

Fund Facts

Launch date:
23 June 2008

Funds under management:
£61m

Portfolio Manager:
John Ventre

IMA sector:
Absolute Return*

Base currency:
GBP

Additional currencies:
EUR, USD, SEK

Minimum investment:
£1000 Lump sum/ £50 monthly
regular investment

Type of share:
Retail Accumulation
(Sterling hedged)

Initial charge:
5.00%

Annual management charge:
1.50%

Total expense ratio:
2.61%

ISA eligibility:
Yes

Fund of Funds:
Yes

Valuation point:
Daily 12 Noon UK time

SEDOL:
B39V2C0

ISIN:
GB00B39V2C07

MEXID:
SNAIGH

Bloomberg:
SKANIMA LN

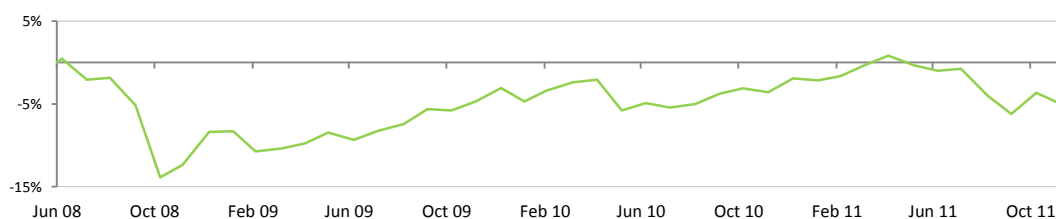
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Skandia Alternative Investments Fund

Fund objective

The Fund aims to provide investors with long-term capital growth by investing in a diversified range of assets.

Performance since launch



Skandia Alternative Investments Fund [-4.96%]

Percentage growth year by year to month end

1 year to 30/11/2011	1 year to 30/11/2010	1 year to 30/11/2009	1 year to 30/11/2008	1 year to 30/11/2007
-1.41%	1.11%	8.76%	N/A	N/A

Percentage growth since launch

	3 months	6 months	1 year	3 years	5 years	10 years	Since launch
Skandia Alternative Investments Fund	-1.02%	-4.64%	-1.41%	8.42%	N/A	N/A	-4.96%

Past performance does not indicate future performance.

The current daily share price, as well as details of our other share classes, can be found on our website at www.skandiainvestmentgroup.com/funds/fundinformation.asp.

Source: Factset. Percentage growth is calculated on a single pricing basis with net income reinvested into the Fund. The fund performance shown is that of the Sterling share class.

In accordance with IMA guidelines, there are no performance statistics for the IMA Absolute Return sector included in this factsheet, as performance comparisons are inappropriate due to the diverse nature of the objectives of the funds populating this sector. This diversity includes differing benchmarks, risk characteristics and timeframes for delivering performance. Accordingly, it would be inappropriate to provide sector average statistics and *quartile* rankings as to measure the performance of the fund in this manner would be misleading.

Target asset allocation



Each investment is managed by specialist experts, hand picked by Skandia Investment Group. The actual asset allocation is rebalanced to the target weights shown above on a regular basis. As well as maintaining diversification, this trims back exposure to investments that have surged ahead and tops up those that have fallen behind.

Top ten holdings

Holding	Percentage
M&G Macro Episode Fund	10.87%
Skandia Global Futures	8.11%
Investec Emerging Markets Local Currency Debt Fund	7.88%
GLC Gestalt UCITS Fund	7.65%
Majedie Tortoise Fund	7.47%
Aviva Investors - Index Opportunities High Alpha Fund	7.37%
Commerzbank UK Premia	6.54%
Fulcrum Alternative Beta Plus	6.47%
Threadneedle (Lux) Enhanced Commodities Fund	6.37%
Treasury RARE Infrastructure	4.47%

All data as at 30 November 2011
(unless otherwise stated)

