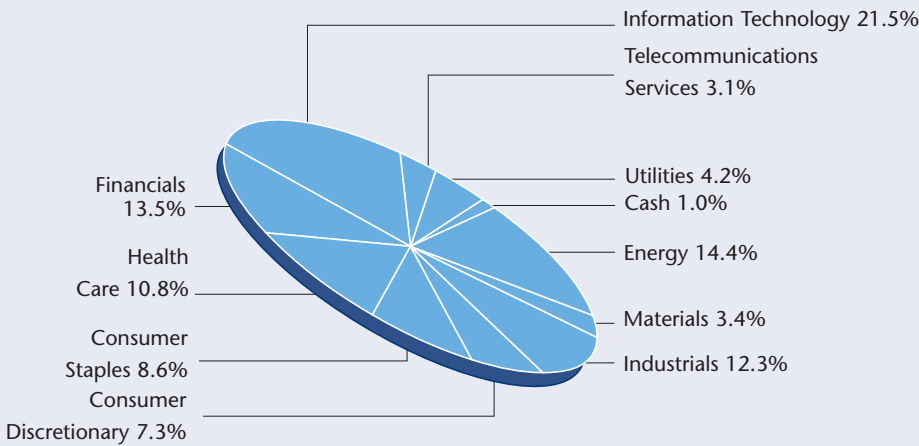


North American Fund - June 2008

Fund Description

The North American Fund is invested in a portfolio of shares representing a wide variety of industries in North America, principally in the US.

Composition of Portfolio as at 30 June 2008

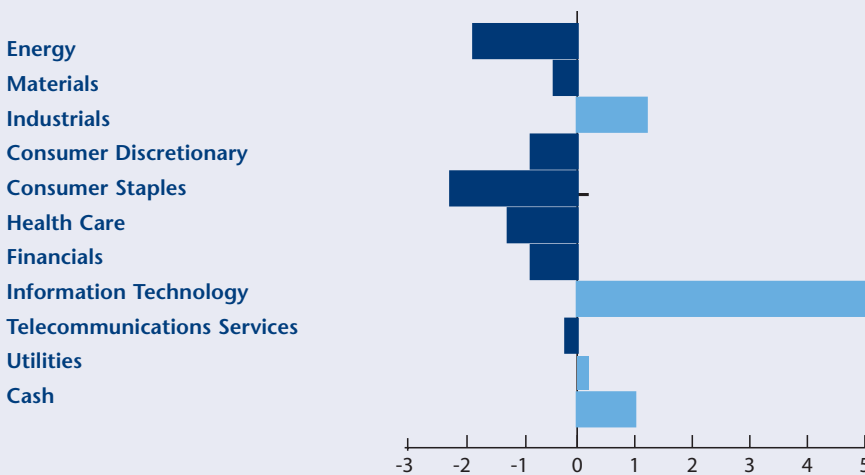


Fund Manager	Jeff Morris
Launch Date	July 1988
Current Fund Size	£464m
Alpha	0.03
Beta	0.98
Volatility	12.5
Tracking Error Range*	3.0 - 6.0%

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 S&P 500 (%)



Top Ten Holdings	(%)
Exxon Mobil Corp	4.1
Apple Inc	2.5
AT&T Inc	2.2
Weatherford International	2.2
Monsanto Co	2.0
Schlumberger	2.0
Hewlett-Packard	2.0
Union Pacific	1.8
Gilead Sciences Inc	1.8
Baxter International Inc	1.8
Assets in top ten holdings	22.3

Investment Review & Outlook

Environment

US equities staged an early rally before later retreating, on concerns over the health of financials and the seemingly inexorable rise in the oil price. Energy stocks advanced over the period, while banks and brokers fell. The Federal Reserve cut interest rates early in the quarter in an attempt to avoid recession. However, this response was only moderately successful, as US home sales continued to trend downwards, unemployment rose substantially and consumer confidence reached its lowest level for 16 years.

Activity

We initiated a position in financial services company State Street, as its depressed valuation did not reflect its favourable global growth opportunities. We also bought technology firm Seagate, on optimism that the company's hard disk sales could surprise the market. Our holding in Shaw Group was eliminated, over concerns that its management is compromising on contract prices in an attempt to win business. We took profits in genetic research company Affymetrix, which saw a significant decline in demand for its products.

Outlook

Investors will continue to adopt a risk-averse stance while crucial questions surrounding the health of the US economy remain unresolved. These include the sustainability of higher commodity costs, the resilience of consumer spending in the face of rising inflation and, ultimately, the possibility of recession. Meanwhile, the debate over corporate credit quality looks set to continue. On the upside, the ongoing strength of overseas consumption should provide some support to US corporate profitability.

Performance Commentary

During the second quarter of 2008, the North American Fund returned 1.7% against the S&P 500 Composite Index return of -2.9%. Over the year to 30 June 2008, the Fund returned -7.9%, against the index return of -12.4%.

Our investment in oil services company Weatherford International significantly boosted Fund returns, as the stock rallied

amid surging oil prices. Coal producer Consol Energy helped performance, profiting from rising prices on the back of a tighter global coal market. Meanwhile, a takeover bid bolstered our holding in Mentor Graphics. ITT Corp also advanced on the strength of its buoyant first-quarter numbers, while our position in fertilizer and seed company Bunge made a positive contribution as the firm delivered robust results across all business lines. On the

downside, certain financial investments dented returns. For example, Lehman Brothers retreated on market concerns over asset valuations and capital levels, while Zions Bancorp was also negative, as rising credit losses undermined investor confidence. Despite these stock-specific detractors, overall Fund performance benefited from our underweight positions in financials throughout the quarter.

Fund Performance

	Q2	1 Year	3 Years	5 Years	10 Years
	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
	1.7	-7.9	2.8	4.6	0.7
	Year to	Year to	Year to	Year to	Year to
	30/06/2008	30/06/2007	30/06/2006	30/06/2005	30/06/2004
	(%)	(%)	(%)	(%)	(%)
North American Fund	-7.9	15.4	2.2	8.7	5.9
S & P 500 Composite	-12.4	11.2	5.3	7.6	8.4

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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