

# Standard Life Pacific Basin Equity Manager of Managers Fund



Quarterly Report 1 January to 31 March 2008

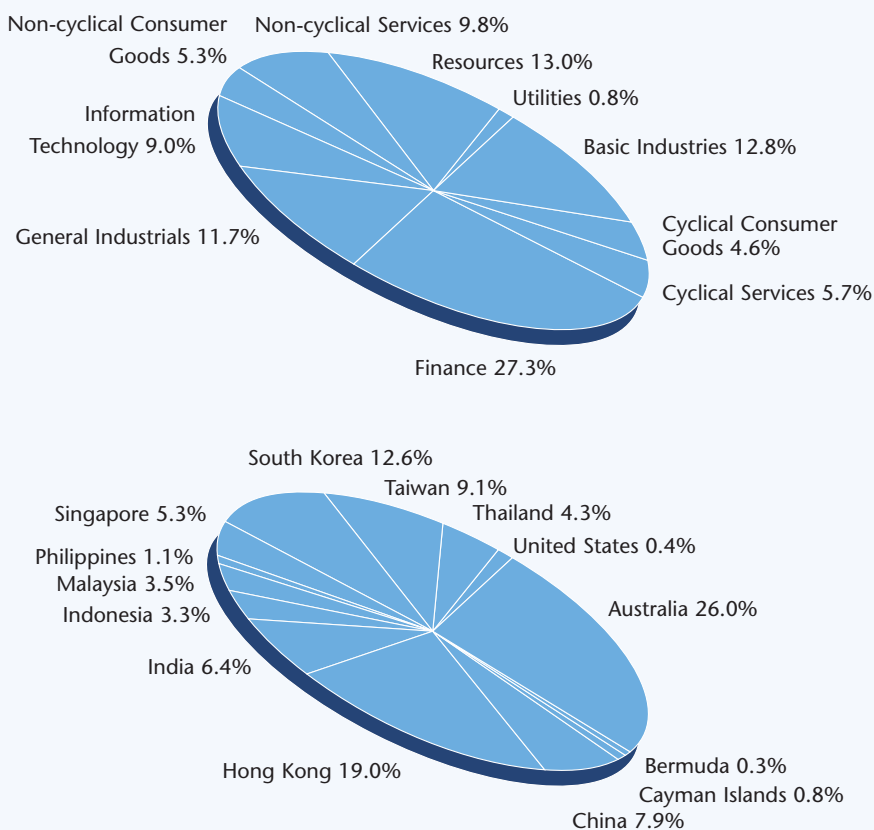
## Fund Profile

The objective of the fund is to provide capital appreciation, investing in an actively managed portfolio of equities within the Pacific Basin region. Wilshire Associates researches and selects a number of Pacific Basin equity fund managers with a view to blending managers with differing investment styles and market capitalisation biases. Wilshire monitors the selected managers to ensure a continued performance contribution over the market cycle in line with the manager's investment philosophy and process. Managers can be replaced if evolving organisational, personnel or other qualitative factors are likely to impact on the ability to achieve the benchmark objectives. Diversification across differing fund manager philosophies allows investors to mitigate exposure to any one manager style. The aim is for the annualised investment performance to exceed the MSCI All Country Asia Pacific Free (Ex Japan) Index over rolling three-year periods.

## Composition of the Portfolio

as at 31 March 2008

### Economic Breakdown



**Launch Date** 15 March 2004

**Benchmark Index** MSCI All Country Asia Pacific Free (Ex Japan) Index

**Lead Portfolio Manager** Wilshire Associates

**Sub-portfolio :** Clay Finlay  
Principal Global Investors

**Total MoM Funds Under Management** £360.12m

### Largest Ten Holdings

Assets in Largest ten holdings	%
BHP Billiton	5.0
China Mobile	3.7
Samsung Electronic	2.5
Rio Tinto	2.4
Woolworths	2.0
Westpac Banking Corporation	2.0
Singapore Telecommunications	2.0
CNOOC	1.9
Industrial & Commercial Bank of China	1.9
CSL	1.8

### Market Cap Breakdown

Market Cap	%
FTSE Large Cap	79.3
FTSE Mid Cap	19.1
FTSE Small Cap	1.6

# Investment Review & Outlook

## Market Overview

Pacific Basin markets were extremely turbulent over the quarter, on the back of continued worries over the US sub-prime crisis and the increasingly likely prospect of a US recession. Despite a rebound in February, driven largely by strong commodity and energy prices, Asian markets ended the quarter in starkly negative territory. In January, Chinese equities were impacted by the country's worst snowstorms in over half a century. Fears over missed production targets undermined stocks exposed to the construction industries, such as steel and cement manufacturers, although these later rallied on higher demand for reconstruction. Throughout the quarter, rising food and energy prices continued to disconcert the region's central banks. In March, Chinese inflation hit an 11-year high, while Australia's central bank increased interest rates to their highest level in 12 years in an attempt to avert mounting prices. Towards the end of the period, Pacific Basin equities were given a welcome boost by the improving political landscape in Taiwan and Thailand.

## Market Overview (continued)

Markets rallied on the prospect of better business links between Taiwan and China following an opposition win in the Taiwanese presidential elections. More generally, cautiously encouraging signs of an easing to the US credit crisis and strong earnings results combined to bolster investor sentiment.

## Activity

BHP Billiton was purchased on a growth basis, as materials are thriving in this market due to increasing demand in the emerging markets in Asia. Samsung Electronics is attractive because it is the biggest player in the memory market and has a competitive low-cost advantage, prompting its addition to the portfolio. Sentiments regarding financials in most Asian countries are down, and thus financial holdings such as the Hong Kong Exchange were sold. ICICI Bank, India's largest private sector bank, was sold due to the effect of inflation in India.

## Outlook

In the short term, Pacific Basin equities remain at risk from several potentially unfavourable scenarios, including declining Chinese demand, the effects of a US recession and the likelihood of monetary tightening across the region as a whole. On the upside, the Chinese economy is expected to remain resilient, supported by domestic consumption and buoyant fixed asset investment.

## Performance Commentary

The Pacific ex Japan Manager of Managers Fund struggled to keep pace with its benchmark in difficult trading conditions. Security selection and the Fund's underweight in India were positive contributors over the quarter. In particular, the Fund did not hold some of the negative performers such as ICICI Bank and Housing Development Finance.

## Performance Commentary (cont'd)

On the negative side, the Fund's performance was held back by security selection in Australia and Indonesia. Both countries are experiencing inflationary pressures. In Australia, the Fund's overweights in Rio Tinto and BHP detracted due to increasing pressure on commodities.

## Fund Performance

<b>1 Apr 07 – 31 Mar 08</b>	<b>1 Apr 06 – 31 Mar 07</b>	<b>1 Apr 05 – 31 Mar 06</b>	<b>1 Apr 04 – 31 Mar 05</b>	<b>1 Apr 03 – 31 Mar 04</b>
7.5%	13.5%	38.3%	-	-

	<b>Pacific Basin MoM Fund</b>	<b>Benchmark Index</b>	<b>CAPs Pacific Basin ex Japan</b>
1 Year	7.5%	11.9%	15.3%
3 Years	19.1%	20.4%	22.3%
Since Launch	18.4%	18.6%	-

Figures quoted are calculated gross of charges and on a bid to bid basis over the stated periods to 31 March 2008.

Source: Russell/Mellon CAPS and Standard Life Investments.

Past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

## Investment Market Line

If you would like more details on our current market views please call:

**0845 60 60 062**