

CASH FUND

Data to 30 June 2010

In a Nutshell

- Security - investments issued by the UK Government
- Liquidity - high quality UK Treasury bills are liquid instruments

Glossary

Annuity A pension which guarantees an income for life bought with the cash value of a pension account

Counterparties The parties on either side of a transaction

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)

Debt Management Office (DMO) The DMO is an agency of HM Treasury and is responsible for carrying out the Government's debt management policy

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

Pension date The date on which an individual starts to receive a pension

Return In this case, the income derived from cash deposits and other short-term investments

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

Short-term investments Cash or bonds with a short "life-span" of up to one year are considered to be short-term investments

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 £320 billion* under management and over 3,139* 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 Short-Term Security?

A treasury bill is a short term (less than one year) government bond that does not pay interest. They are instead issued at a discount to their face value.

The Fund invests in Treasury Bills issued by the UK Government. Up to 10% of the Fund may be invested in short term (up to 7 days) cash deposits typically with the Debt Management Office (DMO) or high quality institutions. The Fund is likely to be of specific interest to investors who want to provide for a cash sum on their pension date. Unlike equities, its capital value is not affected by changes in stock market levels. The Cash Fund, therefore, provides protection against stock market falls but sacrifices the potential for long-term growth from equity type investments.

Different investment classes have different risk and return characteristics. Equities, for example, have produced higher levels of return in the long term, but are subject to considerable volatility in the short term. The suitability of one investment class over another changes throughout your working life as your tolerance for the volatility in your capital value changes.

Although investing in the Cash Fund can be attractive in times of heightened market uncertainty it is generally not considered a suitable long-term investment.

As you near your pension date

If you wish to take a cash sum at your pension date, you may wish to start allocating a proportion of your pension account in a low risk, readily realisable investment such as the Cash Fund. As you approach this date, moving your money out of more volatile investments into this Fund can help provide for your final sum.

By switching part of your pension account into this Fund shortly before your pension date, you may be able to lock in the capital value, and protect your fund from the volatility of financial markets.

*Data as at 30 June 2010.

Legal & General Investment Management Limited provides Investment and Management services to Legal & General Assurance (Pensions Management) Limited, the operating company for the Fund. Both companies are authorised and regulated by the Financial Services Authority. Legal & General Investment Management, One Coleman Street, London EC2R 5AA

CASH FUND

PERFORMANCE

	FUND GROSS %	INDEX %
31 Mar 2010 - 30 Jun 2010	0.1	0.1
30 Jun 2009 - 30 Jun 2010*	0.5	0.5

*For information only

As at 1 January 2009, unit price performance is Gross of management fees.

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.

Market Highlights Over 12 Months to 30 June 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 weight of the extraordinary measures undertaken proved effective. Financial markets rallied through the majority of 2009 as signs of life began to return to developed economies and investors began to price in the economic recovery. However, markets remained highly volatile as investors debated the timing and strength of the recovery. While economic data and news from the corporate sector initially surprised many with their strength at the start of 2010 the global economic recovery has begun to take on a more subdued pace as the year has progressed. During the past few months a number of significant concerns have come onto the radar. Most significantly, 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.

Important Information

Past performance is not a guide to the future. 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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