

Standard Life Balanced Manager of Managers Fund

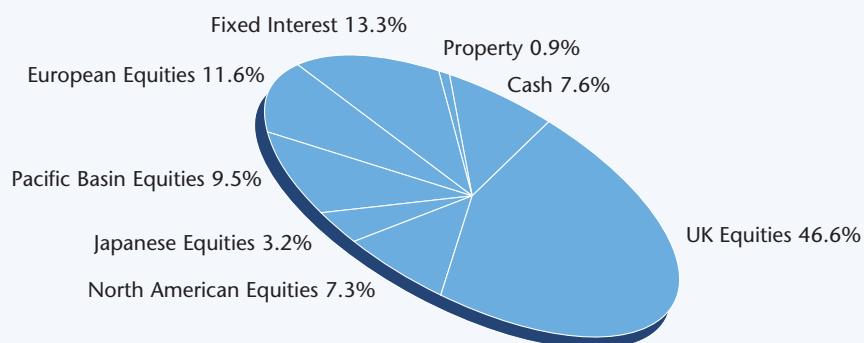
Quarterly Report 1 January to 31 March 2008

Fund Profile

The fund is primarily equity based containing a significant exposure to UK equities, with the remaining assets held in overseas equities, fixed interest stocks and property. Wilshire Associates undertakes extensive research and selects a number of fund managers within each asset class, blending managers with differing investment styles and market capitalisation biases. Wilshire monitors the selected managers to ensure a continued performance contribution over the market cycle in line with the manager's investment philosophy and process. Managers can be replaced if evolving organisational, personnel or other qualitative factors are likely to impact on the ability to achieve the benchmark objectives. Asset allocation reflects the balanced managed sector consensus as measured by Lipper. The asset mix is rebalanced regularly to reflect the consensus market view.

Composition of the Portfolio

as at 31 March 2008



UK Equity

| Largest Five Holdings | % |
|-----------------------|-----|
| Royal Dutch Shell | 6.4 |
| Vodafone | 6.1 |
| BP | 5.0 |
| GlaxoSmithKline | 4.7 |
| HSBC | 3.3 |

North American Equity

| Largest Five Holdings | % |
|-----------------------|-----|
| Exxon Mobil | 3.7 |
| Apple | 3.0 |
| Qualcomm | 2.4 |
| Monsanto | 2.0 |
| Chevron | 2.0 |

Pacific Basin Equity

| Largest Five Holdings | % |
|-----------------------|-----|
| BHP Billiton | 5.0 |
| China Mobile | 3.7 |
| Samsung Electronics | 2.5 |
| Rio Tinto | 2.4 |
| Woolworths | 2.0 |

European Equity

| Largest Five Holdings | % |
|-----------------------|-----|
| Total | 3.2 |
| France Telecom | 2.9 |
| Roche | 2.8 |
| Nestle | 2.3 |
| ENI | 2.2 |

Japanese Equity

| Largest Five Holdings | % |
|-----------------------|-----|
| Toyota Motor | 4.7 |
| Mitsubishi | 3.5 |
| East Japan Railway | 2.8 |
| Japan Tobacco | 2.5 |
| Mitsui Fudosan | 2.3 |

UK Bond

| Largest Five Holdings | % |
|-------------------------|-----|
| UK (Govt of) 6% 2028 | 6.8 |
| UK (Govt of) 4.25% 2032 | 3.8 |
| UK (Govt of) 4.5% 2013 | 3.6 |
| UK (Govt of) 4.75% 2038 | 3.5 |
| UK (Govt of) 4.75% 2010 | 3.1 |

Launch Date 15 March 2004

Lead Portfolio Manager Wilshire Associates

Sub-portfolio Managers

UK Equity Alliance Bernstein
Newton
Baillie Gifford
Neptune

European Equity Acadian
Clay Finlay
UBS

North American Equity Acadian
Delaware
Systematic
Victory

Japanese Equity New Star
Nomura

Pacific Basin Equity Clay Finlay
Principal Global Investors

UK Bond Baillie Gifford
Royal London

Global Bond Rogge
Mondrian

Total MoM Funds Under Management £360.12m

The above figures represent the Top 5 holdings and percentages within the underlying funds.

