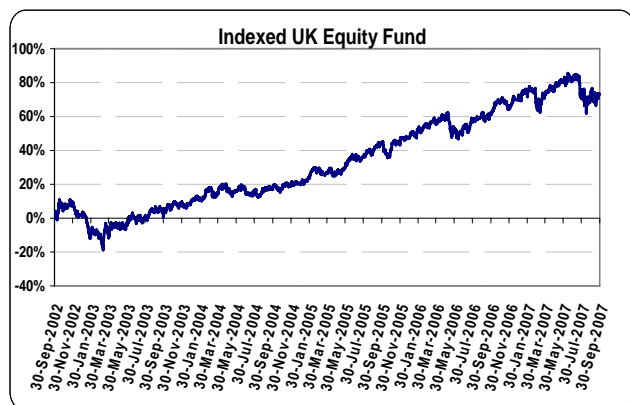


Indexed UK Equity Fund

How the fund works

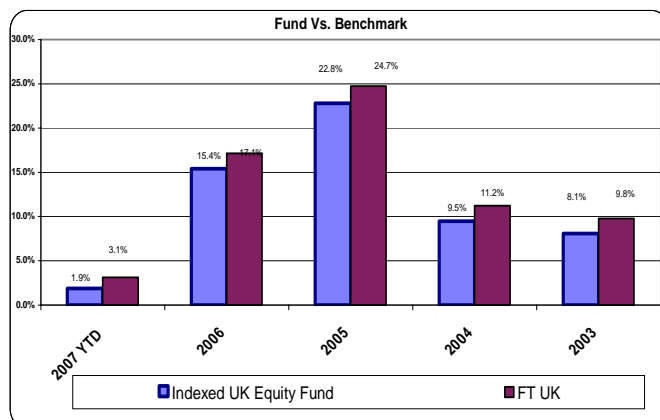
The idea behind indexed fund management is to consistently perform in line with the agreed benchmark index, in this case the **FTSE UK**. Indexation achieves this by either adopting the same asset allocation as that of the index or holding assets that will perform in line with the index. This strategy allows investors to eliminate the risk of poor stock selection.

Performance



Period	Cumulative Return %	Annualised Return %
YTD	1.87	n/a
1 Year	7.42	7.42
3 Year	48.02	13.96
5 Year	73.14	11.60

Performance Recent Calendar Years



All performance returns are quoted net of fees of 1.5% per annum.

Stocks

Largest Stocks	Weight %	Country
BP	6.7	UK
HSBC HLDGS	6.5	UK
VODAFONE GROUP	5.7	UK
GLAXOSMITHKLINE	4.6	UK
ROYAL DUTCH SHELL	4.3	UK
ROYAL DUTCH SHELL 'B'	3.4	UK
ROYAL BANK SCOTLAND	3.1	UK
ANGLO AMERICAN	2.7	UK
RIO TINTO	2.5	UK
BHP BILLITON	2.5	UK
Total Of Top Stocks Listed	41.9	

Monthly News

Growth was revised upward to 3.1% for the second quarter as the UK continues to expand at a healthy pace. The economy continues to be buoyed by the robust consumer as retail sales are boosted by the tight labour market and robust earnings growth. Despite this the housing sector is showing initial signs of cooling as house price growth eased further to 9%, even though mortgage approvals remained strong. The series of interest rates hikes by the Bank of England, together with the fall in the availability in credit resulting from the on going financial turmoil, could dampen consumer spending.

The decision came after Northern Rock received funding from the Bank of England as lender of last resort. However no UK bank submitted bids into the Bank for funding at a rate of 6.75%, 1% point higher than the official rate and higher than the rate available on the Interbank markets of 6.32%. Elsewhere the Bank of England voted unanimously to leave rates on hold at 5.75% as inflation at 1.7% remains in line with its target.

In Stock News

Metals and mining company **BHP Billiton** rose 26% due to company exposure to rising commodity prices in particular copper and oil, reserve upgrades and the continuation of the company's share repurchase program.