Acc	60,285,320	272.21	22,146,647
31 October 2009 Class B Acc	108,148	116.16	93,100
31 October 2010 Class A Inc	16,395,261	203.49	8,056,987
31 October 2010 Class A Acc	85,439,559	313.30	27,270,946
31 October 2010 Class B Acc	774,117	134.38	576,050
31 October 2010 Class C Inc	398,577	110.53	360,600
31 October 2011 Class A Inc	27,450,355	202.84	13,532,694
31 October 2011 Class A Acc	51,668,541	314.28	16,440,480
31 October 2011 Class B Acc	750,782	135.48	554,146
31 October 2011 Class C Inc	368,668	110.14	334,725

#### Capital price range

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

Calendar year	Income shares		Accumulation shares	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)
2008 Class A	231.01	122.31	339.62	179.69
2008 Class B	-	-	101.25	76.29
2009 Class A	201.14	124.82	302.80	187.86
2009 Class B	-	-	129.23	79.85
2010 Class A	220.81	169.63	339.97	258.62
2010 Class B	-	-	145.93	110.76
2010 Class C	120.07	92.10	-	-
2011* Class A	230.94	168.61	355.56	259.59
2011* Class B	-	-	153.06	111.89
2011* Class C	126.11	92.25	-	-

\*To 31 October

#### Net income distribution

The table below shows the net income distribution in pence per share/unit 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	2.2190	10.60	3.1400	10.47
2007 Class A	6.2313	29.76	8.9758	29.93
2008 Class A	3.2433	15.49	4.7686	15.90
2008 Class B	-	-	0.1439	1.44
2009 Class A	2.2900	10.94	3.4473	11.49
2009 Class B**	-	-	1.9687	19.69
2010 Class A	1.9982	9.54	3.0465	10.16
2010 Class B**	-	-	1.9390	19.39
2010 Class C***	1.3107	13.11	-	-
2011* Class A	1.2396	5.92	1.9137	6.38
2011* Class B**	-	-	1.5641	15.64
2011* Class C***	1.5805	15.81	-	-

\*To 31 December \*\* Launched 3 October 2008 \*\*\*Launched 26 February 2010

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

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#### Stamp Duty Reserve Tax

The SDRT regime, applicable to the scheme is explained on page 114.

#### Total Expense Ratio (TER)

	As at 31 October 2011	As at 31 October 2010
Share Class A	<u>1.70</u>	<u>1.69</u>
Share Class B	<u>1.20</u>	<u>1.19</u>
Share Class C	<u>0.95</u>	<u>0.94</u>

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

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

#### Portfolio Statement As at 31 October 2011

	Holding	Fair value £000	Percentage of total net assets %
<b>Equities (31 October 2010 70.34%)</b>			
<b>Chemicals (31 October 2010 0.00%)</b>			
Filtrona	330,270	<u>1,314</u>	<u>1.64</u>
<b>Commercial Banks (31 October 2010 8.54%)</b>			
Barclays	1,461,870	2,909	3.63
Standard Chartered	211,624	3,130	3.90
		<u>6,039</u>	<u>7.53</u>
<b>Commercial Services &amp; Supplies (31 October 2010 0.00%)</b>			
RPS	936,127	<u>1,718</u>	<u>2.14</u>
<b>Distributors (31 October 2010 0.00%)</b>			
Inchcape	432,036	<u>1,411</u>	<u>1.76</u>
<b>Diversified Telecommunication Services (31 October 2010 0.00%)</b>			
BT Group	1,073,436	<u>2,040</u>	<u>2.54</u>
<b>Electronic Equipment &amp; Instruments (31 October 2010 0.91%)</b>			
Spectris	22,622	<u>292</u>	<u>0.36</u>
<b>Energy Equipment &amp; Services (31 October 2010 0.92%)</b>			
Petrofac	124,165	1,775	2.21
Wood Group (John)	296,676	1,896	2.36
		<u>3,671</u>	<u>4.57</u>
<b>Food &amp; Staples Retailing (31 October 2010 1.72%)</b>			
Booker Group	1,115,969	<u>842</u>	<u>1.05</u>
<b>Hotels (31 October 2010 3.72%)</b>			
Restaurant Group	634,186	<u>1,923</u>	<u>2.40</u>
<b>Household Durables (31 October 2010 0.00%)</b>			
Bellway	195,440	1,403	1.75
Berkeley	122,857	1,548	1.93
		<u>2,951</u>	<u>3.68</u>
<b>Insurance (31 October 2010 0.00%)</b>			
Legal & General Group	2,385,719	2,670	3.33
Prudential	418,921	2,746	3.42
		<u>5,416</u>	<u>6.75</u>
<b>Internet Software &amp; Services (31 October 2010 0.00%)</b>			
Telecity Group	212,449	<u>1,271</u>	<u>1.58</u>
<b>Machinery (31 October 2010 1.85%)</b>			
Melrose	410,422	1,387	1.73
Weir	114,030	2,241	2.79
		<u>3,628</u>	<u>4.52</u>
<b>Media (31 October 2010 8.10%)</b>			
British Sky Broadcasting Group	218,488	1,572	1.96
ITV	2,378,942	1,546	1.93
		<u>3,118</u>	<u>3.89</u>