The Managers

Name of Holding	Investment House	Investment Strategy
Commodity Fund	Fulcrum Asset Management	Commodities
Enhanced Commodities Fund	Threadneedle Investments	Commodities
Alternative Beta Plus Fund	Fulcrum Asset Management	Fund of Hedge Fund Replacement
Macro Episode Fund	M&G Investments	Global Macro Allocation
European High Yield Bond	Nordea	High Yield Fixed Interest
Index Opportunities High Alpha Fund	Aviva Investors	Index Arbitrage
Infrastructure Fund	TG RARE	Infrastructure
Emerging Market Local Currency Debt Fund	Investec Asset Management	Local Currency Emerging Market Debt
Emerging Markets Targeted Value	Dimensional	Long Equity
Latin American Opportunities Fund	BlackRock	Long Equity
Credit Absolute Return Fund	Avoca Asset Management	Long/Short Credit
Tortoise Fund	Majedie Asset Management	Long/Short Equity
Income Opportunity Fund	JP Morgan Asset Management	Long/Short Fixed Interest
Global Futures Fund	Aspect Capital	Managed Futures
Statistical Market Neutral Fund	JPM Highbridge	Market Neutral
Gestalt UCITS Fund	GLC	Market Neutral
UK Premia Fund	Commerzbank	Volatility
Volatility World Fund	Amundi	Volatility

The asset classes

Commodities

Gives you access not to commodity companies but to real commodities, such as wheat, sugar, oil and cotton, and therefore has a low *correlation* to shares.

Fund of hedge fund replacement

Hedge funds have a low *correlation* to traditional assets and hold the potential for attractive returns with lower risk, which makes them beneficial within balanced portfolios. However, they are often thought unsuitable for retail investors due to high fees and a lack of transparency or regulation. Fund of hedge fund replacement is a strategy which seeks to harness the benefits of hedge funds in a transparent, accessible and regulated form, and at significantly lower cost than funds of hedge funds themselves.

Global macro-economic allocation

Global macro-economic allocation seeks to evaluate the attractiveness of a range of asset classes across all regions and countries, and to position a portfolio to benefit from pricing inefficiencies. Analysis of global economic conditions determines which assets are expected to perform best and the portfolio is weighted accordingly. The strategy looks to make consistent returns regardless of stock market direction.

High yield fixed interest

This strategy provides exposure to companies that offer bonds with higher interest rates (yields). The high yield market gives the opportunity to potentially generate higher interest rates than government bonds.

Index arbitrage

Global equity indices rebalance or reweight on a regular basis, with certain stocks added or removed from indices on specific dates. The surge in trading volume around index rebalancing dates (due to passive funds adjusting their portfolio to match the index they track) can temporarily force stock prices away from their fair value. This creates an enduring, regular investment opportunity.

Infrastructure

Infrastructure is a *defensive* asset class which provides exposure to global listed infrastructure companies in areas such as gas/electricity distribution and toll roads. It is likely to provide less variable performance than shares.

Local currency emerging market debt

This strategy provides exposure to potential appreciation in emerging market currencies and well as higher interest rates (yields) compared to developed bond

markets. Local currency bond markets are growing and improving in quality, as emerging countries develop both economically and financially, presenting significant investment opportunities.

Long equity

A long equity strategy is the traditional way to invest in stock markets – essentially it entails buying company shares in anticipation that they will increase in value. While not considered to be an ‘alternative’ investment, the Skandia Alternative Investments Fund may invest in this type of strategy on a tactical basis as attractive opportunities arise, but position sizes will be kept small for risk control purposes.

Long/short credit

This strategy aims to deliver positive returns through taking *long* and *short positions* in credit markets. It seeks to generate these returns primarily through security selection, with exposure to changes in interest rates generally hedged.

Long/short equity

This strategy seeks to deliver positive returns over the long term through investment in equities. Its flexibility to take both *long* and *short positions* enables it to benefit from both rising and falling share prices.

Long/short fixed interest

This strategy seeks to deliver positive returns over the medium term regardless of market conditions by investing in a broad range of fixed income and currency markets worldwide. The manager may take *short positions*, giving the strategy the potential to benefit from falling as well as rising markets. The strategy is flexible and not constrained by a benchmark, allowing the manager to adjust the allocations to different markets depending on where the best opportunities lie.

Managed futures

Managed futures strategies are diverse, but broadly aim to profit from price movements, both positive and negative, across a wide range of financial markets. They invest primarily in futures in order to do so. Futures appeal to many investors because they provide exposure to an underlying asset, often at a lower cost than investing in the physical asset, and can be traded quickly and efficiently in highly regulated markets. The majority of Managed Futures strategies seek to identify and profit from persistent price trends and for this reason are known as ‘trend-followers’. Most of these managers use a quantitative, systematic approach to identify and exploit price momentum across different markets and sectors. Using a systematic approach ensures consistency and allows managers to simultaneously trade multiple positions across multiple markets.

