

Lincoln UK Fixed Interest

as at 31 August 2009

Investment objective

The Lincoln UK Fixed Interest Funds aim to maximise capital growth over the medium term by investing in UK gilts and corporate bonds.

Risk category

The funds are categorised as cautious, seeking to protect against loss to the original investment. They invest a greater proportion in fixed-interest securities. These funds are best suited to those with fewer years to remain invested or whose financial situation and temperament cannot tolerate much variation in performance.

Fund information

Launch date	1 January 1983	Fund size	Life £71.7m	Pension £169.4m
Fund manager	Goldman Sachs Asset Management	AMC	Life 1.16%	Pension 0.91%
Fund sector	Sterling Fixed Interest			

Performance figures

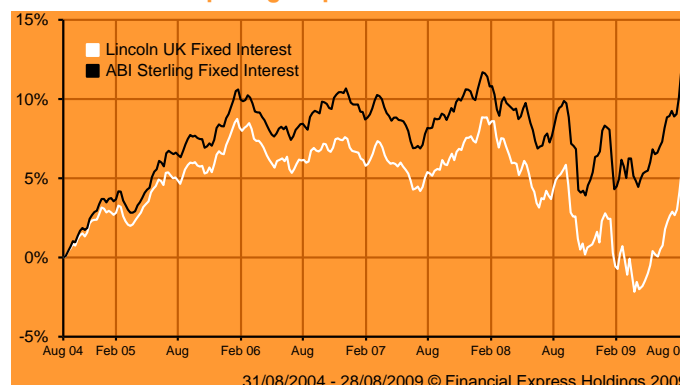
	Discrete years performance % for one year period ending:					Average annual % growth:		
	31 Aug 09	31 Aug 08	31 Aug 07	31 Aug 06	31 Aug 05	3 yrs	5 yrs	10 yrs
Life Fund	2.1	-0.3	-1.0	0.8	5.9	0.3	1.5	2.1
Pension Fund	3.0	0.2	-0.6	0.3	8.2	0.9	2.2	3.1

Past performance should not be taken as a guide to the future.

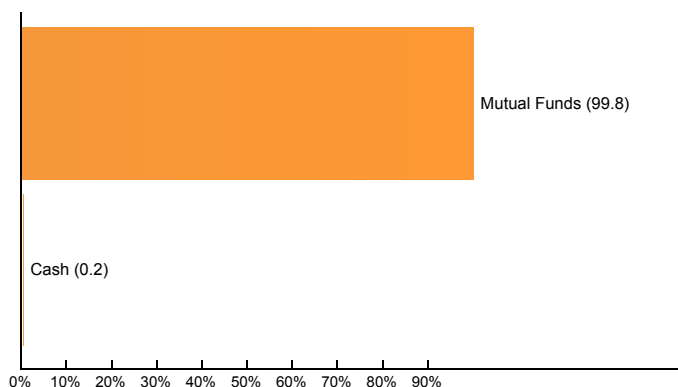
Top 10 holdings

Company (holding)	% holding
UK GOVT 4.5 07/03/13	7.0
UK GOVT 4.25 07/03/36	5.6
UK GOVT 4.75 07/12/30	5.6
EUROPEAN INVESTMENT BANK 5.375 07/06/21	2.9
CASH	2.8
UK GOVT 4.5 07/12/42	2.7
UK GOVT 2.25 07/03/14	2.5
UK GOVT 4.5 07/03/19	2.4
UK GOVT 4.5 07/09/34	2.3
UK GOVT 3.25 07/12/11	2.3
TOTAL	36.1

Performance vs peer group



Asset allocation



Source (performance figures): Financial Express as at the end Aug 2009, bid - bid, net income reinvested. You may not get back your original investment. Unit values and the income from them can fall as well as rise and are not guaranteed. Where applicable exchange rates may also cause the value of underlying investments to go down or up. Tax benefits of investments depend on your individual circumstances and may be changed without advance warning.

Source: (top ten fund sizes and allocation where applicable): Goldman Sachs Asset Management. These splits shown apply to the pension funds. There might be a slight difference between the allocations in the life fund but this typically would not be more than 1%.

The AMCs quoted include an allowance for the investment management expenses associated with the fund, including the costs of any external fund managers. Because of the different costs associated with managing different types of assets and because different fund managers manage different funds, the allowance for investment management expenses varies depending on the fund.

About the fund manager

Goldman Sachs was founded in 1869 and has since established a reputation as a pre-eminent global investment bank and securities firm. The asset management division was founded in 1988 and employs over 500 investment management professionals worldwide. It has global assets under management in excess of \$690.7 billion as at 31 December 2008. Portfolios are managed and research is undertaken in the locations where securities are traded.

About the fund manager's investment process

A team approach

Goldman Sachs Asset Management (GSAM) has 12 different specialist portfolio management teams (Growth Equity, Value Equity, Global equity, QIS Equity, QIS Macro/Fixed income, US & Global Fixed income, Global Liquidity Management, HFS, GMS, PEG, PSG, GSIP) that focus on a particular asset class or approach. Each group is led by a Chief Investment Officer and has its own established investment philosophy and process. GSAM is renowned for its team approach and this model guides its investments structure. Assets can be more effectively managed in a process of collaboration, where teams share strategies, cross-fertilise views and challenge ideas.

Research

At the heart of their process is a belief that a key driver of superior investment performance is superior research. GSAM has the resources to put this belief into practice. It combines local insight from analysts worldwide with a global research platform which contains fundamental and quantitative analysis.

Risk Management

GSAM is an industry leader in managing investment risk whilst at the same time capitalising on it. As a pioneer in the field of risk modelling, GSAM strives for risk oversight that is reliable, explainable and repeatable. Its chief tools are a proprietary suite of web-based portfolio management models and the work of an independent Risk Management and Analysis department.

About Lincoln

Lincoln Financial Group is the UK business name of Lincoln National (UK) PLC and its UK subsidiary companies.

The UK operation dates back to 1934 with assets under management of £3.92 billion (as at 31 March 2009). Lincoln Assurance Limited is part of Lincoln in the UK, within which UK life and pensions business is written. AKG actuaries' current financial strength rating (as at October 2008) rated Lincoln Assurance Limited with an overall Financial Strength rating of 'B+'. Lincoln in the UK is passionate about doing the best for its customers at or in retirement, by bringing to the market reliable and flexible solutions which enables a smooth transition through retirement, protecting and enhancing wealth to enjoy an income for life. Lincoln serves the needs of customers nationwide through financial advisers and is dedicated to building excellent customer service.

On 15 June 2009 Sun Life Financial of Canada announced that it is acquiring Lincoln (UK). The Canadian company already has a UK operation and has taken this opportunity to purchase Lincoln UK which is a highly complementary business and brings to them our additional product development and IFA distribution capability.

For more information

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