

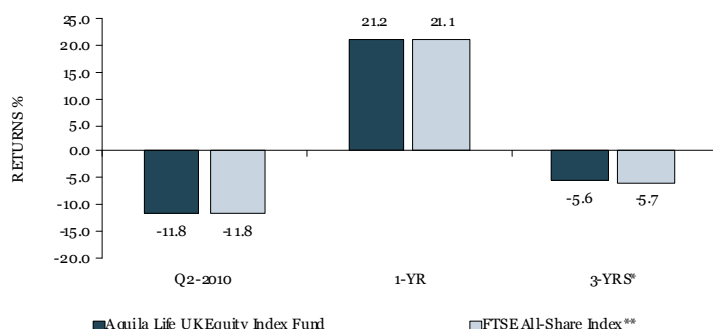
# Aquila Life UK Equity Index Fund

30 June 2010

FUND VALUE	NET NEW MONEY	NUMBER OF HOLDINGS
£18,655,592,270	£126,482,976	647

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 2010.\*\*

## Quarterly Commentary

The FTSE Regional Committee met on 9 June 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, 18 June 2010 and became effective on Monday, 21 June 2010.

There was a total of eighteen new additions to the FTSE All Share. The largest two additions Essar Energy and African Barrick Gold went straight into the FTSE 100. Some of the other larger additions included Centamin Egypt, SuperGroup and Promethean World

### FTSE 1% cumulative shares in issue change

Friday 18 June also saw the further implementation of the cumulative 1% changes to shares in issue rule. In all 101 UK stocks had cumulative changes in excess of 1% but of these the most significant were increases in Standard Chartered and decreases in AstraZeneca.

### Corporate Activity

In May National Grid issued nil paid rights to existing share holders at a rate of two for every five existing shares. In June the Fund payed the call to take up the new shares at a cost of £3.35 per share.

Over the quarter BP, one of the largest stocks in the Fund's benchmark suffered a noticeable decrease in share price value. This was a result of market reaction to the Deepwater Horizon oil spill disaster. At the beginning of the quarter BP was worth 6.9% of the Fund's benchmark compared with 4% at quarter end.

## Market Background

It was a very bad quarter for UK equities. The UK stock market was caught up in the negative sentiment that affected the euro zone, while investors have also wanted to see the new UK government tackle the UK's own sovereign debt problem. While the fairly austere emergency budget from the new government and their rather more austere rhetoric has been good for investors in UK bonds, it has not helped UK shares so far. Economists remain divided as to the wisdom of cutting spending aggressively this year.

LARGEST HOLDINGS	FUND %
HSBC Holdings Plc	7.1
Vodafone Group Plc	4.9
Royal DutchShell Plc - A Shares	4.0
BP Plc	4.0
GlaxoSmithKline Plc	4.0
Astrazeneca Plc	3.0
Rio Tinto Plc	3.0
Royal DutchShell Plc - B Shares	3.0
BritishAmerican Tobacco Plc	2.8
BHP Billiton Plc	2.6

Source: BlackRock.

### STOCK LENDING

ON LOAN	COLLATERAL	INCOME	RETURN(%) †
£2,588,252,379	£2,876,978,760	£5,622,519	0.007

Source: BlackRock.

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

†Non-Annualised

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