

Aquila Life World (ex-UK) Equity Index Fund

Defined Contribution Scheme Services

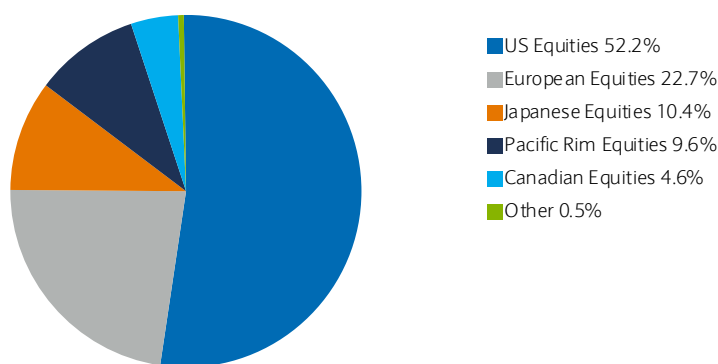
31 March 2010

This fund invests in the shares of overseas companies, (Europe, Japan, Far East, US and Canadian markets) according to market capitalisation weightings. Within each of those markets, the fund aims to generate returns consistent with those of each country's primary share market. This fund aims to achieve a return in line with the FTSE All-World Developed ex-UK Index.

Fund facts

Fund value £2,795.8 m **Launch date** September 1999

Asset distribution



Source: BlackRock. As at 31 March 2010

Largest holdings

This fund is made up of other funds run by BlackRock. The 'Largest holdings' chart below details these underlying funds together with the number of holdings and the total size of each fund. This type of investing has the advantage of using large funds that can be run cost efficiently due to their size and your investment obtains exposure to a wide spread of assets.

Fund name	No. of Holdings	Fund value
Aquila Life European Equity Index Fund	380	£7,129.6m
Aquila Life US Equity Index Fund	592	£8,569.6m
Aquila Life Japanese Equity Index Fund	457	£3,802.6m
Aquila Life Pacific Rim Equity Index Fund	382	£3,204.1m
Aquila Life Canadian Equity Index Fund	56	£411.6m

Source: BlackRock. As at 31 March 2010

¹ Over rolling three-year periods. This means that for any period of three years we aim to produce returns that are 0.5% or more per year than those of the benchmark. Please note that these are not guaranteed.

Investment Characteristics

The aim of many investors, with at least 5 years or more until retirement, is often to obtain rates of return on their investments that are in excess of inflation. Over the longer term, investing in company shares has provided rates of return well in excess of inflation and higher than the returns on other types of investments such as government fixed income securities or cash. However the risk associated with holding an equity fund is higher than holding government fixed income securities or cash.

The fund invests in the shares of a variety of large, and small, overseas companies. This has the benefits of spreading the risk of investment across overseas markets, providing a good measure of diversification for your equity portfolio and allows investors to participate in the returns generated from many of the world's leading stock markets.

Please note that the value of shares in companies can go down as well as up and on selling your units you may not get back the original value of your investment. The return achieved on your investment will fluctuate and is not guaranteed. Past performance is not a guide to future returns and exchange rate movements can affect the value of investments involving exposure to foreign currencies.

What are the charges for this fund?

We will take a fee for managing your investment in this fund. To find out what you will pay for investing please see your company pension scheme booklet.

Market commentary

The global economy has gathered momentum since the start of the year but clear differences in regional growth rates persist. Emerging market growth remains very strong, with all the previous losses in output being regained and more in some economies, notably in Asia. Amongst the developed economies, US and Japanese growth has been firmer than that in Europe.

In the US, economic growth in the fourth quarter was 5.6% annualised, up from 2.2% in the third quarter. Consumption growth has picked up, capital spending is rising, exports are very strong and while the housing market is little more than flat, it has at least stopped collapsing. US Treasury yields were little changed over the first quarter, belying significant volatility during the period. The 10-year yield ended unchanged at 3.80%, falling to 3.56% on 8 February and peaking at 3.88% on 25 March. Early in the quarter, activity in the manufacturing sector, as well as January's fourth quarter gross domestic product (GDP) report exceeded expectations. However, the headline GDP number masked continuing weakness in the labour market and in consumer spending, both critical ingredients for sustained economic growth.

Market developments in the euro zone were dominated by the Greek fiscal situation and the volatility in the peripheral euro markets, and Greek government bonds came under severe pressure. While an agreement was eventually reached in which the EU and IMF would stand ready to provide funds to Greece to forestall a potential default, details were lacking. It was, however, sufficient to calm markets temporarily and equities benefited. As economic recovery continued, we saw industrial companies benefit, which have a high weighting within the German stock market. Materials was the best performing sector, with information technology also showing outperformance.

In Japan, equities were up 10.5% this month. A weakening yen improved the competitiveness of Japanese exporters and cheapened yen-denominated assets generally. The Bank of Japan doubled the amount of low-cost money it makes available to banks to encourage more loan growth. However, data suggested that business investment in particular is weaker than required for more sustained growth. The economy remains in deflation, with annual consumer price inflation at -1.1% in March.

The UK economy avoided a 'double dip' recession in the first quarter, with data showing quarter-on-quarter growth of 0.4%. Growth was driven by the services sector, in contrast to manufacturing which is struggling to return to pre-recession activity. UK equities rose 6.4% in line with the US markets, with miners providing leadership to the index as industrial metals prices rose. The UK budget was unveiled with measures to cut the deficit that were generally expected by investors. However, concern over the scale of UK public sector borrowing has contributed to continuing sterling weakness. Gilt yields ended March little changed from the end of December, having moved in a very tight range for much of the quarter.

Need more information?

Telephone our helpdesk on: 08457 244 244 or email: dchelpdesk.europe@blackrock.com or log on to our website: www.blackrock.co.uk/PensionsInvestmentOnly

Regulatory information

This document has been issued by BlackRock Advisors (UK) Limited, authorised and regulated by the Financial Services Authority, and is intended for UK DC members only.

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For data sourced prior to 1 December 2009 and attributed to BlackRock, note that BlackRock Advisors (UK) Limited was previously known as Barclays Global Investors Limited.

Fund performance

to 31 March 2010

The fund performance data on this factsheet is not a guide to future returns and may not be repeated.

Standardised yearly fund performance (% per annum)

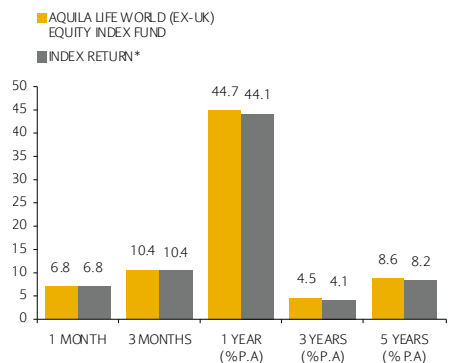
Period	31/03/05 31/03/06	31/03/06 31/03/07	31/03/07 31/03/08	31/03/08 31/03/09	31/03/09 31/03/10
Fund	30.1	2.0	-3.3	-18.5	44.7
Index	29.5	1.7	-3.6	-18.9	44.1

The table above shows individual years' performance for the fund and its benchmark, up to the end of the most recent month of March, June, September or December (known as quarter end).

As all fund managers are required to show this standardised performance data, it should help you to compare the past performance of different funds.

Annualised fund performance

to 31 March 2010



*FTSE All-World Developed Ex-UK Index
Units are valued at the close of business each working day and are bought and sold at a single unit price. No bid/offer spread is applied. Performance figures quoted are gross of fees. The returns above are calculated using a mid-pricing basis.