

# BlackRock Pensions Limited

## DC Balanced Growth Fund

### Defined Contributions

As at 31 December 2009

# BLACKROCK

#### Overview and Manager's Report

Global equities made modest gains in the final quarter of 2009, which could also be described as a period of consolidation. Indices in the first part of the quarter consisted of significant swings, led higher by better-than-expected macro-economic data from the US and Europe. Information Technology was among the main outperforming equity sectors in the fourth quarter, while Financials lagged. Bond markets remained volatile, finishing broadly weaker.

The DC Balanced Growth Fund underperformed its benchmark during the fourth quarter whilst performance for the calendar year was ahead of benchmark.

Within UK equities, the benefits from holding mining stocks BHP Billiton and Rio Tinto were outweighed by not holding Anglo American. British Airways and Barclays share prices fell which also hurt performance.

In overseas equities, US healthcare stocks IMS Health and WellPoint added to relative performance as did Japanese internet related stocks such as CyberAgent, Gree and Rakuten. The Fund's overweight position in China also added to relative performance. This quarter saw the Fund's European and Emerging Markets portfolios detract from relative performance.

Credit exposure continued to drive bond performance, as demand for 'risk assets' saw corporate bonds continue to outperform government bonds.

Given our view that the economic recovery will gather pace over the course of 2010 and that monetary policy will be accommodative for the foreseeable future, we continue to be positive on global equities as an asset class.

#### 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): £298.6

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



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:

	31 Dec 05	31 Dec 06	31 Dec 07	31 Dec 08	31 Dec 09
Fund	+23.3%	+13.2%	+8.7%	-19.6%	+24.8%
Benchmark	+22.3%	+11.1%	+7.0%	-18.4%	+21.1%

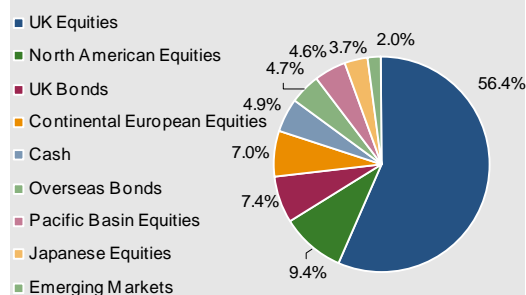
Performance for:

	3 months	Year to date	12 months	3 years p.a.	5 Years or since launch	5 Years or since launch p.a.
Fund	+3.1%	+24.8%	+24.8%	+3.0%	+52.4%	+8.8%
Benchmark	+3.3%	+21.1%	+21.1%	+1.9%	+34.8%	+6.2%

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.

#### Asset Allocation



Source: BlackRock

#### Largest Equity Holdings

Holding Fund (%)	Fund (%)
UK	
HSBC	3.8
Vodafone	2.9
Europe	
Total	0.3
Sanofi-Avent	0.3
US	
Microsoft	0.3
Total	8.7

Source: BlackRock

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