Investment Review & Outlook

Environment

European markets tracked the downward trajectory of their global counterparts over the first quarter of the year. Persistent fears of a US recession and the prospect of further substantial writedowns from banks helped to produce a markedly risk-averse environment.

US equities continued to face significant headwinds during the quarter, not least the ongoing distress in the financial sector and questions over a potential US recession. Interest rates were cut three times during the period to stand at 2.25%, 2% lower than at the start of the year. This included an emergency intra-meeting cut of 0.75% in January. The Fed also showed that it had other measures at its disposal to bolster markets, announcing several new facilities to extend credit to banks and other US financial institutions.

Concerns over the global economic outlook and credit markets had a negative impact on the Japanese market during the first quarter. Despite relatively low exposure to western financial markets, Japanese equities were nonetheless depressed by the ongoing liquidity crunch.

Activity

In Europe, Reed Elsevier, an information and solutions provider for professional publishers, was purchased based on a positive business structure and environment. Novartis was added on the basis of predicted growth acceleration, as it is on the right side of worldwide healthcare reform and has growth potential.

Top purchases within the US equity portion of the Fund included Expeditors, based on its growth prospects and business fundamentals. ConocoPhillips was a further addition on a positive forward valuation basis. The Fund's managers purchased Visa for its growth prospects and strong business fundamentals.

Nippon Telephone & Telegraph was purchased on the basis of valuation and a belief that telecoms is a favoured sector during recession, providing a safe haven. Shiseido, a cosmetics company, was purchased as a defensive position given the current economic environment.

Outlook

European markets remain vulnerable to earnings downgrades and slowing consumer activity, against a backdrop of deteriorating global credit conditions. In addition, liquidity within the banking sector is still extremely constrained.

US equities remain susceptible to the unsettled market environment as investors wait to see whether the current credit crisis will develop into a widespread downturn. In particular, financial stocks and those exposed to the consumer are vulnerable to falls. However, the market continues to be supported by improving valuations and easy monetary policy.

The Japanese market is attractively valued, both on an historic basis and compared with other markets. This reflects fears of a slowdown, as well as concerns on Japan's ability to deal with structurally higher input costs. Renewed growth in the US is a primary catalyst for Japan to move forward, but with no Japan-specific triggers, the market could continue to drift.

Performance Commentary

Stock selection in European healthcare and telecom services sectors contributed positively, however, stock selection in the consumer staples sector offset the returns. In the healthcare sector, the Fund's positive contributors were Sanofi-Aventis and Stada Arzneimittel.

Performance Commentary (cont'd)

Within the US section of the portfolio, the Fund's overweight exposure to IT was the worst performing sector year to date.

Performance Commentary (cont'd)

In the Japanese consumer discretionary sector, the Fund held Yamaha Motor, which detracted due to a stronger yen, along with slower demand from US consumers. In the consumer staples sector, the main detractor was Japan Tobacco, although the retreat had no obvious trigger.

Fund Performance

| 1 Apr 07 – 31 Mar 08 | 1 Apr 06 – 31 Mar 07 | 1 Apr 05 – 31 Mar 06 | 1 Apr 04 – 31 Mar 05 | 1 Apr 03 – 31 Mar 04 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| -7.0% | 7.9% | 26.6% | - | - |

| | Balanced MoM Fund | CAPs Balanced |
|--------------|----------------------|------------------|
| 1 Year | -7.0% | -2.8% |
| 3 Years | 8.3% | 9.9% |
| Since Launch | 9.4% | - |

Figures quoted are calculated gross of charges and on a bid to bid basis over the stated periods to 31 March 2008.

Source: Russell/Mellon CAPS and Standard Life Investments.

Past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Investment Market Line

If you would like more details on our current market views please call:

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