

# BT PENSION SCHEME GLOBAL EQUITY INDEX

Data to 30 June 2009

## In a Nutshell

- Aims to capture global equity market returns
- Offers opportunities to maximise the growth of your pension account over the mid to long-term
- 50% invested in the UK equity market
- 50% invested in overseas equity markets
- Aimed at members with mid to long-term investment horizons

## Glossary

**Benchmark** A measure of performance of a combined set of markets used for comparison purposes

**Equities** Shares in companies

**Index** A measure of performance of a market

**Index funds** Funds designed to perform broadly in line with a given market index

**Investment classes** Different types of investments, for example, equities, bonds or cash

**Investment horizon** The period over which you are looking to maintain your investment (such as until your pension date)

**Long-term** At least 15 years and longer

**Mid-term** 5 to 15 years

**Returns** In this case, the capital growth and the income derived from investing in a fund or a stockmarket

**Risk** The possibility that an investment will lead to a gain or loss – the higher the risk, the higher the anticipated rewards or potential losses; the lower the risk, the lower the anticipated rewards or potential losses

**Volatile** Subject to fluctuations in value, caused by rising and falling stock markets, interest rates and for overseas investments, exchange rate between currencies

## Why invest in Legal & General Investment Management?

Legal & General Investment Management is one of the largest investment managers in the UK, with more than £250 billion\* under management and over 3,000\* company pension scheme clients. We offer a wide range of investment products designed to meet the needs of pension schemes and their members, all managed by dedicated fund management teams and supported by award winning client service.

## Investing for Mid to Long-Term Growth

The Global Equity Fixed Weights (50:50) Index Fund provides access to the UK and overseas markets via index funds and aims to capture global equity market returns. It is invested 50% in UK equities, and 50% in overseas equities. The 50% overseas is divided - 17.5% in Europe (ex-UK) 17.5% in North America, 10% in Japan and 5% in Asia Pacific (ex-Japan) Developed.

The Fund is likely to be of specific interest to members with mid to long-term investment horizons.

### Why invest in equities?

The suitability of one investment class over another changes throughout your working life. If you are aiming for mid to long-term growth in the value of your pension account, a suitable strategy could be to invest in equities. Although equities can demonstrate extreme short-term volatility due to their sensitivity to movements in the economy and news about companies and industries, over the long-term they have historically given higher returns than other asset classes. Their long-term returns have outpaced inflation thereby increasing the buying power of your money. However, please remember that past performance is not a guide to the future.

### The index fund approach

Index funds aim to eliminate the risk of poor share selection and deliver returns that are close to market returns. They do this by investing in most of the companies within the relevant market measured by the index.

### Spreading risk by investing overseas

The inclusion of overseas assets provides diversification and helps protect your pension by spreading the risk among different markets. However, these markets are influenced by their local economies and involve exposure to currencies other than sterling. Exchange rate variations can cause the value of overseas investments to fluctuate.

\*Data as at 31 March 2009.

The views expressed in this fact sheet are those of Legal & General Investment Management who may or may not have acted upon them. This document should not be taken as an invitation to deal in Legal & General investments or any of the stated stock markets. Legal & General Investment Management Limited provides Investment and Management services to Legal & General Assurance (Pensions Management) Limited, the operating company for the Funds. Both companies are authorised and regulated by the Financial Services Authority. Legal & General Investment Management, One Coleman Street, London EC2R 5AA

# BT PENSION SCHEME GLOBAL EQUITY INDEX

## PERFORMANCE

	FUND GROSS %	BENCHMARK %
Jun 2008 - Jun 2009	-16.2	-16.7
	FUND GROSS %	BENCHMARK %
Since 14 Nov 2007	-15.7	-16.0

## Return for the Quarter

	FUND %	BENCHMARK %
Apr 2009 to Jun 2009	9.2	8.9

The returns are shown before charges. Please refer to your scheme's literature to determine the fee rate you are paying.

## FUND ASSET ALLOCATION

As at 30 June 2009



UK	49.9%
North America	17.5%
Europe (ex-UK)	17.3%
Japan	10.3%
Asia Pacific (ex-Japan) Developed	5.0%

The source of all information is LGIM unless otherwise stated.

## Market Highlights Over 12 Months to 30 June 2009

Equity markets have been through an extraordinary twelve months. With the investment backdrop marked by financial crisis, global recession, stalling world trade and high profile corporate failures, market volatility has been extreme. As economic growth slowed, unemployment rose, people reduced their spending and company profits came under significant pressure. In this environment, most equity markets have suffered significant declines.

As a result of these extreme events, governments and monetary authorities throughout the developed world implemented unprecedented amounts of support to try and resolve the difficulties caused by the banking crisis and stimulate economic growth. Official interest rates were reduced substantially and in the UK and US central banks have sought to stimulate economic growth through increasing the money supply.

Following the global economy's sharp contraction during 2008, economic data released towards the end of the reporting period in a number of economies began to paint a more resilient picture. Surveys measuring investor sentiment have continued to improve as global manufacturing production has started to pick up again. In the US, home sales seem to have stabilised and after stalling during 2008, global trade has recovered significantly in the first half of 2009. While the world's major economies remain in recession, these tentative signs of economic recovery suggest policy measures are having effect.

## Important Information

Past performance is not a guide to the future and the value of investments can go down as well as up. Exchange rate variations can cause the value of overseas investments to increase or decrease. Investors may not recoup the value of their original investment. For overseas markets the figures are sterling adjusted and net of any withholding tax. The views expressed in this fact sheet are those of Legal & General Investment Management who may or may not have acted upon them. This document should not be taken as an invitation to deal in Legal & General investments or any of the stated stock markets.