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

#### Portfolio Statement

As at 31 October 2011 (continued)

	Holding	Fair value £000	Percentage of total net assets %
<b>Metals &amp; Mining (31 October 2010 14.66%)</b>			
Antofagasta	122,353	1,483	1.85
BHP Billiton	159,093	3,212	4.00
Kazakhmys	87,554	850	1.06
Kenmare Resources	1,750,316	726	0.90
London Mining	182,217	580	0.72
Rio Tinto	102,450	3,563	4.44
Xstrata	242,699	2,614	3.26
		<b>13,028</b>	<b>16.23</b>
<b>Oil (31 October 2010 11.51%)</b>			
Afren	870,169	873	1.09
BG Group	234,194	3,251	4.05
BP	372,671	1,730	2.16
Royal Dutch Shell 'B'	141,931	3,240	4.04
Tullow Oil	196,603	2,796	3.48
		<b>11,890</b>	<b>14.82</b>
<b>Pharmaceuticals (31 October 2010 0.00%)</b>			
Shire	39,146	<b>771</b>	<b>0.96</b>
<b>Pharmaceuticals &amp; Biotechnology (31 October 2010 5.75%)</b>			
Biotech*	65,001	-	-
<b>Real Estate Investment Trusts (REITs) (31 October 2010 0.00%)</b>			
Great Portland Estates	394,394	<b>1,470</b>	<b>1.83</b>
<b>Software (31 October 2010 2.77%)</b>			
Aveva Group	93,743	<b>1,487</b>	<b>1.85</b>
<b>Software &amp; Computer Services (31 October 2010 0.00%)</b>			
Fidessa Group	37,832	<b>623</b>	<b>0.78</b>
<b>Specialty Retail (31 October 2010 1.51%)</b>			
Carphone Warehouse Group	246,272	866	1.08
Howden Joinery Group	1,488,476	1,751	2.18
		<b>2,617</b>	<b>3.26</b>
<b>Support Services (31 October 2010 0.00%)</b>			
Experian	176,795	<b>1,443</b>	<b>1.80</b>
<b>Textiles (31 October 2010 0.00%)</b>			
Burberry Group	142,084	<b>1,955</b>	<b>2.44</b>
<b>Thriffs &amp; Mortgage Finance (31 October 2010 1.70%)</b>			
Paragon Group	795,496	<b>1,327</b>	<b>1.65</b>
<b>Trading Companies &amp; Distributors (31 October 2010 2.90%)</b>			
Ashtead Group	1,195,782	1,906	2.38
Wolseley	85,383	1,592	1.98
		<b>3,498</b>	<b>4.36</b>
<b>Wireless Telecommunication Services (31 October 2010 3.78%)</b>			
Vodafone Group	1,522,423	<b>2,687</b>	<b>3.35</b>
<b>Capital Markets (31 October 2010 1.71%)</b>			
SVG Capital	668,809	<b>1,434</b>	<b>1.79</b>

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

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

	Holding	Fair value £000	Percentage of total net assets %
Other (31 October 2010 27.94%)			
<b>Portfolio of Investments</b>		<b>79,864</b>	<b>99.53</b>
<b>Net Current Assets</b> (31 October 2010 0.01%)		<b>374</b>	<b>0.47</b>
<b>Net Assets</b>		<b>80,238</b>	<b>100.00</b>

\* The value of this stock is negligible.

