

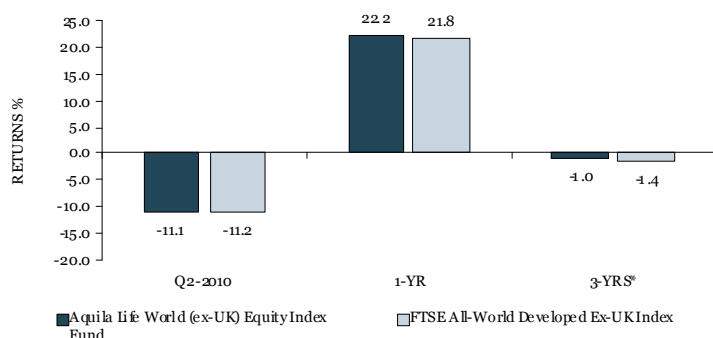
Aquila Life World (ex-UK) Equity Index Fund

30 June 2010

FUND VALUE	NET NEW MONEY	NUMBER OF HOLDINGS
£2,469,948,024	-£11,713,523	6

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 Aquila Life World Ex-UK Fund invests in shares of overseas companies (Europe, Japan, Israel, Pacific Rim, US and Canadian markets) according to the market capitalisation weights of the FTSE All-World Developed Ex-UK Index. Within each of those markets, the Fund aims to generate returns consistent with those of each country's primary share market. Tracking error within portfolios comes from a number of sources. The principal reasons include: allocation misweights against the index; costs associated with rebalancing, and 'cash drag'.

The contributions into or withdrawals out of the fund, changes to the construction of the benchmark and different market returns may cause the fund to move outside the +/- 1% bandwidths around the benchmark. The bandwidths used give optimum balance between close tracking and the cost of trading. To keep the portfolio in line with its benchmark, the fund is reviewed daily and rebalancing trades are placed in the event of an asset class breaching the bandwidths.

Market Background

The second quarter was a grim period for risk assets. Markets were spooked by several different factors: the sovereign debt crisis in southern Europe kept investors questioning the stability of the euro zone; concerns about a possible hard landing for the Chinese economy; tough financial regulation going through the US legislature and various other parliaments; and finally concern that the US economy was possibly sliding towards a double-dip recession. With all the negative sentiment towards profit prospects it was a good quarter for safe haven sovereign bond markets such as US Treasury Bonds.

HOLDINGS	FUND %
Aquila Life US Equity Index Fund	52.8
Aquila Life European Equity Index Fund	21.7
Aquila Life Japanese Equity Index Fund	10.8
Aquila Life Pacific Rim Equity Index Fund	9.8
Aquila Life Canadian Equity Index Fund	4.6
Aquila Life Israel Equity Index Fund	0.4

Source: BlackRock.

Performance

3 month performance returns for underlying asset classes

ASSET	FUND%	INDEX%	DIFF%
Aquila Life US Equity Index Fund	-10.3	-10.4	0.1
Aquila Life European Equity Index Fund	-14.4	-14.6	0.2
Aquila Life Japanese Equity Index Fund	-8.7	-8.7	0.0
Aquila Life Pacific Rim Equity Index Fund	-10.5	-10.5	0.0
Aquila Life Canadian Equity Index Fund	-9.9	-9.9	0.0
Aquila Life Israel Equity Index Fund	-17.4	-17.5	0.1

Source: BlackRock.

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