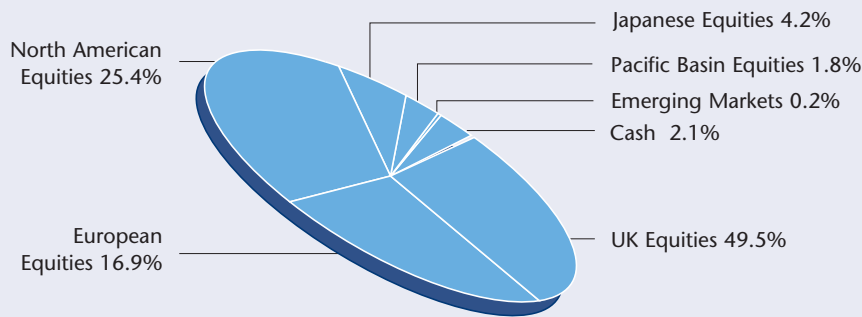


# Global Equity 50:50 Fund – June 2008

## Fund Profile

The Global Equity 50:50 Fund is an equity fund split equally between the UK and overseas equity markets. The proportions held are decided after reviewing the prospects for each market and will vary from time to time around the long term strategic asset allocation of 50% in UK equities and 50% in overseas equities weighted by global market capitalisation as defined by the MSCI World ex UK Index<sup>SM</sup>.

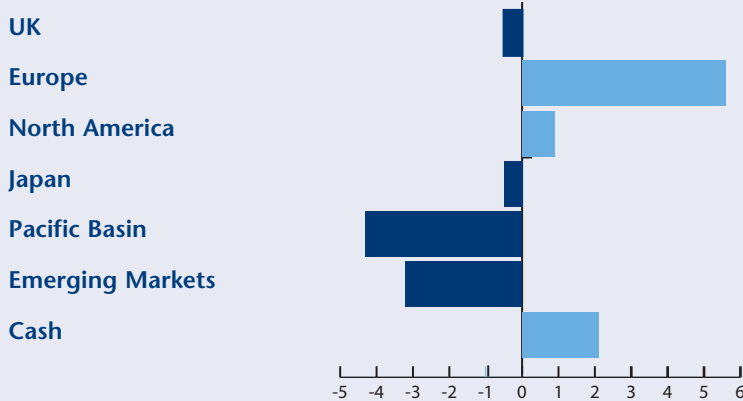
### Composition of Portfolio as at 30 June 2008



<b>Fund Manager</b>	Matt Savage
<b>Launch Date</b>	September 2002
<b>Current Fund Size</b>	£312m
<b>Volatility</b>	11.9

Source: Standard Life Investments

### Sector Portions Relative to the Blended Benchmark: 50% FTSE All-Share Index/50% MSCI World ex UK (£)



Top Ten Holdings	(%)
BP	5.1
Royal Dutch Shell	3.4
HSBC Holdings	2.7
Vodafone Group	2.7
Royal Bank of Scotland Group	2.3
Anglo American	2.2
Xstrata	2.1
GlaxoSmithKline	2.0
Exxon Mobil Corp	1.6
BHP Billiton	1.4
<b>Assets in top ten holdings</b>	<b>25.5%</b>

# Investment Review & Outlook

## Environment

Global equity markets ended the second quarter near their March lows, as early optimism gave way to renewed credit fears and economic concerns. In April, sentiment improved on tentative signs that central bank actions to solve the credit crisis were starting to take effect. However, from mid-quarter onwards, markets turned lower, as weak economic data and rising inflation combined to unnerve investors. The UK equity market also retreated in the second quarter, as further asset writedowns and cash calls by banks crushed early optimism.

## Activity

In the UK, we reduced our exposure to the mining sector after a period of strong outperformance, taking profits in BHP Billiton, Vedanta Resources and Kazakhmys. Looking overseas, we bought Deutsche Bank, as the market is too pessimistic on the company, and Spanish bank BBVA, which appears well positioned to take advantage of its strong position in Mexico. In Japan, we bought Asahi Glass, as we believe profit margins in its core LCD glass substrate business can rise beyond current levels, amid buoyant volume growth. Meanwhile, in the US, we sold engineering contractor Shaw Group over concerns that its management is compromising on contract prices to win business.

## Outlook

During periods of interest rate uncertainty and an unclear economic outlook, markets are subject to bouts of volatility and risk aversion. Volatility has provided some valuation opportunities but markets need a resolution to credit concerns and certainty over the path of the global economy in order for a sustained rally. Regarding the UK, macroeconomic factors will continue to buffet the stock market over coming months, as investors fret over the slowing economy and rising inflation. The effects of the credit crisis on the financial system and wider economy will continue to drive volatility and risk aversion. Over the longer term, a resolution of the credit crisis and a fall in inflation will be key triggers for a recovery.

## Performance Commentary

During the second quarter of 2008, the Global Equity 50:50 Fund returned -1.4% against the 50% FTSE All Share Index/50% MSCI World ex UK Index return of -1.5%. Over the year to 30 June 2008, the Fund returned -11.4%, against the index return of -11.1%.

In the UK, oil and commodity prices advanced, benefiting our holdings in BP, BHP Billiton and Xstrata. A stronger-than-expected trading update from industrial engineer Invensys also helped. On the downside, banks continued to come under pressure, with holdings in Royal Bank of Scotland, Barclays and HBOS detracting from

performance. Within the overseas portfolio, our underweight position in General Electric provided a significant boost to relative returns, after the company reported surprisingly negative results. StatoilHydro also benefited performance, as the company profited from surging oil prices, while good data on its Alzheimer's product helped our holding in Elan.

## Fund Performance

Q2	1 Year	3 Years	5 Years	Since Inception
(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
-1.4	-11.4	8.8	11.6	10.0

	Year to 30/06/2008	Year to 30/06/2007	Year to 30/06/2006	Year to 30/06/2005	Year to 30/06/2004
	(%)	(%)	(%)	(%)	(%)
<b>Global Equity 50:50 Fund</b>	-11.4	21.1	20.2	16.7	15.3
<b>Benchmark*</b>	11.1	16.8	17.3	15.9	15.0

\* Benchmark: 50% FTSE All Share Index / 50% MSCI Dev World ex UK to 19/06/02, 50% FTSE All Share Index / 50% AW World ex UK to 31/03/07, 50% FTSE All Share Index / 50% MSCI World ex UK thereafter

## 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 30/06/08. They do not allow for any charges which may be deducted.

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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