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 II

### Old Mutual UK Select Equity Fund

#### Statement of Total Return For the Year ended 31 October 2011

	Note	1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Income</b>					
Net capital gains	2		934		11,438
Revenue	3	2,214		2,490	
Expenses	4	(1,650)		(1,512)	
Net revenue before taxation		564		978	
Taxation	5	(8)		(3)	
Net revenue after taxation			556		975
<b>Total return before distributions</b>			1,490		12,413
Finance costs: Distributions	6		(556)		(975)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>934</b>		<b>11,438</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the Year ended 31 October 2011

		1 November 2010 - 31 October 2011		1 November 2009 - 31 October 2010	
		£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>			103,008		77,054
Amounts receivable on issue of shares		64,728		60,178	
Amounts payable on cancellation of shares		(88,720)		(46,472)	
			(23,992)		13,706
SDRT (see page 114)			(37)		(33)
Change in net assets attributable to shareholders from investment activities			934		11,438
Unclaimed distribution			2		1
Retained distribution on accumulation shares			323		842
<b>Closing net assets attributable to shareholders</b>			<b>80,238</b>		<b>103,008</b>

#### Balance Sheet As at 31 October 2011

	Note	As at 31 October 2011		As at 31 October 2010	
		£000		£000	
<b>Assets</b>					
Investment assets			79,864		102,995
Debtors	7	2,745		4,404	
Cash and bank balances		839		-	
Total other assets			3,584		4,404
Total assets			<b>83,448</b>		<b>107,399</b>
<b>Liabilities</b>					
Creditors	8	3,037		4,055	
Distribution payable on income shares		173		166	
Bank overdraft		-		170	
Total other liabilities			3,210		4,391
Total liabilities			<b>3,210</b>		<b>4,391</b>
<b>Net assets attributable to shareholders</b>			<b>80,238</b>		<b>103,008</b>

The notes on pages 101 to 104 form an integral part of these financial statements.

# Old Mutual Investment Funds Series II

## Old Mutual UK Select Equity 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 109.

#### 2. Net Gains on Investments

The net gains on investments during the year comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Non-derivative securities	948	11,477
Derivative contracts	-	(25)
Currency (losses)/gains	-	3
Transaction costs and handling charges	(14)	(17)
<b>Net capital gains</b>	<b>934</b>	<b>11,438</b>

#### 3. Revenue

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
UK dividends	2,116	2,412
Overseas income	94	70
Interest on debt securities	2	-
Underwriting commission	-	6
Securitised interest	1	2
Sundry income	1	-
	<b>2,214</b>	<b>2,490</b>

#### 4. Expenses

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,468	1,350
Administration fees	148	135
	<b>1,616</b>	<b>1,485</b>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	18	16
Safe custody fees	6	6
	<b>24</b>	<b>22</b>
Other expenses:		
Audit fees	10	5
	<b>10</b>	<b>5</b>
<b>Total expenses</b>	<b>1,650</b>	<b>1,512</b>

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

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

##### 5. Taxation

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

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas tax	8	3
<b>Total taxation</b>	<b>8</b>	<b>3</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	564	978
Corporation tax at 20%	113	196
Effects of:		
Revenue not subject to taxation	(423)	(482)
Overseas tax	8	3
Movement in excess management expenses	310	286
<b>Actual tax charge</b>	<b>8</b>	<b>3</b>

