

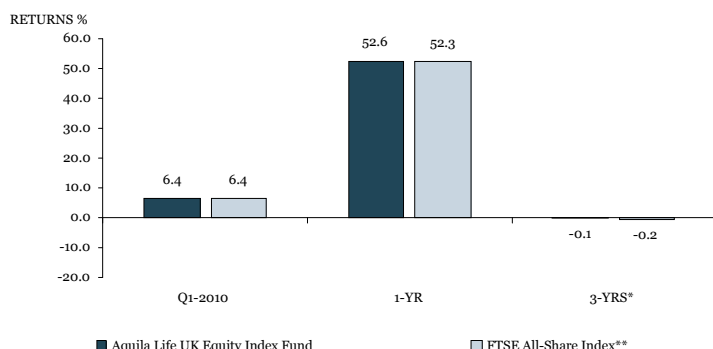
Aquila Life UK Equity Index Fund

31 March 2010

FUND VALUE	NET NEW MONEY	NUMBER OF HOLDINGS
£21,020,319,968	-£569,210,965	644

Source: BlackRock.

Performance



*Annualised

Past performance is not a reliable indicator of future results.
Performance shown is gross of investment management fees.

Source: BlackRock, FTSE International Limited ("FTSE") © FTSE 2004.**

Quarterly Commentary

The FTSE Regional Committee met on 10 March 2010 to approve the quarterly changes to the UK series of the FTSE Actuaries Share Indices. All constituent changes were applied after the close of business on Friday 19 March 2010 and became effective on Monday 22 March 2010.

There were a total of five new additions to the FTSE All Share – Afren, Hansen Transmissions, Hansteen, Gartmore Group and Invista European Real Estate Trust. There were no deletions from the FTSE All Share.

FTSE 1% cumulative shares in issue change

Friday 19 March also saw the further implementation of the cumulative 1% changes to shares in issue rule. In all, 84 UK stocks had cumulative changes in excess of 1% but of these the most significant were increases in Tesco and National Grid.

Corporate Activity

In February the Kraft Foods offer for Cadbury was declared wholly unconditional. The terms of the offer was to receive £5 per share plus 0.1874 Kraft shares for each Cadbury share held. The index removed the stock from the All Share Index at the close of business on 5 February, and the fund sold out of its position to avoid receiving the US line of stock.

Market Background

It was another good quarter for UK equities. Monetary policy remains extremely loose and sterling's weakness continues to offer the UK corporate sector some competitive advantages. On the other hand, the UK has only emerged from recession in a very shaky manner. The poor state of the UK public finances has become a significant concern for economists and the business community, as well as one of the hottest election issues. There is also tension between public and private sectors. Many in the private sector want to see the planned rises in National Insurance, labelled by critics as a "tax on jobs", scrapped and spending in the public sector to be more sharply curtailed. Meanwhile, the academic economics community is split down the middle on the wisdom of cutting public sector spending this year. What is clear is that the UK government bond market is nervous about the possibility of a hung Parliament after the election, fearing that it will lead to inaction in dealing with the UK fiscal deficit.

LARGEST HOLDINGS	FUND %
BP Plc	6.9
HSBC Holdings Plc	6.8
Vodafone Group Plc	4.7
Royal Dutch Shell Plc - A Shares	4.0
GlaxoSmithKline Plc	3.9
Rio Tinto Plc	3.5
BHP Billiton Plc	2.9
Royal Dutch Shell Plc - B Shares	2.9
British American Tobacco Plc	2.7
Barclays Plc	2.5

Source: BlackRock.

STOCK LENDING

ON LOAN	COLLATERAL	INCOME	RETURN(%) [‡]
£2,611,819,685	£2,881,130,034	£1,316,604	0.007

Source: BlackRock.

The above table details the stock lending activity during the quarter.

‡Non-Annualised

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