

Standard Life European Equity Manager of Managers Fund



Quarterly Report 1 January to 31 March 2008

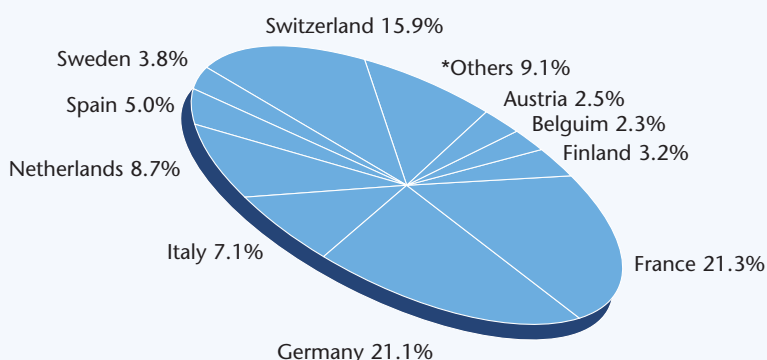
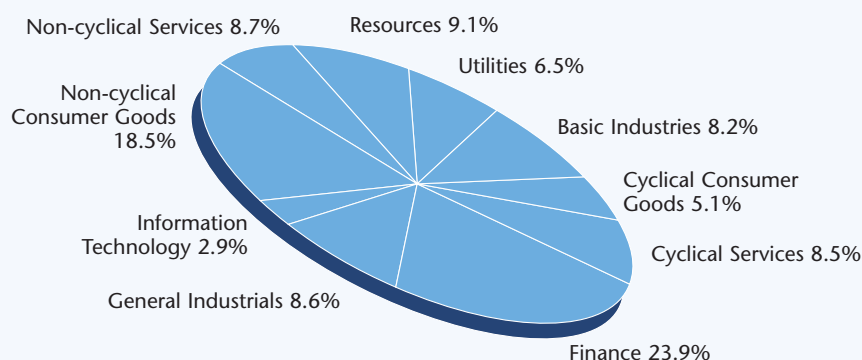
Fund Profile

The objective of the fund is to provide capital appreciation, investing in an actively managed portfolio of mainly European equities. Wilshire Associates researches and selects a number of European equity fund managers with a view to 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. Diversification across differing fund manager philosophies allows investors to mitigate exposure to any one manager style. The aim is for the annualised investment performance to exceed the MSCI Europe ex-UK Index over rolling three-year periods.

Composition of the Portfolio

as at 31 March 2008

Economic Breakdown



*Others is the sum of those sectors <2.0%

Launch Date 15 March 2004

Benchmark Index MSCI^{MS} Europe ex-UK Index

Lead Portfolio Manager Wilshire Associates

Sub-portfolio Managers Acadian
Clay Finlay
UBS

Total MoM Funds Under Management £360.12m

Largest Ten Holdings

Assets in largest ten holdings	%
Total	23.0
France Telecom	3.2
Roche	2.9
Nestle	2.8
ENI	2.3
Novartis	2.2
E.On	2.1
Deutsche Boerse	2.0
Heineken	1.9
Koninklijke	1.9
	1.7

Market Cap Breakdown

Market Cap	%
FTSE Large Cap	92.1
FTSE Mid Cap	7.7
FTSE Small Cap	0.2

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. As a result, investor attention focused on defensive stocks, such as pharmaceuticals. The mining sector also performed well, buoyed by consolidation and rising commodity prices. Financials were among the worst performers, undermined by worries over the debt ratings of bond insurers, equity derivatives fraud at Société Générale and, latterly, the liquidity crisis at Bear Stearns.

In March, Euro-zone inflation surged to a 14-year high of 3.5%, on the back of rising global food and energy prices. However, the European Central Bank once again kept interest rates on hold at 4%, as the European Commission lowered its 2008 growth forecast for the region amid ongoing credit market turmoil and slowing US growth. There were also signs that the continued strength of the euro had started to seriously impact European exporters.

Environment (continued)

Despite this, business confidence surveys suggested resilient economic activity, while the region's manufacturing data pointed to only a slight moderation in growth.

Activity

Reed Elsevier, an information and solutions provider for professional publishers, had held up well in the current market environment and was purchased based on strong business fundamentals. 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. Bouygues was one of the top sales this month because of surfacing margin pressure while the company fights to regain market share in the wireless telecommunications market. Analysts hold a neutral forecast for Teliasonera, a Swedish telecoms company and shares were sold down in order to reduce the Fund's position from overweight to neutral. The portfolio still has exposure to Iberdrola Renovabl, however, through its Iberdrola holding.

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.

Performance Commentary

The European Equity Manager of Managers Fund performance tracked the index into negative territory for the quarter. Stock selection in the healthcare and telecom services sectors contributed positively, while 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.

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
4.7%	13.2%	38.2%	-	-

	European Equity MoM Fund	Benchmark Index	CAPs Europe ex UK
1 Year	4.7%	2.5%	-0.2%
3 Years	17.9%	16.1%	15.7%
Since Launch	17.5%	15.8%	-

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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