As at 31 October 2011, the fund had surplus management expenses of £3,053,208 (31 October 2010: £11,728,164) 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 December. The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Net revenue after taxation	556	975
	<b>556</b>	<b>975</b>
Final distribution	173	166
Final accumulation	323	842
	496	1,008
Add: Revenue paid on shares cancelled	211	280
Deduct: Revenue received on shares created	(151)	(313)
Net distribution for the year	556	975
<b>Total finance costs: Distributions</b>	<b>556</b>	<b>975</b>

##### 7. Debtors

	31 October 2011 £000	31 October 2010 £000
Amounts receivable from the ACD for creation of shares	943	842
Sales awaiting settlement	1,764	3,416
Accrued income	20	128
Withholding tax recoverable	15	4
Prepayment of expenses	3	14
	<b>2,745</b>	<b>4,404</b>

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

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

##### 8. Creditors

	31 October 2011	31 October 2010
	£000	£000
Amounts payable to the ACD for cancellation of shares	1,636	1,705
Purchases awaiting settlement	1,388	2,339
Accrued expenses	13	11
	<b>3,037</b>	<b>4,055</b>

##### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, National Westminster Bank 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 October 2010: Nil).

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

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 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 on the management of investment risk is driven by its objectives as stated on page 94.

The fund's market risk is monitored 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 97 to 99.

##### 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 significant currency risk because the majority of the Fund's assets or liabilities are denominated in Sterling.

Currency exposure:

The fund's foreign currency asset exposure as at 31 October 2011 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
United States Dollar	-	15	15
	<b>-</b>	<b>15</b>	<b>15</b>

The fund's foreign currency asset exposure as at 31 October 2010 was as follows:

	Investments	Net Current Assets	Total
	£000	£000	£000
United States Dollar	-	4	4
	<b>-</b>	<b>4</b>	<b>4</b>

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

## Notes to the Financial Statements (continued)

### 11. Financial Instruments and the Management of Risk (continued)

#### 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

#### 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 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 and in relation to the whole portfolio.

#### 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.

#### 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. 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 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	112,415	149,325
Commissions	208	274
Taxes	426	622
Total purchase costs	634	896
<b>Total purchases including transaction costs</b>	<b>113,049</b>	<b>150,221</b>
Analysis of total sale costs		
Gross sales before transaction costs	136,624	134,610
Commissions	(131)	(189)
Taxes	-	-
Total sale costs	(131)	(189)
<b>Total sales net of transaction costs</b>	<b>136,493</b>	<b>134,421</b>

## Old Mutual Investment Funds Series II

### Old Mutual UK Select Equity Fund

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#### Distribution on 31 December 2011 for the year ended 31 October 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	1.2396	-	1.2396	1.9982
Group 2	0.9987	0.2409	1.2396	1.9982
<b>Accumulation shares</b>				
Group 1	1.9137	-	1.9137	3.0465
Group 2	0.9479	0.9658	1.9137	3.0465
<b>Class B</b>				
<b>Accumulation shares</b>				
Group 1	1.5641	-	1.5641	1.9390
Group 2	0.7368	0.8273	1.5641	1.9390
<b>Class C</b>				
<b>Income Shares</b>				
Group 1	1.5805	-	1.5805	1.3107
Group 2	1.5532	0.0273	1.5805	1.3107

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.

## Old Mutual Investment Funds Series II

### Statement of Responsibilities

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#### Authorised Corporate Director's Responsibilities

The ACD is responsible for the management of the Company in accordance with its prospectus and the rules in the Collective Investment Schemes Sourcebook ("COLL") 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;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice on Authorised Funds 2010 issued by the Investment Management Association in November 2010;
- follow generally accepted UK accounting principles and practice and UK applicable accounting standards (UK GAAP);
- 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 instruments 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 and the instrument of incorporation and prospectus of the Company, and

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

As part of an internal restructuring in 2011 the Royal Bank of Scotland Group plc transferred its Trustee and Depository Services to its subsidiary, National Westminster Bank plc. Consequently, National Westminster Bank was appointed depository of all Old Mutual Asset Managers' UK-domiciled funds effective as from 16 September 2011. This has been approved by the Financial Services Authority. There is no change in duties or responsibilities and no impact on the funds is anticipated.

