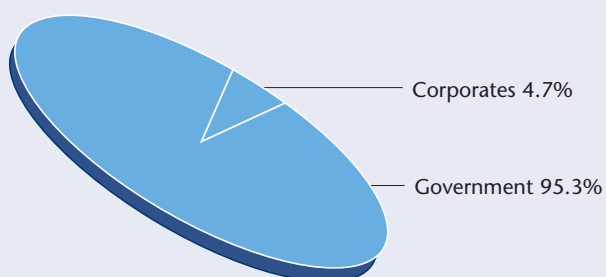


Overseas Fixed Interest Fund - June 2008

Fund Description

The Overseas Fixed Interest Fund provides exposure to a range of worldwide bond markets. As with other bond funds, although the income from fixed interest stocks is fixed, the price of the underlying assets can go down as well as up.

Fund Distribution by Asset Class as at 30 June 2008

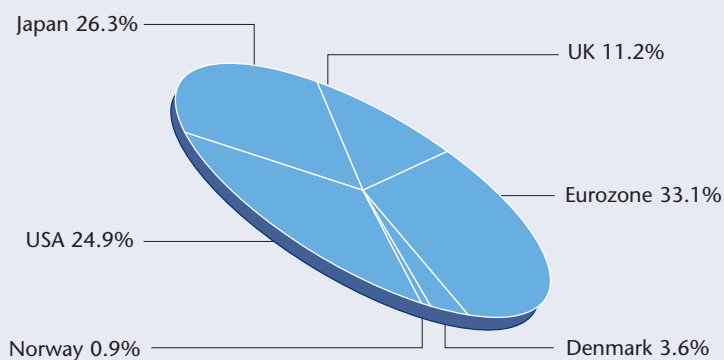


Fund Manager	Gregor MacIntosh
Launch Date	June 1998
Current Fund Size	£326m
Volatility	6.7%
Yield	4.3%
Duration	7 years

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

Source: Standard Life Investments

Fund Distribution by Country as at 30 June 2008



Top Ten Holdings	(%)
Japan (Govt of) 0.7% 2009	6.5
US Treasury 3.875% 2009	6.3
US Treasury 4.875% 2011	5.9
Japan Finance 1.35% 2013	5.0
Germany (Fed Rep) 3.5% 2011	4.7
Germany (Fed Rep) 5.25% 2011	4.6
Finland (Rep of) 5.375% 2013	4.3
US Treasury 3.625% 2013	4.2
Spain (Kingdom of) 5.35% 2011	4.0
US Treasury 3.625% 2013	3.5
Assets in top ten holdings	49.0

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

During the early part of the quarter, we initiated a long Australian 10-year position versus the US Treasury market as we believed the Australian central bank were unlikely to fulfill market expectations of further monetary policy tightening. We further increased this position later in the quarter, funding the move by taking profits on our overweight position in US Treasuries. Although we have a positive fundamental view on the market we traded duration on a tactical basis in recognition of the high levels of market volatility which was exacerbated by de-leveraging activity by investment banks.

Outlook

Looking ahead, our outlook remains positive for the global fixed income market as we expect slowing growth will 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, we are interested in 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 Fixed Interest Fund returned -5.3% against the JPM Global Government Bonds Index return of -4.5%. Over the year to 30 June 2008, the Fund returned 16.9%, against the index return of 17.7%.

The Fund's performance over the quarter was hindered by our expectation that growth concerns would dominate inflation concerns. As a consequence our overweight exposure to short dated assets weighed on relative performance. In contrast performance was

supported by our long position in New Zealand short rates and our long position in US dollars versus the New Zealand currency.

Fund Performance

	Q2	1 Year	3 Years	5 Years
	(%)	(%)	(% p.a.)	(% p.a.)
	-5.3	16.9	2.0	2.4
	Year to	Year to	Year to	Year to
	30/06/2008	30/06/2007	30/06/2006	30/06/2005
	(%)	(%)	(%)	(%)
Overseas Fixed Interest Fund	16.9	-5.3	-4.1	10.3
				-3.8
JP Morgan Global Bonds	17.7	-5.3	-3.7	9.1
				-4.1

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.

Standard Life Investments Limited, tel. +44 131 225 2345, a company registered in Scotland (SC 123321) Registered Office 1 George Street, Edinburgh EH2 2LL.

The Standard Life Investments group includes Standard Life Investments (Mutual Funds) Limited, SLTM Limited, Standard Life Investments (Corporate Funds) Limited and SL Capital Partners LLP. Standard Life Investments Limited acts as Investment Manager for Standard Life Assurance Limited and Standard Life Pension Funds Limited. Standard Life Assurance Limited, registered in Scotland (SC286833) Standard Life House 30 Lothian Road Edinburgh EH1 2DH. Tel. +44 131 225 2552.

Standard Life may record and monitor telephone calls to help improve customer service. All companies are authorised and regulated by the Financial Services Authority.

©2008 Standard Life Investments. www.standardlifeinvestments.com

INVCP 33 0608