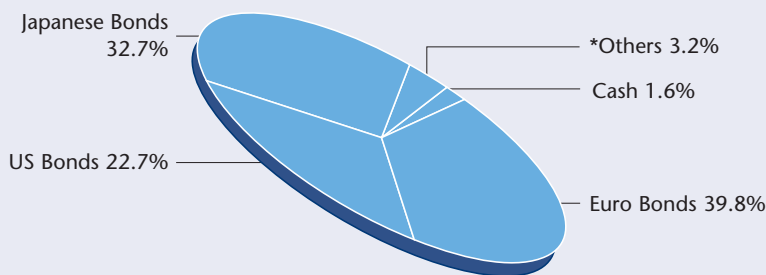


Overseas Bond Tracker Fund – June 2008

Fund Description

The Overseas Bond Tracker Fund aims to closely track the performance of the JPMorgan Global Government Bonds ex UK Index, allowing for reinvestment of income (but before deduction of charges). The Fund invests in the constituents of the JPMorgan Global Government Bonds ex UK Index.

Composition of Portfolio as at 30 June 2008



*Others Include Net Current Assets

Fund Manager David Kirkpatrick
Launch Date June 2002
Current Fund Size £753m

Source: Standard Life Investments

Top Ten Holdings	(%)
France 5.5% 2010	5.5
Japan 0.9% 2009	4.7
Japan 0.8% 2010	4.5
Japan Two Year Bond 0.6% 2010	4.5
Japan 1.4% 2015	3.6
Republic of Germany 3% 2010	3.5
US Treasury 4.625% 2016	3.5
Germany (Fed Rep) 5% 2012	3.4
US Treasury 5.375% 2031	3.3
US Treasury 4.25% 2013	3.3
Assets in top ten holdings	39.9

Investment Review & Outlook

Environment

Global government bond markets endured a difficult start to the quarter. A recovery in risk appetite supported equity markets and corporate bonds, and undermined the valuations of government bonds that had remained under pressure since the US Federal Reserve stepped into support Bear Stearns in March. Towards the end of the quarter, government bond market returns were mixed, as inflation concerns wrestled with economic growth worries. Continued concerns about the potential inflationary implications of sharply rising energy and food prices weighed on bond market valuations, as investors continued to re-assess the potential for central banks to ease policy in this environment.

Activity

The Overseas Bond Fund aims to track the total return achieved by the JPM Global Government Bonds ex-UK Bonds Index gross of fees (allowing for interest to be invested), by investing in a wide spread of assets which are constituents of the index.

The Fund operates on a stratified sampling basis with the constraint of keeping country, currency, yield, coupon, and duration in line with the index, so any difference between the underlying value of the Fund and the value of the benchmark, known as tracking error, will be kept to a minimum.

Outlook

Looking ahead, the outlook remains positive for the global fixed income market as slowing growth should eventually filter through to a moderating pace of headline inflation. However, at present the deteriorating liquidity environment is the most dominant factor driving valuations. From a short-term perspective, investors are likely to be interested in the relative value within the developed markets on the basis of how much policy tightening is priced in relative to what is likely to be delivered in reality.

Performance Commentary

During the second quarter of 2008, the Overseas Bond Tracker Fund returned -4.4% against the JPM Global Government Bonds ex-UK Index return of -4.5%. Over the year to 30 June 2008, the Fund returned 18.6%, against the index return of 18.5%.

Please note this performance is gross of the management fee of 0.125% per annum and also gross of the estimated withholding tax effect of around 0.04% per annum.

Fund Performance

	Q2	1 Year	3 Years	5 Years
	(%)	(%)	(% p.a.)	(% p.a.)
	-4.4%	18.6%	2.5%	2.3%

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.

	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
	(%)	(%)	(%)	(%)	(%)
Overseas Bond Tracker Fund	18.6%	-5.7%	-3.7%	8.6%	-4.1%
JP Morgan Global Bonds EX UK	18.5%	-5.6%	-3.9%	9.0%	-4.3%

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