



Pre-Retirement Fund

September 2011

Fund information for quarter end 30 September 2011 (as at 30/09/2011)

Underlying fund launch date	11/07/2011
Unit price	522.00p
Underlying fund size (£m)	2.794
Investment Approach	Passive
Portfolio Manager†	State Street Global Advisors Limited – Team Approach

†This is the fund manager of the underlying fund(s).

Fund Holdings:

Funds	Target fund holdings
Zurich ¹ State Street Pre-Retirement ZP	100.00%

¹Zurich is not a fund manager - the Zurich funds invest in the underlying fund.

Fund objective

The fund aims to track the performance of the underlying fund. The benchmark of the underlying fund is currently 85% Sterling Corporate Bonds Over 15 Years, 5% UK Conventional Gilts Over 15 Years, 5% UK Conventional Gilt 2049, 5% UK Conventional Gilt 2055 & 0% UK Conventional Gilt 2060.

Who manages the funds?

Zurich delegates the investment management of the funds for the Kingfisher Pension Scheme Money Purchase Section (KPS-MP) to underlying fund managers. This fund is currently managed by State Street Global Advisors Limited. Please note that the Trustee has the flexibility to change the underlying fund manager(s) at any time.

Fund features

This fund invests in UK government bonds (Gilts) and UK corporate bonds with an average maturity period of 15 years or longer.

Underlying fund breakdown:

UK Corporate Bonds	84.95%	
UK Gilts	15.05%	

This data is based on available data for the underlying Zurich pension fund(s) and target fund holdings as shown.

Commentary

The third quarter was particularly volatile for the financial markets with substantial moves recorded for government bonds, credit, equities, commodities and currencies alike. The headlines continued to be grabbed by the developing crisis in the European periphery and growing concerns that contagion could spread to include Italy and Spain, but these worries were also joined by a credit rating downgrade for the US which followed a showdown in Congress over the US debt ceiling.

Yield levels moved markedly lower in the core-European and other major government bond markets especially at longer maturities as curves flattened. Alongside the shifts lower in yields, which in many cases took yields to new historic lows, there has been a clear shift in the market's expectations that short-term interest rates will remain lower for much longer than had previously been priced in. Almost forgotten amidst the extensive move lower in yields, the European Central Bank (ECB) actually increased interest rates to 1.5% in early July, as inflation began to become a concern to the policy makers. However, there seems little or no prospect of further tightening any time soon and many now expect that the rate hikes will be reversed before long.

As growth prospects have begun to deteriorate, the credit markets, and the financial sector especially, have weakened substantially relative to the government sectors. Yield spreads have widened significantly and many banks have also suffered credit rating downgrades during the course of the period. The activity in the bond markets has to some extent been overshadowed by the performance of the equity markets which have suffered substantial downside during the quarter. Most major mainstream equity indices suffered declines of more than 10% with some down by 25% or more. At the same time commodity currencies like the Australian and Canadian dollars were weaker as commodity prices fell. The euro also suffered growing weakness as the eurozone crisis appeared to deepen.

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Things you need to know

We've based this information on our current understanding of law and practice. We make every effort to ensure that this information is helpful, accurate and correct, but it may change or may not apply to your personal circumstances.

All funds carry some risk and you should consider these risks before making an investment decision. Investment returns are not guaranteed and the value can fluctuate. The main factors which may increase the risk of this fund include:

- * The amount invested in company shares
- * The split between government and corporate bonds
- * The extent to which the fund invests in high yield assets
- * The amount held in overseas assets
- * Any concentration in specific areas or sectors

What is the dealing cycle?

The fund is forward priced, which means that the member gets the next available price after they invest. The fund has a dealing cycle of T + 0. This means that the money received on day T buys units at the valuation date price applicable at close of business on the same day.

Who is this factsheet for and what does it do?

This factsheet is for the members of the Kingfisher Pension Scheme Money Purchase Section (KPS-MP). Its purpose is to indicate how investment markets and funds have performed over the period and is provided for information only. If you are not familiar with any of the investment terminology included on this factsheet, then please contact an Independent Financial Adviser. If you do not have an Independent Financial Adviser you can find a local adviser at www.unbiased.co.uk. The commentary in this factsheet reflects the general views of the individual fund manager(s) and should not be taken as a recommendation or advice as to how a specific market or fund is likely to perform.

There is not yet sufficient history for performance data to be shown for this fund.

For more
information please
contact the Trustee of
the KPS - MP

www.kingfisherpensions.com

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