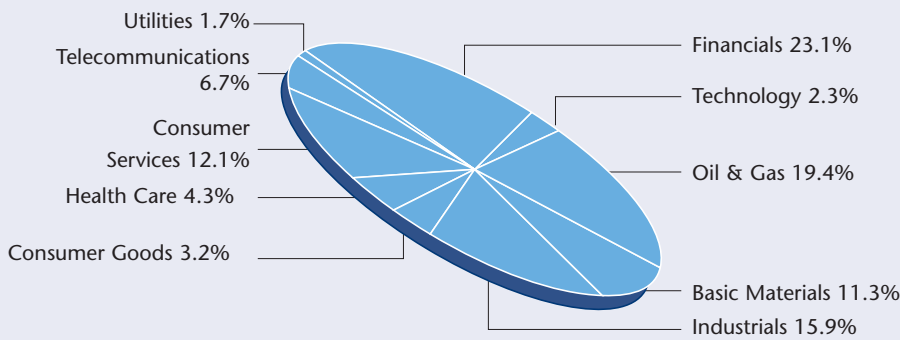


Institutional UK Equity Select Fund - June 2008

Fund Description

The Institutional UK Equity Select Fund invests in a fairly concentrated portfolio of UK equities and therefore adopts more aggressive stock and sector positions than those in the UK Equity Fund. As a result the Fund has higher risk/return characteristics than the UK Equity Fund.

Composition of Portfolio as at 30 June 2008



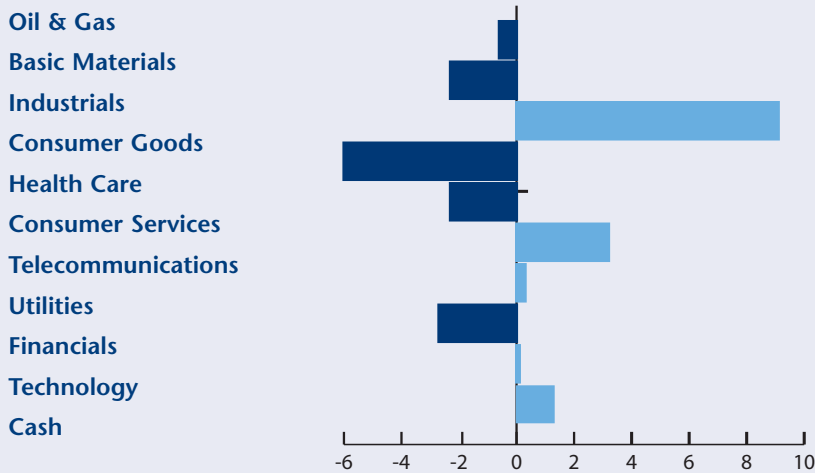
| | |
|------------------------------|---------------|
| Fund Manager | David Cumming |
| Launch Date | April 2000 |
| Current Fund Size | £1,200m |
| Alpha | 0.07 |
| Beta | 1.07 |
| Volatility | 12.1 |
| Tracking Error Range* | 4.0 - 8.0% |

Volatility is the annualised standard deviation of monthly total returns over the last 36 months.

*Indication of current normal parameters, and may change without notice.

Source: Standard Life Investments

Sector Portions Relative to the FTSE All-Share (%)



| Top Ten Holdings | (%) |
|-----------------------------------|--------------|
| BP | 11.9 |
| Royal Dutch Shell | 7.9 |
| Royal Bank of Scotland Group | 7.0 |
| Vodafone Group | 5.9 |
| HSBC Holdings | 4.1 |
| GlaxoSmithKline | 3.9 |
| Xstrata | 3.6 |
| Barclays | 3.5 |
| BHP Billiton | 2.6 |
| Anglo American | 2.5 |
| Assets in top ten holdings | 52.9% |

Investment Review & Outlook

Environment

The UK stock market retreated in the second quarter, led by financial and consumer related stocks. Further asset writedowns and cash calls by banks crushed the nascent optimism early in the period. Meanwhile, surging fuel, food and commodity prices led the Bank of England to issue more inflation-focused rhetoric. Economically sensitive stocks suffered as a result, with consumer services, consumer goods and industrials among the worst performing sectors after banks.

Activity

We reduced our exposure to the mining sector after a period of strong outperformance, taking profits in BHP Billiton, Vedanta, and Kazakhmys. We purchased several stocks where valuations were being negatively impacted by UK economic pessimism despite robust financial positions and positive management meetings, including Michael Page, Kesa and Home Retail Group. Following a positive trading update boosted performance, we locked in profits from Aggreko. Likewise, we took profits in National Grid after robust performance resulted in a stretched valuation.

Outlook

Macroeconomic factors will continue to buffet the UK stock market over the coming months, as investors focused on 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. The current environment provides some compelling investment opportunities, but effective stock selection will remain critical.

Performance Commentary

During the second quarter of 2008, the Institutional UK Equity Select Fund returned -7.1% against the FTSE All Share Index return of -1.4%. Over the year to 30 June 2008, the Fund returned -20.9%, against the index return of -13.0%.

Banking stocks continued to suffer on the back of further asset writedowns and concern over the economic outlook. Our heavy positions in Royal Bank of Scotland, Barclays and HBOS detracted from performance. Economically sensitive stocks were weak due to the falling

housing market and rising inflation, holding back our positions in Taylor Wimpey, Persimmon and Galiform. However, oil and commodity prices advanced, benefiting our holdings in oil and mining companies such as BP, BHP Billiton and Xstrata.

Fund Performance

| Q2 | 1 Year | 3 Years | 5 Years | Since Launch |
|------|--------|----------|----------|--------------|
| (%) | (%) | (% p.a.) | (% p.a.) | (% p.a.) |
| -7.1 | -20.9 | 6.9 | 13.1 | 7.8 |

| | 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 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | (%) | (%) | (%) | (%) | (%) |
| Institutional UK Equity Select Fund | -20.9 | 22.3 | 26.2 | 21.7 | 24.8 |
| FTSE All Share | -13.0 | 18.4 | 19.7 | 18.7 | 16.9 |

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 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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