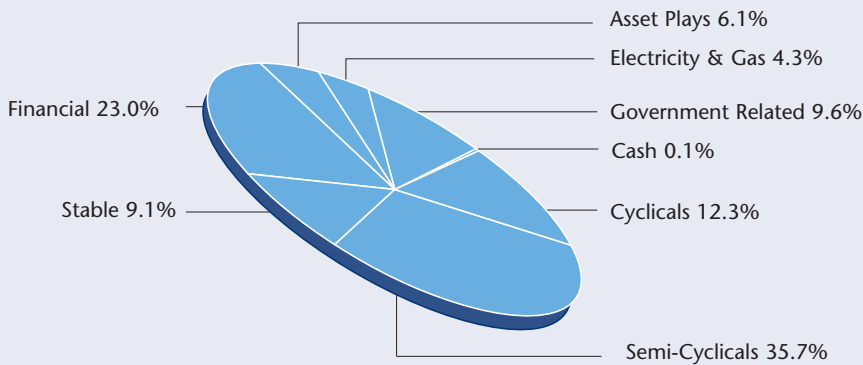


Japanese Equity Tracker Fund – June 2008

Fund Profile

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

Composition of Portfolio as at 30 June 2008



Fund Manager David Kirkpatrick
Launch Date June 2002
Current Fund Size £35m

Source: Standard Life Investments

Top Ten Holdings	(%)
Toyota Motor Corp	4.7
Mitsubishi UFJ Financial Group Inc	3.5
Canon Inc	2.5
Nintendo Co Ltd	2.2
Sumitomo Mitsui Financial Group Inc	2.1
Matsushita Electric Industrial Co Ltd	1.9
Honda Motor Co Ltd	1.7
Sony Corp	1.6
Mitsubishi Corp	1.5
Mizuho Financial Group Inc	1.5
Assets in top ten holdings	23.4



Investment Review & Outlook

Environment

Japan was the only major stock market to post positive returns during the quarter, benefiting from its limited exposure to western credit markets. The period, nevertheless, was volatile for Japanese equities. Domestic economic data had a weaker tone and there was evidence that corporate profitability had deteriorated sharply, as higher input costs and the negative impact of the stronger yen had squeezed company earnings. Encouraged by low valuations and the corporate sector's defensive qualities, foreign investors showed renewed interest in Japan.

Activity

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

Outlook

The US remains the most important demand driver for Japan and renewed growth there is unlikely in the near term. In the absence of a domestic catalyst, the market could lack direction. Demand from emerging economies, however, is supportive. The Japanese market is attractively valued against other markets and also compared historically. The valuations of many Japanese stocks already reflect a regional slowdown and provide compelling investment opportunities.

Performance Commentary

During the second quarter of 2008, the Japanese Equity Tracker Fund returned 2.2% against the FTSE World Japan Index return of 2.3%. Over the year to 30 June 2008, the Fund returned -11.0%, against the index return of -11.1%.

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

	Q2 (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	
	2.2	-11.0	4.5	8.8	
	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 (%)
Japanese Equity Tracker Fund	-11.0	-2.1	31.0	-0.2	33.6
FTSE World Japan	-11.1	-2.2	30.5	-0.2	33.3

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 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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