

CONSENSUS INDEX FUND

Data to 31 March 2010

Fund Size £3,035 million

In a Nutshell

- Aims to deliver competitive returns over the mid to long-term
- The spread across asset classes reflects the way the average Balanced Fund invests, excluding Property
- Balances the potential growth of UK and overseas equities with the relative security of gilts, overseas bonds and cash
- Aimed at members with mid to long-term investment horizons but who seek an underlying element of security

Glossary

Balanced fund Funds that hold a spread of equity and bond investments with the mix chosen by the investment manager

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

Bonds Securities issued by governments or companies which pay a fixed rate of interest (often called gilts if issued by the UK government)

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 At least 15 years and longer

Returns In this case, the capital growth and the income derived from investing in a fund or 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 £315 billion* under management and over 3,113* 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 Consensus Index Fund combines the mid to long-term growth potential of UK and overseas equities with the relative security of gilts, overseas bonds and cash.

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.

This Fund follows such a strategy and is biased towards equities with some investment in bonds and cash. This can help lessen the impact of any short-term equity volatility.

Managed to reduce risk

Index funds invest in nearly all the companies in their respective indices. This approach protects your pension account from poor stock selection and helps deliver returns which are consistently close to market returns. This Fund also helps manage risk by allocating investments based on the average profile – or consensus – of a number of balanced funds managed by different investment managers for pension schemes.

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 December 2009.

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 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.

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CONSENSUS INDEX FUND

PERFORMANCE

	FUND NET %	FUND GROSS %	BENCHMARK %
Mar 2009 - Mar 2010	39.7	39.9	39.5
Mar 2008 - Mar 2009	-19.1	-19.0	-19.3
Mar 2007 - Mar 2008	-2.4	-2.3	-2.2
Mar 2005 - Mar 2006	7.4	7.6	7.4
Mar 2004 - Mar 2005	27.3	27.5	27.3

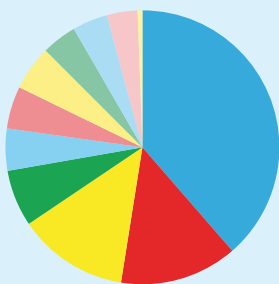
Per annum to 31 March 2010

	FUND NET %	FUND GROSS %	BENCHMARK %
3 years	3.3	3.4	3.2
5 years	8.5	8.7	8.5

Past performance is not a guide to the future. Returns are calculated on the basis of closing middle-market prices. Fund Gross returns are before the deduction of fees. (Please refer to your Scheme's literature to determine the fee rate you are paying).

FUND ASSET ALLOCATION

As at 31 March 2010



Equities

UK	38.7% (36.8%)
North America	13.8% (11.8%)
Europe (ex-UK)	13.1% (12.1%)
Asia Pacific (ex-Japan) Developed	6.5% (5.2%)
Japan	5.1% (5.1%)
Emerging Markets	5.0% (3.8%)

Bonds

Cash	5.3% (9.2%)
UK Fixed Interest	4.3% (6.3%)
UK Corporate Bonds	3.9% (4.7%)
Overseas Bonds	3.8% (3.8%)
UK Index-Linked	0.4% (0.3%)
US Index-Linked	0.1% (0.2%)

Figures in brackets show asset allocation as at 31 March 2009.

The source of all information is LGIM unless otherwise stated.

Market Highlights Over 12 Months to 31 March 2010

Through the past twelve months the developed world has emerged from the worst economic recession in more than seventy years. With the global economy in decline and the financial system left battered from the financial crisis, world leaders concentrated on formulating strategies to rebuild the banking sector and bring major economies back to growth. As a result, central banks and governments across the globe coordinated ways of stimulating their economies which resulted in official interest rates being reduced towards zero in major developed markets and the introduction of 'quantitative easing' (essentially creating new money) measures in America and the United Kingdom.

The extraordinary measures which policy makers have undertaken during the past twelve months have significantly affected the performance of cash instruments and government bond markets. While an improving economic backdrop typically places upward pressure on interest rates, the sheer scale of monetary stimulus programmes has kept interest rates artificially low. In the US, the Federal Reserve completed \$300bn in purchases of US Treasuries and the Bank of England (BOE) completed close to £200bn of quantitative easing almost entirely taken up by gilt purchases.

The weight of the extraordinary measures undertaken by policy makers appears to have proven effective in stabilising the global economy. Economic data have continued to be broadly reassuring during the first three months of 2010 and the global recovery remains appears 'on track', albeit at a subdued pace. However, a number of concerns have also mounted towards the end of the reporting period. High government debt levels in much of the developed world have been brought into focus as a result of fears surrounding the ability of a number of Southern European economies (particularly Greece, Spain and Portugal) to service their ever expanding deficits. While the global economy has emerged from recession and growth rates are strong in the emerging economies, unemployment remains high in many developed nations. As policy makers begin to unwind their supportive measures, investors may need to begin to factor in a more subdued global economic climate.

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 where applicable. 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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