

The co-operative investments

CIS Gartmore Corporate Bond Pension

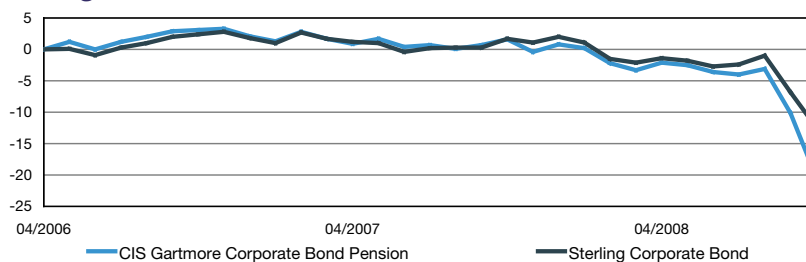
Investment Objective

To provide a high and stable level of income by investing mainly in a selection of UK and European securities. The Fund will invest mainly in a selection of fixed-income securities, which may include corporate bonds, convertible bonds, government and other public securities and preference shares in any proportions. The Fund may also invest in other income-orientated securities. Capital growth will not be an important consideration, although opportunities for growth may occur if market conditions are favourable.

Fund Commentary as at 31 October 2008

At the end of October, the Fund underperformed its sector average over three months. October was another extraordinarily difficult month for investors in corporate bonds, as market liquidity virtually evaporated and the asset class was undermined by an unprecedented lack of investor appetite for risk. These trends were so significant that, at times, the industry's infrastructure for pricing bonds became severely tested. In this environment, the financials sector continued to perform poorly while high-yield bonds registered the largest declines on record. During the month, we reduced the Fund's exposure to credit risk in selected areas. Firstly, we invested in CDS protection on the Europe HiVol Index (this index tracks a volatile subset of investment grade bonds). We bought CDS protection also on the sovereign debt of Greece and Ireland, as the former country issued an unconditional guarantee for all bank deposits and the latter for both deposits and borrowings for a period of two years. These guarantees pose risks for both countries, in so far as they may require significant transfers of public funds in the event that banks experience further difficulties. During this period of very high volatility and poor liquidity, we have been working closely with our third-party administrators to ensure that the bonds in the portfolio are accurately valued. High levels of investor risk aversion and a lack of market liquidity have conspired to depress corporate bond valuations to extremely low levels. However, unlike equities, corporate bonds will - provided the borrower doesn't default - deliver fixed returns if held to maturity. While we remain cautious and very conservatively positioned in the industrials and consumer cyclical sectors (with bought protection positions in a number of individual names, for example, Accor, LVMH and Volvo) we believe that there is now scope for very good returns from the asset class, particularly among investment grade financials, over the medium term. Moreover, we now see interest rates falling further over the next few months, which should provide support for bonds.

Percentage Growth since Launch



Percentage Growth to latest month end, total return, with charges, Gross in fund currency. Past performance is not a guide to future performance and the value of this investment can go down as well as up. This is not a guaranteed investment and you may get back less than you have put in.

Single Year Performance for last 5 years % change

	30/09/07 - 30/09/08	30/09/06 - 30/09/07	30/09/05 - 30/09/06	30/09/04 - 30/09/05	30/09/03 - 30/09/04
Fund	-10.7	-2.2	-	-	-
Sector	-7.1	-1.6	-	-	-
Quartile Rank	4	3	-	-	-

Percentage Growth for discrete 1 year periods, bid price to bid price, no charges, Gross in fund currency.

Cumulative Performance % change

	6 months	1 year	3 years	5 years	Since Launch (06/04/06)
Fund	-18.5	-21.6	-	-	-21.5
Sector	-11.1	-13.8	-	-	-12.7

Percentage Growth to latest month end, total return, no charges, Gross in fund currency.

Top Ten Holdings 31/10/08

UK Treasury 6% 07/12/28	13.80%
UK Treasury 4.25% 07/06/32	5.40%
Hivol S10 Cds 20/12/13*	5.00%
UK Treasury 5% 07/03/25	4.20%
Greece Cds 20/12/2013	3.40%
Gazprom Cds 20/06/09**	2.90%
Ireland Cds 20/12/2013*	2.40%
UK Treasury 4.25% 07/03/36	2.30%
Ikb Deutsche Indust Frn 24/01/2012	2.10%
Norinchukin Fin 5.625% Vrn 28/09/2016	2.00%
Total	43.50%

Company Profile



We are a global investment organisation, that is committed to delivering maximum returns through a highly disciplined investment process. Many of our UK retail investment funds have received independent ratings of A and above (from agencies Standard & Poor's and Forsyth-OBSR) as well as achieving excellent performance demonstrating the experience and expertise of our fund managers. Gartmore aims to select only the very best, a philosophy which permeates our organisation from the people we hire to the stocks or funds we invest in.

Fund Details

Launch Date	06/04/06
Fund Size 31/10/08	GBP 0.03m
ABI Sector	Sterling Corporate Bond
Annual Charge	1.50%
Initial Charge	0.00%
Sedol Code	B11TDF8
Lipper Id	77003995

Portfolio Structure 31/10/08