Market neutral

Based on mathematical modelling, this strategy seeks to exploit opportunities arising from the fact that share (equity) prices do not always reflect all information flows. Markets are not perfect so pricing 'inefficiencies' can be exploited. By having a roughly equal exposure to shares expected to rise and those expected to fall (via *derivatives*) it aims to generate positive returns regardless of the direction of the stockmarket.

Volatility

This strategy is designed to capture the systematic mis-pricing of options in the UK equity market (an option is a kind of agreement that gives the buyer the right, but not the obligation, to buy or sell an investment at an agreed price by a specified date). It is based on the premise that actual variability of returns, or 'volatility', of shares is almost always lower than expected volatility. The strategy aims to deliver a return with low volatility, and low *correlation* to the stockmarket.

Glossary

Correlation

This is a measurement to indicate the strength of the relationship between two variables.

Defensive investment

An investment that provides stable earnings and/ or reliable distributions regardless of the state of the market as a whole.

Derivatives

Derivatives are contracts between two or more parties whose value is derived from a related asset. The most common related assets include shares, fixed interest securities, commodities, currencies, interest rates and market indices. Derivatives can be used for speculative purposes but in investment funds they are generally used to reduce risk.

Long position

The buying of a security such as a stock, commodity, or currency, with the expectation that the asset will rise in value.

Quartile

A statistical term which in this context describes the performance of an investment fund relative to other investment funds in a group or sector. Each quartile contains 25% of the funds based upon the performance of each fund and how it compares to other funds in the group. The funds are ordered by performance with the top performing 25% of funds making up the 1st quartile and the worst performing 25% of funds making up the 4th quartile.

Short position

The purchase of a contract against a security, commodity or currency, with the expectation that the asset will fall in value.

* Funds in the IMA Absolute Return sector aim to produce positive returns over periods of twelve months or more, whatever the market conditions. However, this cannot be guaranteed. Over shorter time periods, which may last for up to several months, there are likely to be occasions when such funds will fall in value.

Important information

While Factset and Skandia Investment Group have used all reasonable endeavours to ensure the accuracy of the information contained in this factsheet, neither accept any liability in respect of the investment decisions of investors nor any loss arising from such decisions.

The value of investments and any income from them can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

A "Fund of Funds" is an investment strategy of holding a portfolio of other investment funds rather than investing directly in shares, bonds or other securities. This type of investing is often referred to as multi-manager investment.

This Fund includes some exposure to emerging markets, which tend to be less well regulated and more volatile than more established stock markets, so increasing the potential risk to investors.

The ACD may appoint an investment adviser to employ a strategy involving derivatives, with the aim of reducing exposure to equity markets within the Fund. However, this strategy is likely to reduce investment returns when equity markets are rising.

This Fund may undertake contracts in 'over-the-counter' derivatives as well as those which are traded on a recognised exchange. This may expose investors to additional risk as such contracts may be more difficult to value or close.

The ACD may use one or more counterparties to undertake derivative contracts on behalf of the Fund and may be required to secure such contracts using assets held by the Fund. There may be a risk that a counterparty will wholly or partially fail to honour its contractual agreements to the detriment of the Fund. The ACD measures the creditworthiness of counterparties as part of its risk management process.

This Fund may invest in exchange-traded funds. These funds typically represent a market index but because they are traded on an exchange their price may be higher or lower than the net value of the underlying investments.

In the case of the Sterling hedged share class, investment may be made into derivatives or forward transactions with the aim of reducing currency risk for Sterling investors by hedging the predominant portion of non-Sterling exposure back to Sterling (hedging means making an investment in a security with the aim of mitigating a risk, in this case adverse currency movements). Where the currency exposure is not fully hedged to Sterling, the value of the share class may rise and fall purely as a result of exchange rate fluctuations.

Some of the collective investment schemes in which this Fund invests may not be bought or sold on a daily basis. This may affect the ability of investors to realise their investment when they choose and, under certain circumstances, the ACD has the ability to defer redemptions.

All data as at 30 November 2011
(unless otherwise stated)

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The Authorised Corporate Director for the Skandia Alternative Investments Fund is Skandia Investment Management Limited (SIML). Copies of the full prospectus, simplified prospectus, annual and semi-annual reports are available free of charge from SIML.
www.skandiainvestmentgroup.com

December 2011