

BlackRock Pensions Limited

DC Long-Gilt Fund

Defined Contributions

As at 30 June 2010

BLACKROCK

Overview and Manager's Report

The second quarter saw government deficits brought sharply into focus, nowhere more so than in Greece where lack of confidence in the government to rein in their deficit saw Greek government bond spreads widen to unprecedented levels. The Greek crisis threatened to spiral out of control by early May, and even the belated assistance of the IMF, ECB and the European governments, other states (notably Spain and Portugal) also came under sustained pressure. In contrast, the new coalition government in the UK moved speedily to put in place measures to reduce the budget deficit through a combination of spending reductions and tax rises. Gilt markets responded positively to these developments and ended the quarter substantially stronger, buoyed by the deficit reduction measures, despite higher than expected inflation data.

The DC Long Gilt Fund was positioned to reflect its benchmark throughout the quarter.

The long term global economic outlook remains challenging. The sovereign risk concerns in Europe have focused investors on the immense transfer of indebtedness from the banking sector to the public sector that has occurred in the last two years. As European nations, somewhat belatedly, tighten their belts - so the markets are inclined to reward austerity and punish profligacy. The UK is well placed to benefit from the aura of credibility that surrounds the new government's measures taken to date, but the risks remain high; failure to deliver tangible deficit cuts will quickly translate into higher bond yields.

Objectives and Policies

Invests mainly in long-dated UK government bonds and aims to produce a return in line with its benchmark.

Fund Facts

Fund Value (£m): 55.4

Launch Date: 31 January 2001

Benchmark: FTA Over 15 Year Gilts Index

Risk Rating Profile: Low



These ratings give an indication of the risk level of a fund only in relation to BPL's overall fund range.

Performance & Fund Characteristics

Performance for 12 months to:

	30 Jun 06	30 Jun 07	30 Jun 08	30 Jun 09	30 Jun 10
Fund	+1.0%	-3.3%	+6.1%	+11.4%	+8.0%
Benchmark	+1.0%	-3.3%	+6.0%	+11.3%	+8.0%

Performance for:

	3 months	Year to date	12 months	3 years p.a.	5 Years or since launch	5 Years or since launch p.a.
Fund	+6.4%	+6.6%	+8.0%	+8.4%	+24.5%	+4.5%
Benchmark	+6.4%	+6.6%	+8.0%	+8.4%	+24.4%	+4.5%

Source: BlackRock. Performance shown is gross of fees. Please call our helpline to check the charges that will apply to your investment.

Past performance is not a guide to future performance. The value of investments and the income from them can fluctuate and are not guaranteed. Investors may not get back the amount invested. Rates of exchange may cause the value of investments to go up or down. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Any objective or target will be treated as a target only and should not be considered as an assurance or guarantee of performance of the Fund or any part of it. The Fund objectives and policies include a guide to the main investments to which the Fund is likely to be exposed. The Fund is not necessarily restricted to holding these investments only. Subject to the Fund's objectives, the Fund may hold any investments and utilise any investment techniques, including the use of derivatives, permitted under the FSA's New Conduct of Business Sourcebook which contain the rules by which investment of the Fund is governed. The BlackRock Pensions Limited notional fund units have a single unit price. The unit prices are normally calculated on each business day. For performance reporting, notional units are valued at special closing prices on the last working day of each quarter to enable comparison with the relevant benchmark index. Issued by BlackRock Pensions Limited, which is authorised and regulated by the Financial Services Authority. BlackRock Pensions Limited, 33 King William Street, London EC4R 9AS. Phone: 020 7743 3000 Fax: 020 7743 1000. Registered in England number 2348841. BlackRock is a trading name of BlackRock Pensions Limited.

Top Ten Holdings

	Fund (%)
UK CONV GILT 4.25 07-JUN-2032	10.0
UK CONV GILT 4.75 07-DEC-2038	9.7
UK CONV GILT 4.25 07-DEC-2027	9.4
UK CONV GILT 4.75 07-DEC-2030	8.9
UK CONV GILT 4.25 07-MAR-2036	8.6
UK CONV GILT 6.0 07-DEC-2028	8.5
UK CONV GILT 4.25 07-DEC-2055	7.9
UK CONV GILT 4.5 07-DEC-2042	7.7
UK CONV GILT 4.25 07-DEC-2046	6.8
UK CONV GILT 4.25 07-DEC-2049	6.6
Total	84.0

Source: BlackRock

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