National Westminster Bank Plc  
London

22 February 2012

## Old Mutual Investment Funds Series II

### Independent Auditors Report

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#### Independent auditors' report to the shareholders of Old Mutual Investment Funds Series II

We have audited the financial statements of the Company for the year ended 31 October 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 October 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

22 February 2012

## Old Mutual Investment Funds Series II

### Aggregated Financial Statements

#### Statement of Total Return For the period ended 31 October 2011

		1 November 2010 - 31 October 2011	1 November 2009 - 31 October 2010
		£000	£000
Income			
Net capital gains	2	15,670	64,134
Revenue	3	18,175	15,659
Expenses	4	(10,923)	(8,074)
Finance costs: Interest	6	(711)	-
Net revenue before taxation		6,541	7,585
Taxation	5	(541)	(522)
Net revenue after taxation		6,000	7,063
<b>Total return before distributions</b>		<b>21,670</b>	<b>71,197</b>
Finance costs: Distributions	6	(6,230)	(7,226)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>15,440</b>	<b>63,971</b>

#### Statement of Change in Net Assets Attributable to Shareholders For the period ended 31 October 2011

	1 November 2010 - 31 October 2011	1 November 2009 - 31 October 2010
	£000	£000
<b>Opening net assets attributable to shareholders</b>	767,408	443,669
Amounts receivable on creation of shares	457,373	522,390
Amounts payable on cancellation of shares	(366,420)	(267,213)
	90,953	255,177
SDRT (see page 114)	(43)	(37)
Change in net assets attributable to shareholders from investment activities	15,440	63,971
Unclaimed distribution	5	4
Retained distribution on accumulation shares	2,824	4,624
<b>Closing net assets attributable to shareholders</b>	<b>876,587</b>	<b>767,408</b>

#### Balance Sheet As at 31 October 2011

	As at 31 October 2011	As at 31 October 2010
	£000	£000
<b>Assets</b>		
Investments assets	857,956	696,353
Current assets		
Debtors	7 18,577	38,761
Cash and bank balances	13,480	51,143
Total other assets	32,057	89,904
Total assets	890,013	786,257
<b>Liabilities</b>		
Creditors	8 12,651	17,611
Distribution payable on income shares	775	1,068
Bank overdraft	-	170
Total other liabilities	13,426	18,849
Total liabilities	13,426	18,849
<b>Net assets attributable to shareholders</b>	<b>876,587</b>	<b>767,408</b>

# Old Mutual Investment Funds Series II

## Aggregated Financial Statements

### 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 October 2010.

##### Aggregated statements

The aggregated financial statements represents the sum of the individual funds within the umbrella company. Further analysis of distribution and the net asset position can be found on the financial statements of the individual funds.

##### Revenue

Dividends on equities and distributions on unit trust holdings are recognised when the relevant securities are quoted ex-dividend or exdistribution. 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. Underwriting commission is recognised when the issue takes place.

##### 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).

##### Scrip 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 Other gains/ (losses) in the Statement of Total Return.

##### Taxation

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

##### 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.

##### 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 net assets of the relevant Share Class on the day the revenue or expense is recognised.

#### 2. Net Gains on Investments

The net gains on investments during the year comprise:

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Non-derivative securities	(2,138)	60,877
Derivative contracts	7,369	(1,240)
Forward currency contracts	12,439	4,294
Currency (losses)/gains	(1,734)	374
Sundry income	3	2
Transaction costs and handling charges	(269)	(173)
<b>Net capital gains</b>	<b>15,670</b>	<b>64,134</b>

## Old Mutual Investment Funds Series II

### Aggregated Financial Statements

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

##### 3. Revenue

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
UK dividends	2,307	2,802
Overseas income	6,267	6,628
Interest on debt securities	11,501	6,698
EIR adjustment	(2,706)	(548)
Bank interest*	42	14
Deposit interest	8	40
Underwriting commission	-	6
Securitised interest	749	17
Sundry income	7	2
	<u>18,175</u>	<u>15,659</u>

