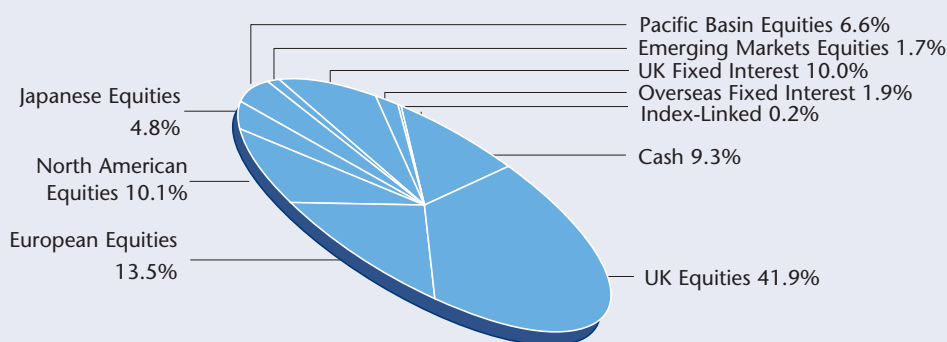


Stock Exchange Fund – June 2008

Fund Description

The Stock Exchange Fund is primarily equity based. As with the Managed Fund it is actively managed with a bias towards the UK equity market. It will hold equities and fixed interest investments at the discretion of the investment team but unlike the Managed Fund will not hold any property assets.

Composition of Portfolio as at 30 June 2008

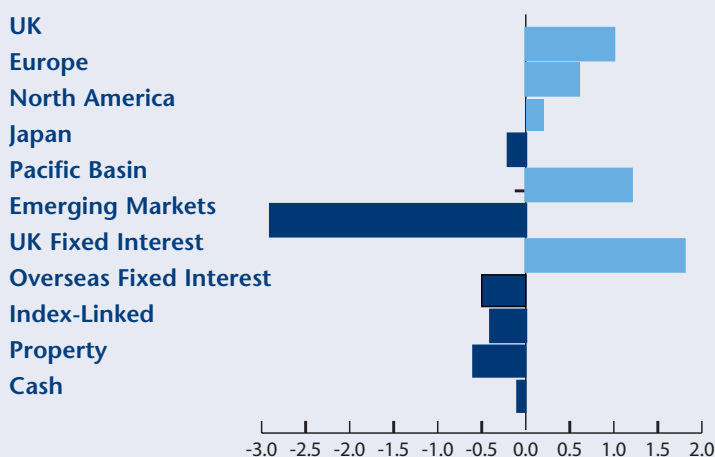


Fund Manager	Matt Savage
Launch Date	May 1986
Current Fund Size	£47m
Volatility	10.5

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

Source: Standard Life Investments

Sector Portions Relative to the CAPS Balanced Median(%)



Top Ten Holdings	(%)
BP	4.2
Royal Dutch Shell	2.8
HSBC Holdings	2.2
Vodafone Group	2.2
Royal Bank of Scotland Group	1.9
Anglo American	1.8
Xstrata	1.7
GlaxoSmithKline	1.6
BHP Billiton	1.1
Barclays	0.8
Assets in top ten holdings	19.6

Investment Review & Outlook

Environment

Global equity markets ended the second quarter near their March lows, as early optimism gave way to renewed credit fears and economic concerns. In April, sentiment improved on tentative signs that central bank actions to solve the credit crisis were starting to take effect. However, from mid-quarter onwards, markets turned lower, as weak economic data and rising inflation combined to unnerve investors.

Activity

During the quarter, we bought UK support services firm Compass Group, given ongoing improvements in operating margins, and engineering company Smiths Group, after a positive company meeting highlighted the potential for operational gains. Meanwhile, we reduced our holding in Tesco, on a negative company outlook. Looking overseas, we purchased Spanish bank BBVA, which appears well positioned to take advantage of its strong position in Mexico. In the US, we bought Seagate, as we are optimistic the company's hard disk sales could surprise the market.

Outlook

During periods of interest rate uncertainty and an unclear economic outlook, markets are subject to bouts of volatility and risk aversion. Volatility has provided some valuation opportunities but markets need a resolution to credit concerns and certainty over the path of the global economy in order for a sustained rally. We continue to focus on bottom-up stock selection, holding our largest positions in those stocks where we feel we have strong insights that are generally unrecognised by the wider market.

Performance Commentary

During the second quarter of 2008, the Stock Exchange Fund returned -1.9% against the CAPS Balanced Median return of -1.5%. Over the year to 30 June 2008, the Fund returned -9.1%, against the index return of -7.5%.

In the UK portfolio, oil stocks Tullow Oil and Expro International boosted performance. This offset negative contributions from Royal Bank of Scotland and Barclays, which fell back on capital strength concerns. Within the overseas portfolio, Norwegian firm StatoilHydro

benefited from surging oil prices, as did our investment in US oil services company Weatherford International. Also in the US, coal producer Consol Energy profited from rising prices in a tighter global coal market.

Fund Performance

	Q2	1 Year	3 Years	5 Years	10 Years
	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
	-1.9	-9.1	8.1	11.0	4.5
	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
	(%)	(%)	(%)	(%)	(%)
Stock Exchange Fund	-9.1	17.1	18.6	16.8	14.1
CAPS Balanced Median	7.5	15.6	17.0	16.5	13.7

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.

Please note that due to the CAPS reporting convention, performance measured against a CAPS benchmark will be to 1 decimal place.

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