

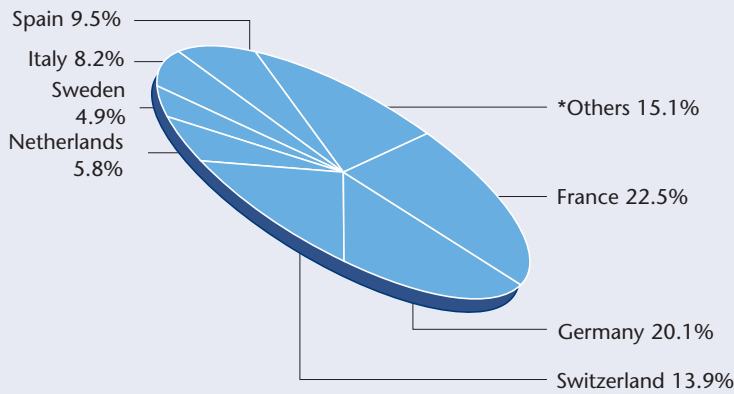


# European Equity Tracker Fund – March 2008

## Fund Description

The European Equity Tracker Fund aims to closely track the performance of the FTSE World European ex UK Index, allowing for reinvestment of dividends (but gross of charges and withholding tax). The Fund invests in a broad spread of European equities. The tracking method used is full replication, so that every constituent of the FTSE World European ex UK Index is held at the appropriate weight.

### Composition of Portfolio as at 31 March 2008



\*Others Include Net Current Assets

**Fund Manager** David Kirkpatrick  
**Launch Date** June 2002  
**Current Fund Size** £75m

Source: Standard Life Investments

Top Ten Holdings		(%)
1	Nestle	3.0
2	Total	2.7
3	Telefonica	2.1
4	Roche	2.0
5	Banco Santander Central Hispano	1.9
6	E.ON	1.8
7	Nokia	1.8
8	Novartis	1.8
9	Siemens	1.5
10	ENI	1.4
<b>Assets in top ten holdings</b>		<b>20.0</b>



# Investment Review & Outlook

## Environment

European markets tracked the downward trajectory of their global counterparts over the first quarter of the year, amid fears of a US recession and further writedowns from banks. In March, Euro-zone inflation surged to a 14-year high, while the European Central Bank kept interest rates on hold at 4%. Despite signs that the strength of the euro had started to hurt European exporters, business confidence surveys suggested resilient economic activity, while the region's manufacturing data pointed to only a slight dip in growth.

## Activity

The European Equity Tracker Fund aims to closely track the performance of the FTSE World Europe ex UK Index, allowing for reinvestment of dividends (but before deduction of charges). The Fund invests in a broad spread of European equities. The tracking method used is full replication, so that every constituent of the FTSE World Europe ex UK Index is held at the appropriate weight.

## 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. However, despite the increasing amount of downgrades, many companies across Europe are still reporting robust results with confident outlook statements. Emerging market growth should also provide ongoing support for European equities.

## Performance Commentary

During the first quarter of 2008, the European Equity Tracker Fund returned -7.5% against the FTSE World European ex UK Index return of -7.4%. Over the year to 31 March 2008, the Fund returned 2.8%, against the index return of 2.8%.

Please note this performance is gross of the management fee of 0.15% per annum and also gross of the estimated withholding tax effect of around 0.36% per annum.

## Fund Performance

	Q1 (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)
	-7.5	2.8	16.2	20.6

	Year to 31/03/2008	Year to 31/03/2007	Year to 31/03/2006	Year to 31/03/2005	Year to 31/03/2004
	(%)	(%)	(%)	(%)	(%)
<b>European Equity Tracker Fund</b>	2.8	12.3	35.8	18.7	37.4
<b>FTSE World Europe ex UK</b>	2.8	12.4	36.0	18.6	36.9

## Investment Market Line

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

**0845 60 60 062**

Performance figures are calculated on a gross basis over the periods to 31/03/08. They do not allow for the deduction of any charges or withholding tax.

Source: Standard Life Investments

Note: Past performance is not necessarily a guide to future performance and the value of units can go down as well as up.

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