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

##### 4. Expenses

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	9,494	7,068
Administration fees	<u>1,044</u>	<u>728</u>
	<u>10,538</u>	<u>7,796</u>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fee	139	98
Safe custody fees	<u>159</u>	<u>128</u>
	<u>298</u>	<u>226</u>
Other expenses:		
Audit fees	85	42
Sundry expenses	<u>2</u>	<u>10</u>
Total other expenses	<u>87</u>	<u>52</u>
<b>Total expenses</b>	<u><b>10,923</b></u>	<u><b>8,074</b></u>

## Old Mutual Investment Funds Series II

### Aggregated Financial Statements

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

##### 5. Taxation

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

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Overseas tax	541	522
<b>Total taxation</b>	<b>541</b>	<b>522</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	6,541	7,585
Interest distribution	(4,509)	(4,524)
Corporation tax at 20%	405	612
Effects of:		
Revenue not subject to taxation	(461)	(560)
Overseas tax	541	522
Movement in excess management expenses	56	(52)
<b>Actual tax charge</b>	<b>541</b>	<b>522</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 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Net revenue after taxation	6,000	7,063
	<b>6,000</b>	<b>7,063</b>
1st interim distribution	1,009	530
2nd interim distribution	452	625
3rd interim distribution	717	675
Final distribution	919	1,241
1st interim accumulation	661	400
2nd interim accumulation	203	521
3rd interim accumulation	426	770
Final accumulation	1,871	3,349
	6,258	8,111
Add: Revenue paid on shares cancelled	503	786
Deduct: Revenue received on shares created	(531)	(1,671)
Net distribution for the year	6,230	7,226
Interest	711	-
<b>Total finance costs: Distributions</b>	<b>6,941</b>	<b>7,226</b>

## Old Mutual Investment Funds Series II

### Aggregated Financial Statements

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

##### 7. Debtors

	31 October 2011	31 October 2010
	£000	£000
Amounts receivable from the ACD for creation of shares	10,007	5,941
Sales awaiting settlement	3,966	28,589
Accrued income	4,263	3,946
Withholding tax recoverable	314	208
Prepayment of expenses	24	75
Other debtors	3	2
	<u>18,577</u>	<u>38,761</u>

##### 8. Creditors

	31 October 2011	31 October 2010
	£000	£000
Amounts payable to the ACD for cancellation of shares	6,413	5,376
Purchases awaiting settlement	5,868	11,831
Accrued expenses	140	108
UK Income tax payable	230	296
	<u>12,651</u>	<u>17,611</u>

##### 9. Related Party Transactions

The ACD, Old Mutual Fund Managers Limited, together with the Depositary, The National Westminster Bank 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. At the year end date, no amounts were due to the ACD or Depositary.

##### 10. Contingent Liabilities and Commitments

The sub-funds had the following contingent liability as at 31 October 2011 £67,000 (31 October 2010: £8,675).

##### 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.

Where the Company's assets are fixed income securities, they 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 II

### Aggregated Financial Statements

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

##### 12. Portfolio Transaction Costs

	1 November 2010 - 31 October 2011 £000	1 November 2009 - 31 October 2010 £000
Analysis of total purchase costs		
Purchases in year before transaction costs	623,202	653,967
Commissions	566	1,128
Taxes	543	937
Total purchase costs	<u>1,109</u>	<u>2,065</u>
<b>Total purchases including transaction costs</b>	<b><u>624,311</u></b>	<b><u>656,032</u></b>
Analysis of total sale costs		
Gross sales before transaction costs	681,510	683,251
Commissions	(516)	(1,012)
Taxes	(158)	(408)
Total sale costs	<u>(674)</u>	<u>(1,420)</u>
<b>Total sales net of transaction costs</b>	<b><u>680,836</u></b>	<b><u>681,831</u></b>

## Old Mutual Investment Funds Series II

### 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 £10,600 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.

#### Contact Details

Old Mutual Fund Managers Limited,  
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