

# UK EQUITY INDEX FUND

Data to 30 September 2009

<b>Fund Size</b>	<b>£48,047 million</b>
<b>Number of Holdings</b>	<b>615</b>

## In a Nutshell

- Aims to capture market returns
- Offers opportunities to maximise the growth of your pension account over the mid to long-term
- Tracks the FTSE All-Share Index
- Aimed at members with mid to long-term investment horizons

## Glossary

**Credit markets** 'Fixed income', 'bonds' and 'credit' are typically used interchangeably to refer to financial markets where debt securities are traded. Unlike equities, when investors acquire a debt security, it represents a loan to the organisation behind it (i.e. government, corporation, etc)

**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** 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 Legal & General Investment Management?

Legal & General Investment Management is one of the largest investment managers in the UK, with more than £271 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 UK Equity Index Fund aims to capture the returns of the UK equity market. It tracks the FTSE All-Share Index and invests only in UK equities.

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.

\*Data as at 30 June 2009.

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## UK EQUITY INDEX FUND

### PERFORMANCE

	FUND NET %	INDEX %
Sept 2008 - Sept 2009	11.4	10.8
Sept 2007 - Sept 2008	-22.3	-22.3
Sept 2006 - Sept 2007	12.1	12.2
Sept 2005 - Sept 2006	14.5	14.7
Sept 2004 - Sept 2005	24.8	24.9

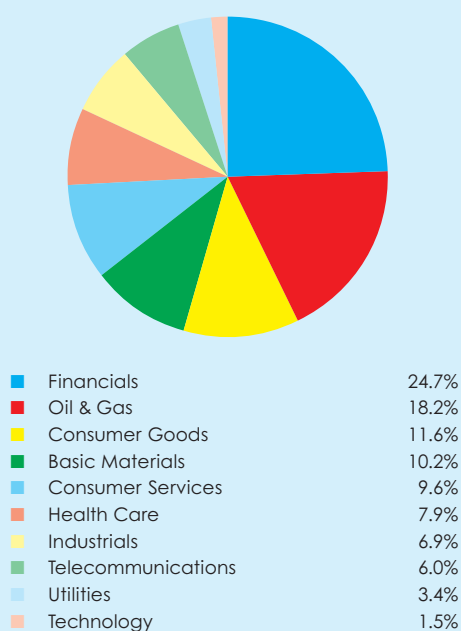
### Per annum to 30 September 2009

	FUND NET %	INDEX %
3 years	-1.0	-1.1
5 years	6.7	6.7

Past performance is not a guide to the future. Returns are calculated on the basis of closing middle-market prices. Fund Net returns are after the deduction of our standard investment management fees (please refer to your scheme's literature to determine the fee rate you are paying).

### INDEX SECTOR DISTRIBUTION

As at 30 September 2009



The source of all information is LGIM unless otherwise stated.

### Market Highlights Over 12 Months to 30 September 2009

The investment market has undergone an enormous transformation during the reporting period. This time last year, financial markets were reeling from shock following the collapse of US investment bank Lehman Brothers. High profile corporations were in crisis, economies began to fall into recession and the global financial system almost completely broke down. Manufacturing activity stalled, firms ran down their inventory levels just to stay in business and global trade came to a standstill.

Twelve months later, the investment environment has changed dramatically. In response to the crisis and economic downturn, central banks across the globe reduced official interest rates to extreme lows and began bailing out large, struggling companies. In the US and the UK a program known as 'quantitative easing' was introduced which allowed monetary authorities, such as the Bank of England, to directly inject money into the financial system in an attempt to increase the level of economic activity.

These extraordinary measures appear to be having an effect. Firms are reopening factories as demand for their goods and services increases, and global industrial production has rebounded swiftly. Global trade has also bounced back from extreme lows as the economic recovery has been gaining pace in recent months, particularly in Asia.

Since the lows reached in March, equity markets have improved greatly as investors have been increasingly confident that the financial crisis is over and the global recession is ending.

While investment fundamentals have improved, equity markets currently appear to be pricing in a sustained economic recovery for next year. However, while industrial production has picked up, unemployment remains high in major developed economies and as policy makers begin to unwind their supportive measures equity markets may need to start factoring in a more subdued economic climate during 2010.

Ten Largest Index Companies	%
HSBC Holdings plc	8.1
Royal Dutch Shell	7.2
BP	6.8
Vodafone Group	4.8
GlaxoSmithKline plc	4.2
Astrazeneca	2.7
Rio Tinto	2.7
Barclays	2.7
British American Tobacco	2.6
BHP Billiton	2.5

### Important Information

Past performance is not a guide to the future and the value of investments can go down as well as up. Investors may not recoup the value of their original investment. 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.  
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