

A Common Investment Fund managed by Legal & General  
for the  
Ministry of Justice and its clients

**This note is for those who have or are considering an investment in the fund, together with their representatives or advisers**

The Equity Index Tracker Fund (Equity ITF) is a simple and cost-effective means of investing in the stock market over the medium to long term. The fund invests directly in Legal & General unit trusts which track each of the world's major markets with 70% held in the UK and 30% held overseas. The Strategic Investment Board, which advises the Ministry of Justice on investment strategy and performance monitoring, has recommended the Equity ITF as a cost-effective way of investing in equities.

## What is an index tracker?

Index trackers invest in a representative sample of all the companies that make up the index they are tracking. The intention is simply to deliver the return of the index being tracked. Index trackers can be a cost effective way to achieve a well-diversified portfolio and

- They provide the potential for reliable growth by closely mirroring stock market performance
- independent studies have shown that, over the longer term, index funds have outperformed the majority of active equity funds
- the lower level of share trading compared with actively managed funds reduces costs
- low fund management fees are charged as a result of greater efficiency.

## What are the features of the Equity ITF?

- The Equity ITF has 70% of assets invested in UK companies, and 30% invested in overseas companies. This split achieves a broadly diversified investment with a heavier emphasis on the UK
- it is available exclusively to clients of the Ministry of Justice, and holdings may be retained by ex-clients
- the Equity ITF has a lower management charge than is generally available to private investors
- the investment strategy was adopted on the advice of the Strategic Investment Board
- the value of an investment and any income received from the Equity ITF can fall as well as rise, is not guaranteed and you may not get back the amount of your original investment
- exchange rate variations may cause the value of an investment in this fund to increase or decrease.

## Why Legal & General?

Legal & General is one of the largest managers of index funds in the UK with some £176 billion managed on this basis as at 31 December 2008. Legal & General's approach to managing index funds is pragmatic and responsible with the main aim of holding down transaction costs while maintaining a tight tracking deviation.

## How to invest

Please get in touch with your normal contact at the Ministry of Justice or your investment adviser.

Legal & General (Unit Trust Managers) Limited is authorised and regulated by the Financial Services Authority for the conduct of investment business and is authorised under FSMA 2000 for the establishment, operation and winding up of unregulated collective investment schemes.

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Registered in England No. 1009418  
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## Key Information and Charges as at 31 March 2009

Commencement of index tracking:	30 September 2003
Fund Size as at 31 March 2009:	£86.5 million
Benchmark:	70% FTSE All Share/30% FTSE World ex-UK
Dividends:	Paid: 10th April, 12th October; yield will be approximately an 70/30 mix of the yields on the above benchmark indices
Unit Price:	Published in the Financial Times
Estimated annual fund costs at 31 March 2009:	0.20% per annum <sup>1</sup>
(This includes the annual management charge and all underlying extra expenses)	

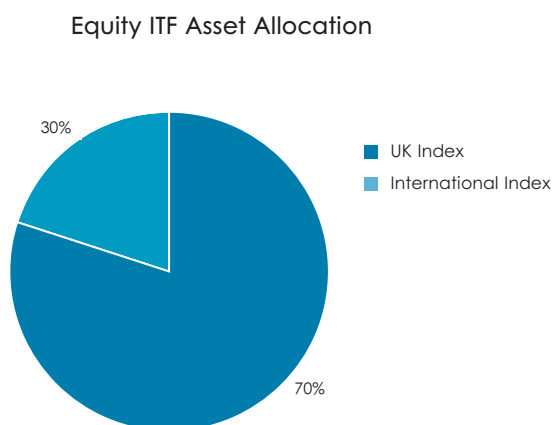
## Investment Strategy

The investment strategy is to aim to track the capital return of the 70:30 benchmark by investing in Legal & General index trusts.

## Performance Objective

The target tracking deviation for the Fund is plus or minus 0.5% against the benchmark, in two out of every three consecutive years, before taking account of fees.

## Fund Composition as at 31 March 2009



## Equity ITF Performance

Period (to 31 March 2009)	Fund (bid price-to-bid price <sup>2</sup> )
6 months	-15.91%
12 months	-26.59%

Past performance is not a guide to the future and the value of investments can go down as well as up.

## Tracking Deviations<sup>3</sup>

As the fund's objective is to track the performance of the benchmark, this can be measured by looking at how much the fund's actual returns have deviated from those of the benchmark. The tracking deviation figures below illustrate that Legal & General has successfully met the performance objective highlighted above:

Period to 31 March 2009	Equity ITF <sup>4</sup> %	Benchmark <sup>4</sup> %	Deviation %
6 months	-18.38	-18.33	-0.05
12 months	-29.43	-29.39	-0.04
Since Inception (30 September 2003) Annualised	0.01 pa	0.19 pa	-0.18 pa

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<sup>1</sup>Annual fund costs include the manager's annual fee and other costs paid by the unit trusts. Because the annual management fee rate depends upon the size of the fund and the number of individual investors, it will vary over time. The fee rate would normally be expected to fall as the fund grows in size and it is estimated that it will remain below that generally available to private investors. The current charge can be obtained from Legal & General or from your normal contact at the Ministry of Justice. Also included are trustee fees and custody costs paid by the underlying unit trusts.

<sup>2</sup>The bid price is the price at which units are normally sold back to the manager.

<sup>3</sup>The deviation indicates the variation of the fund's capital return against the benchmark capital return, before deducting fees. The tracking deviation should fall within the tolerance range in two out of three years.

<sup>4</sup>Capital-only returns are provided to compare the Fund with the Benchmark in order to provide a like-for-like comparison. This is because income within the Fund is treated differently to income within the benchmark.