

**MODERATE OPTION**

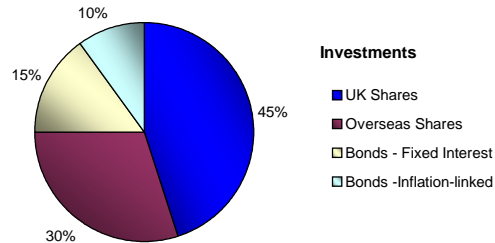


**THE CHEVIOT TRUST**  
Pensions for the legal sector

**Objective**

The Moderate Option provides members with a medium level of risk by investing 75% in shares, and 25% in bonds. It is designed for members who seek reasonable opportunities for the potential long term growth offered by shares partly balanced by the more stable return associated with bonds. To reduce the level of investment risk as members approach their target retirement date, each member's investment account will be progressively switched into cash and inflation-linked bonds over the last five years. You should note that the returns shown on this factsheet assume that you are not in this period.

For the share allocation, this option invests in UK and overseas companies. Within the bond allocation, this option invests in UK fixed interest and inflation-linked government securities. All assets are currently managed by Barclays Global Investors in their tracker funds. This means that the assets generally move in line with markets.

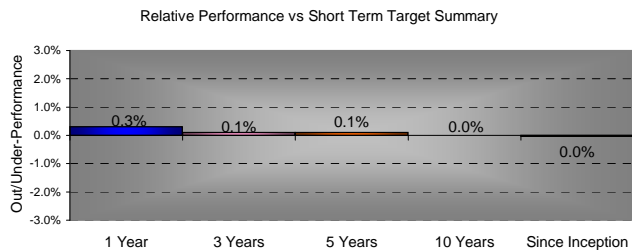


**Performance Targets**

This option has two targets, one short term and one long term. The short term target for the Moderate Option units is to achieve returns in line with market indices consistent with investment in tracker funds. The long term target for the Moderate Option units is to exceed inflation by 4.25% per year.

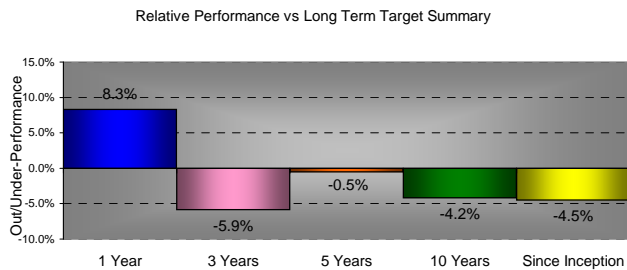
**Performance against the short term target**

This chart shows the performance of the Moderate Option against the short term target. The performance of the Moderate Option has been 11.1% after fees during the 12 months to 30th September 2009, slightly ahead of its target. As reflected in the chart, performance of the Moderate Option has been broadly in line with its target over all longer periods to 30th September 2009.



**Performance against the long term target**

This chart shows the performance of the Moderate Option against the long term target. The performance of the Moderate Option has been 11.1% after fees during the 12 months to 30th September 2009, which is 8.3% above its target. Performance of this option (on an annualised basis) was below target over all longer periods, including since inception (July 1999). Periods of significant underperformance can largely be attributed to very weak stock markets. However, markets have rallied recently, leading to good 12-month performance.



**Notes:**

- This option was in line with its short term target and was 4.5% p.a. behind its long term target since inception (1 July 1999, the date when this Unit Linked Option was first made available to Cheviot members).
- All returns are shown net of management and administration fees. They have been estimated by CAMRADATA Analytical Services based on the performance of the Barclays Global Investor's funds.