



How the Fund Works

The Indexed UK Equity Fund is a passively managed fund which aims to track the FTSE® All World UK Index. The aim is to eliminate manager selection risk, which is the risk of being with an investment manager who under performs.

This fund is 100% invested in UK equities. The amount invested in each company is based on the weighting of that company within the market as a whole. If, for example, Vodafone is 10% of the market, this fund will be 10% invested in Vodafone.

Investment Risk



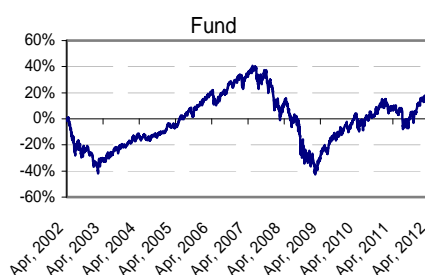
This is a very high risk fund which can have a very high level of volatility. Therefore it may not be suitable for investors who have less than 13 years to retirement. The fund is most suitable for long term investment.

Warning: The value of your investment may go down as well as up.

Top Stocks

Largest Stocks	Weight %
HSBC HLDGS	6.8
VODAFONE	5.8
BP	5.3
ROYAL DUTCH	5.1
GLAXOSMITHKLINE	4.9

Performance



Year	Return	Benchmark
2012 YTD	7.0%	7.2%
1 Year	6.4%	7.1%
3 Year %p.a.	17.4%	18.1%
5 Year %p.a.	-2.7%	-2.1%
10 Year %p.a.	1.5%	2.0%

These returns are based on a standard annual management charge of 0.65%. Management charges may vary. **The return of this fund since launch (1st January 1996) is 6.0% p.a.**

Warning: Past Performance is not a reliable guide to future performance.

Warning: This fund may be affected by changes in currency exchange rates.

Market Commentary

Fiscal austerity and private sector deleveraging has taken hold on the UK economy and has resulted in the worst economic recovery since the great depression and the first double dip recession since the 1970s. Construction output declined over the quarter by 3% as had been indicated by some of the monthly data. However output from the services sector was much weaker than had been expected due to weakness in the business services and finance sectors, which accounts for approximately 40% of total services output.. The worse than expected economic activity in the first quarter once again heightens the dilemma for the Bank of England, who had become more hawkish in previous months and markets had been pricing out the likelihood of another quantitative easing programme. Once again inflation in the UK is proving more resilient than had been expected and upside risks to inflation have emerged.

This fund may engage in securities lending to earn returns.





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The above refers to references to FSTE benchmarks throughout this document.

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