BlackRock Pensions Limited
DC Balanced Growth Fund
Defined Contributions
As at 30 June 2010

BLACKROCK

Overview and Manager's Report

Global equities fell sharply during the second quarter, while government bonds rallied as investors looked for "safe-havens" on concerns over the slowing global economy, sovereign debt issues and banking system fragility. China's policy tightening measures also remained an issue after measures to cool its property market started to take effect.

The DC Balanced Growth underperformed its benchmark over the quarter.

In UK registered companies, Rio Tinto underperformed on concerns around the Australian Resource Super Profits Tax proposals and within Banks, Barclays detracted, as European sovereign fears have impacted confidence in the banking system. On the positive side, the Fund's underweight position in BP was a contributor to performance and a favourable US court ruling upholding AstraZeneca's intellectual property was also helpful.

In overseas markets, the Fund's exposure to US retailers and durable goods companies like J C Penney and Harley Davidson proved to be challenging as doubts about the strength of the US economic recovery prompted the market to punish these economically sensitive areas. Stock selection within Korean industrials and emerging markets detracted from relative performance. Elsewhere, both the European and Japanese portfolios contributed positively to relative performance with strong performance from tyre manufacturer Nokian Renkaat based in Finland and Japanese diamond tool manufacturer Asahi Diamond Industrial. Bond portfolios also contributed positively.

The US and Asian economies are continuing their recovery and many of our investee companies are seeing further improvement in trading. The outlook for the UK and European economies is somewhat less clear due to significant fiscal tightening ahead.

Performance & Fund Characteristics

Performance for 12 months to:

	30 Jun 06	30 Jun 07	30 Jun 08	30 Jun 09	30 Jun 10
Fund	+19.8%	+15.7%	-3.4%	-13.0%	+19.4%
Benchmark	+11.1%	+14.2%	-7.8%	-11.7%	+19.0%

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	-9.2%	-2.5%	+19.4%	+0.1%	+39.2%	+6.8%
Benchmark	-8.8%	-3.0%	+19.0%	-1.1%	+48.1%	+8.2%

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.

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Objectives and Policies

Invests mainly in equities and to a lesser extent government securities, cash and other fixed interest investments, in the UK and overseas. The Fund aims to produce a return in excess of its benchmark. The Benchmark will evolve over time to reflect market, industry and internal views and developments as to an appropriate asset mix for a broadly invested fund.

Fund Facts

Fund Value (£m):	£317.2
Launch Date:	30 June 1998
Benchmark:	Fixed Weight Benchmark*

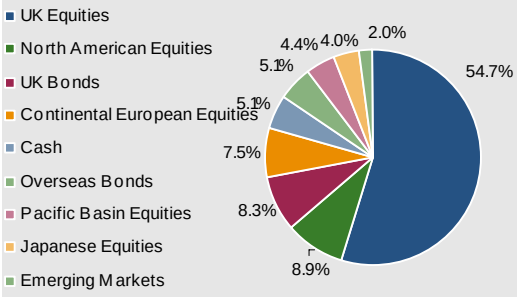
* The fund was benchmarked against the CAPS Pooled Fund Median until 30.09.2005. Longer term numbers shown are 12 month Fixed Weight Benchmark chainlinked to CAPS Pooled Fund Median

Risk Rating Profile: Medium

Very Low Medium Very High

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

Asset Allocation



Source: BlackRock

Largest Equity Holdings

Holding	Fund (%)	Holding	Fund (%)
UK			
Rio Tinto	3.2	IBM	0.2
HSBC	3.0	**Japan**	
Europe		Toyota	0.1
Novartis	0.3	Honda	0.1
Banco Santa	0.2	**Pacific**	
US		BHP Billiton	0.3
Microsoft	0.3	Samsung Electronics	0.3
Total			**8.2**

Source: BlackRock